

ANNUAL REPORT 2007



ARAP TÜRK BANKASI

المصرف العربي التركي

ARAB TURKISH BANK



Arab Turkish Bank in Brief

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

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

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Summary Financial Highlights

(NTL THOUSANDS)					
	2007	2006	2005	2004	2003
Total Assets	356,689	372,818	361,794	330,555	338,668
Marketable Securities	146,827	176,943	187,928	175,035	192,756
Loans, Net	128,359	106,096	87,218	70,082	44,852
Cash&Balances with Banks	30,808	39,236	20,933	23,139	43,858
Total Deposits	85,524	92,018	70,610	44,774	40,514
Total Loans Borrowed	171,177	183,827	199,028	198,060	213,697
Shareholders' Equity	89,393	86,688	81,682	76,509	70,484
Net Income / Loss	2,745	5,006	4,821	6,025	7,542

Note: 2003 financial statements are restated using general inflation indices at the currency purchasing power as of December 31, 2004. The financial statements from 2003 and 2004 are prepared with the inflation adjustment in accordance with the regulations. The financial statements from 2005, 2006 and 2007 are normal, without inflation adjustment and in accordance with the latest prevailing regulations published in the Official Gazette No: 26333 dated November 1, 2006.

TOTAL ASSETS (NTL THOUSANDS)

2007	356,689
2006	372,818

TOTAL DEPOSITS (NTL THOUSANDS)

2007	85,524
2006	92,018

SHAREHOLDERS' EQUITY (NTL THOUSANDS)

2007	89,393
2006	86,688

LOANS, NET (NTL THOUSANDS)

2007	128,359
2006	106,096

NET INCOME/LOSS (NTL THOUSANDS)

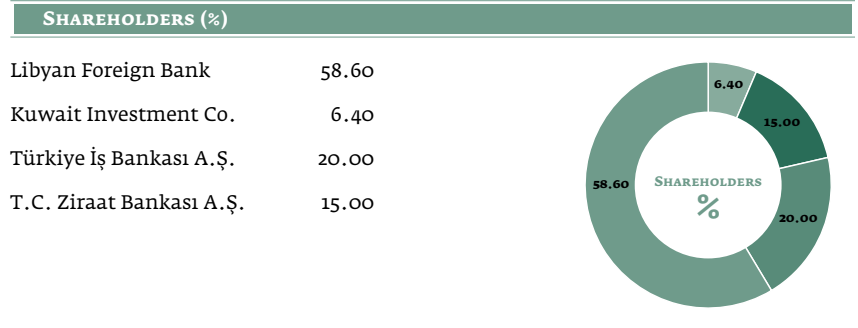
2007	2,745
2006	5,006

Changes in the Articles of Association

There were no changes in the Articles of Association of Arab Turkish Bank in 2007.

Shareholders

ATB marked another milestone in 2007, demonstrating its strength and ability to enhance performance and increase shareholders' equity, which amounted to NTL 89.4 million.



(NTL THOUSANDS)		
	2007	2006
Libyan Foreign Bank	24,026	24,026
Kuwait Investment Co.	2,624	2,624
Türkiye İş Bankası A.Ş.	8,200	8,200
T.C. Ziraat Bankası A.Ş.	6,150	6,150
TOTAL	41,000	41,000

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

Chairman's Statement

Although 2007 was characterized by a series of significant fluctuations in the world economy, the year was completed with relatively positive economic outlook for Turkey, which is increasingly becoming much more integrated with the global economy. As compared to the pre-2001 period, the Turkish economy has demonstrated a substantially positive performance over the last six years.

For the global economy, 2007 was the year with high volatilities on financial markets. The liquidity problems, born of the US based sub-prime mortgage loans and later turned into a global recession risk, deeply influenced money markets during the second half of the year. In order to overcome difficulties and remove the possibility of recession risk, central banks intervened directly to financial markets by injecting money, decreasing indicator interest rates, among others.

On the other hand, in the first half of the year, the Turkish economy experienced both presidential and parliamentary elections. The results were perceived as a continuation of political stability which reduced the negative effects of the global fluctuations on the Turkish economy. When economic indicators were analysed in detail, it is possible to describe 2007 as the year in which positive developments continued but vulnerabilities still remain. While the GNP, industrial production, export volume and direct foreign investments continued to rise, huge current account and foreign trade deficits, increasing debt stock, decreasing but still relatively high interest rates, the strong position of the New Turkish Lira and the slowdown in the growth rate reflected the negative sides of the economy. In addition, the increasing tendency of commodity prices, especially petroleum products, influenced the inflation rates negatively in 2007.

Despite fluctuations in the financial markets, the banking sector maintained its growth trend in 2007; its asset size to GDP ratio has risen and the interest of foreign investors in the Turkish banking sector has continued. In 2007, the banking industry remained strong and liquid. The sector completed the year with an asset size of NTL 581,4 billion and term profit of NTL 14,9 billion. Return

on Equity (ROE) and Return on Assets (ROA) were realized as 24,9% and 3,4%, respectively, at year's end. On the legislation side, in compliance with Basel II principles, value at operational risk was included in the calculation of capital adequacy ratio as of June 1, 2007. However, calculation of value at credit risk in parallel with the ratings was postponed until the beginning of 2009.

In such an economic and political environment, by the end of 2007, the shareholder's equity of ATB was realised as NTL 89.4 million; 25.1% of total liabilities. The total assets and net profit of the Bank was realized at NTL 356.7 million and NTL 2.7 million, respectively. The Bank's capital adequacy ratio was 26.97% at year's end-well above the minimum (8%) and target (12%) ratios.

With regard to information technology, 2007 was the year that concentrated studies continued to improve IT infrastructure and establish new banking program called T24.

Also in 2007, parallel to strategy and the roadmap of the Bank for the adaptation to the Basel II process, ATB continued to prepare itself for the Basel II standards and continued delivering high quality service to customers and other banking activities at international standards.

On behalf of the Board of Directors, I would like to take this opportunity to extend our gratitude to customers and correspondents both in Turkey and abroad for their support, cooperation and high levels of confidence in ATB. I also wish to extend our thanks to the General Management and the staff at ATB for their achievements in another successful financial year.

Yours sincerely,



A. AYKUT DEMİRAY
Chairman

By the end of 2007, the shareholder's equity of ATB was realised as NTL 89.4 million, 25.1% of total liabilities. The total assets and net profit of the Bank was realized at NTL 356.7 million and NTL 2.7 million, respectively.



General Manager's Message

Since its establishment in 1976, there have been important milestones in Arab Turkish Bank's successful history. Our Bank has always managed to stay strong and stable concurrently with its role as a bridge between Turkey, North Africa and the Middle East.

At the end of 2007, ATB's assets totalled NTL 356.7 million. The shareholders' equity stood at NTL 89.4 million, an increase of 3% and the net term profit reached NTL 2.7 million. The capital adequacy ratio of the Bank was 26.97%.

In 2007, the breakdown of the asset structure of the Bank changed in favour of loans. While the volume of the security portfolio went down gradually, ATB's total cash loans increased by 21% and reached a level of NTL 128.4 million, previously recorded at NTL 106.1 million at the end of 2006. Parallel to the Bank's prudent lending policies, marketing activities with selected A-rated clients continued throughout the year while loans selectively extended to top ranking companies conformed to the Bank's risk profile.

The Bank's longstanding, widespread relationships with countries in North Africa and the Middle East are crucial for the Bank's import and export transactions volume. ATB gained sufficient profit on the business received from financial institutions in these regions. ATB pays the utmost attention to increase its excellent relations with North Africa and the Middle East through frequent visits and trainee exchange programs with correspondents in this area.

When Basel II arrangements are put into play, the coming years will witness intensified competition in the banking industry. Banks have to operate more efficiently, control their costs more effectively, focus on increasing productivity and reinforce their risk management infrastructures with support from information technology applications. Cognizant of this fact, Arab Turkish Bank imposed stricter controls on costs, focused on profitability and efficiency and improved service quality and is now in the process of renewing its banking system infrastructure and software.

The effects of the New Basel Capital Accord (Basel II) have already reduced capital adequacy ratios of banks due to the inclusion of value at operational risk in total value at risk; it will be noticed more when the calculation of value at credit risk in parallel with the ratings begins in 2009. Therefore, parallel to the strategy and road map of the Bank for the adaptation to Basel II directives, ATB continues preparing itself for the Basel II standards.

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

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

With my best regards,



SADEK K. S. ABU HALLALA

General Manager

When Basel II arrangements are put into play, the coming years will witness intensified competition in the banking industry. Banks have to operate more efficiently, control their costs more effectively, focus on increasing productivity and reinforce their risk management infrastructures with support from information technology applications.



The Bank's main objectives are
to form a link between Turkey,
North Africa and the Middle East through

export & import

transactions, to take an active part
in economic life by lending activities and
to inject funds into the domestic market.



ATB in the Turkish Banking Industry

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

Arab Turkish Bank has three branches located in Istanbul (Central), Kozyatağı and Ankara. As of the end of 2007, Arab Turkish Bank had a total of 175 employees.

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

The operations of the Bank are traditionally concentrated on Fund Management-Treasury Operations, Corporate Credits (Cash and Non-Cash) and Export Finance (Letter of Credit).

As of December 2007, total assets of the banking sector stood at NTL 581.4 billion. Total assets of the Bank, however, were NTL 356.7 million as of the same date, which constituted 0.06% of the sector's assets.

The Bank had 0.04% share in total loans of the banking sector at the end of year 2007 with its loan portfolio of NTL 128.4 million.

Total shareholders' equity of the sector was NTL 75.7 billion, which corresponded to 13% of total liabilities of the sector. The shareholders' equity and its share in total liabilities of the Bank were NTL 89.4 million and 25.1%, respectively, by year's end.

ATB achieved a net term profit of NTL 2.7 million, which constituted 0.02% of the banking sector's total net profit at the end of 2007.

While the average of the capital adequacy ratio of the banking sector stood at 18.82% as of December 2007, the ratio was realized as 26.97% for the Bank at the end of 2007.

Research and Development Activities

As a small size bank with cost reduction concerns, ATB has not undertaken research and development activities. Presently, this service is provided by the most reliable consultancy firms that is specialized in this field.



Review of Operations in 2007

The Turkish economy demonstrated
a substantially

**positive
performance**

in spite of significant fluctuations
in the global economy in 2007.

Following the pattern of the last six years,
the country continued to be a preferred
investment centre for foreigners
despite the liquidity insufficiency and
danger of recession risk in global markets.

Turkish Economic Outlook

The banking sector has also continued to grow during 2007. The credit volume of the sector went up especially due to the increase in consumer credits, primarily a consequence of the rising housing loans. As of year-end 2007, net profit in the banking sector and thus, the return on assets and equity increased.

In spite of significant fluctuations in the global economy, the Turkish economy demonstrated a substantially positive performance in 2007. Following the pattern of the last six years, the country continued to be a preferred investment centre for foreigners despite the liquidity insufficiency and danger of recession risk in global markets.

An important positive development related to the Turkish economy in 2007 was that the economy was less influenced by the external fluctuations and shock as long as political stability existed. The fluctuations that took place in 2007 have been an important experience indicating the resilience of both the Turkish economy and financial institutions. The structural reforms that have been implemented along with timely and effective monetary policy decisions have limited the impact of the global liquidity crisis on the economy and within institutions.

In addition, continuous positive growth has become a tradition for the Turkish economy. In spite of a slowdown, economic growth has continued in 2007. GNP growth that was 6.8% and 4.1%, respectively in the first and second quarters of the year came out to be 2% in the third quarter of 2007.

The level of foreign direct investment flow into the country kept its high level in 2007. Turkey attracted US\$ 16.7 billion foreign direct investments during January-November 2007; the corresponding amount for the same period of the previous year was US\$ 18.3 billion.

Conversely, the current account balance registered a deficit of US\$ 32.8 billion for January-November 2007; previously this balance was US\$ 32.3 billion at the end of 2006. The high current account deficit, as a result of rapid growth, increasing raw material prices and decreasing private sector savings in recent years, has mainly been financed by foreign investments throughout 2007.

The Central Bank has continued its efforts to lower the inflation rate. At the end of 2007, the annual CPI achieved a rate of 8.39%, while the annual PPI stood at 5.94%. This result showed a deviation from the CPI target of 4%.

In 2007, although the New Turkish Lira kept its strong position relative to the euro and the US dollar in general, sharp fluctuations in the New Turkish Lira proved that it is necessary to monitor the current account deficit closely considering the possible unfavourable shift in global liquidity conditions for developing countries.

In 2007, exports rose by 25.3% to reach US\$ 107 billion. The same figure for the previous year was US\$ 86 billion. Imports, on the other hand, rose by 21.8% and totalled US\$ 170 billion at the end of 2007.

The export/import ratio, which was 61.3% at the end-2006, increased to 63% at end-2007. The foreign trade deficit which was US\$ 54 billion at end-2006, reached to US\$ 62.8 billion at end-2007, by increasing 16.3%.

When compared to year end-2006, the total external debt stock increased by 14.2% to US\$ 237.3 billion as of September 2007.

Similarly, the total domestic debt stock increased by 1.5% and completed the year with NTL 255.3 billion.

The banking sector has also continued to grow during 2007. The credit volume of the sector went up especially due to the increase in consumer credits, primarily a consequence of the rising housing loans. As of year-end 2007, net profit in the banking sector and thus, the return on assets and equity increased. The capital adequacy ratio, which has declined compared to 2006 (due to the inclusion of operational risk, increase in risk-weighted assets stemming mainly from credit expansion, change of the risk category of the on & off balance sheet items according to new regulation, etc) is still above regulatory and targeted ratios.

However, due to the strong position of New Turkish Lira during the whole year, in general, foreign exchange open positions of firms increased significantly as of year-end 2007 compared to previous years. Since a depreciation of New Turkish Lira would increase the default risk of debtors, the foreign exchange risk for firms might turn into credit risk for banks.

In 2007, the government increased the investment and consumption expenditures before the elections and before fiscal discipline deteriorated. In the previous year, domestic and foreign developments had increased uncertainty regarding the road ahead while inflation had overrun the official targets leading the Central bank to tighten its monetary stance. Declining external demand due to uncertainty in the global financial markets and the rise in energy and commodity prices are likely to widen the current account deficit in the coming period. In addition, increased imports in line with enlivening domestic demand and the decline in tourism revenue at the end of summer might put pressure on the current account deficit. Despite the high level of foreign direct investments, the widening current account deficit makes the Turkish economy vulnerable to sudden shifts in global risk perception.

The high current account deficit constitutes a major risk for Turkey. The limited 1.6% year-on-year increase of the current account deficit during the first eight months of the year and the relatively healthy financing composition alleviated concerns to some extent. However, high oil prices, the strong New Turkish Lira and expected moderate reviving of domestic demand will intensify the pressure on the current account. Other problems faced during the European Union accession process and the mismanagement of the new Central Bank Governor appointment in addition to the political tension before the elections challenged progress in the reform program. In addition to how much the fluctuation that financial markets will produce a drag on the domestic economy, developments during the period of reform will also play an important role in determining economic outlook and how the markets will perform in 2008.

It is expected that the impact of the US sub-prime mortgage market crisis will continue to exert pressure in 2008. On the other hand, if the credit crisis leads to a recession in the US economy, this in turn, might adversely affect emerging market countries which have a large current account deficit similar to that of Turkey.

The reforms undertaken at the first stage of the process, such as the independence of the Central Bank, adapting the floating exchange rate along with fiscal discipline were

generally accepted principles easier to implement when backed with political will. However, micro reforms to be implemented during this new period that target ameliorating the investment environment (decreasing the labour cost, healing the labour market, mitigating the unregistered economy, improving the legal system, etc.) include very different alternatives; the implementation of some of them are more difficult due to the structural problems in the budget. Furthermore, the focus of the Parliament will be on changing the Constitution in the upcoming period and this may cause further delay in reforms and translate to more loss of time for economic progress.

Recent turmoil in the credit markets of developed countries had adverse effects on global risk appetite. However, the impact on many emerging economies, including Turkey, has so far been quite limited, possibly due to significant measures taken in recent years toward achieving macroeconomic stability. Furthermore, downward revision of expectations on global growth indicates a possible slowdown in external demand.

These developments suggest that the composition of growth in the upcoming period may be different than last year, during when economic growth was driven by net exports and government expenditures. We expect that the contribution of domestic demand conditions to the disinflation process will gradually decline as of the last quarter of 2007, as private consumption and investment become the main engines of growth. However, a cautious stance of the monetary policy coupled with tighter financing conditions and higher credit spreads, are expected to keep the domestic demand under control. Accordingly, our medium term projections envision continued support from demand conditions to the disinflation process.

The rising oil prices have had negative effects on the recently announced 2008 budgetary targets. These targets will be met and the slowdown in global growth will be gradual, hence there will be no significant shift in Turkey's risk premium. The impact of tax increases and administered price hikes on annual inflation will disappear in about one year. On the other hand, food price inflation will gradually correct in the medium run, moving close to headline inflation. In summary, we expect inflationary impacts for such factors as administered prices and tax adjustments to be short lived. Year-on-year percentage changes in CPI excluding exogenous factors such as food, energy, alcohol and tobacco is expected to be close to the 4% target starting from the end of the first quarter of 2008.

During 2007, ATB Treasury Department carried a Treasury bill and government bond portfolio worth NTL 33.7 million. The portfolio's average annual interest rate was approximately 19.63% which was 2% higher than the previous year's average of 17.63%. The Bank also had a Eurobond portfolio equivalent to US\$ 42.7 million with an average yield of 7.42% p.a. versus the equivalent of US\$ 55.7 million, yielding 7.00 p.a. in 2006.

Foreign currency-denominated internal government debt securities portfolio held steady at approximate US\$ 45.2 million with an average yield of 5.64% compared to last year's 6.07%.

On the other hand ATB's Treasury invested in derivative products to take advantage of volatile market conditions resulting from the mortgage credit turmoil. Accordingly, purchases were made totalling US\$ 10 million for ten year Credit Linked notes with an average yield of 7.68% p.a. and five year Credit Linked notes worth US\$ 5 million with an average interest rate of 7.09% p.a.

TREASURY TRANSACTION VOLUME IN 2006 AND 2007

2007		2006	
DEPOSITS PLACED	DEPOSITS TAKEN	DEPOSITS PLACED	DEPOSITS TAKEN
NTL 29,300,000	2,726,525,000	26,750,000	4,699,603,000
US\$ 911,080,000	637,200,000	2,631,400,000	918,558,308.89
EUR 442,451,058	119,750,000	714,200,000	15,550,000
GBP 17,650,000	-	-	-



In 2007, ATB continued using

modern marketing methods

and tools so that the business volume is expanded compared to previous years. Adhering to the Bank's established lending policies, the Credits Division carried out its activities with the selected portfolio based on strong collateralised customers having high morality & financial power.



ATB Credits Division carries out its credit activities within three departments for sanctioning / utilization / follow-up both on corporate and retail basis. Therefore, our services range from export/import trade finance to several types of cash/non-cash loans. This enables ATB to support of all types of companies with credit-related transactions within Turkey and abroad. These objectives can be achieved by the delivery of the full power of the Credits Division.

Starting from the first contact with the customer, ATB's aim is to work with selective customers for the acquisition of proper collaterals. Also, marketing activities are being handled with maximum care so as to meet the financial needs of the customer in the best and most proper manner. Finally, follow-up activities are achieved through continuous risk monitoring systems for the settlement of the credits in a smooth way.

In 2007, ATB continued using modern marketing methods and tools so that the business volume is expanded compared to previous years. Adhering to the Bank's established lending policies, the Credits Division carried out its activities with the selected portfolio based on strong collateralised customers having high morality & financial power. Some of ATB's credit instruments are Spot, Rotative, FX-indexed, FC and Eximbank credits as well as L/Gs and Import L/Cs.

Compared to the previous year in USD basis, cash credits increased by 47% in 2007 whereas non-cash credits increased by 26% during the same period.

The ATB Credits Division consists of three departments:

1. THE CORPORATE AND RETAIL MARKETING DEPARTMENT

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

2. THE CREDIT ALLOCATION AND UTILISATION CONTROL DEPARTMENT

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

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

3. BRANCH SUPPORT AND CREDIT FOLLOW-UP DEPARTMENT

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

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

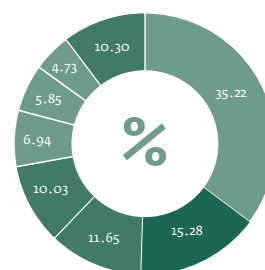
- Very Good Company
- Good Company
- Average Company
- Weak Company
- Very Weak Company

The majority of ATB's customers fall within the range of "good" or "very good" companies. ATB allocates reserves for 100% of its non-performing loans at the end of each financial year. In 2008, ATB aims to increase the volume of its credit exposure with sound, reliable customers.

CREDIT PORTFOLIO	2007		2006	
TYPE OF CREDIT	NTL THOUSANDS	US\$ MILLIONS	NTL THOUSANDS	US\$ MILLIONS
Cash Credits	128,359	110.2	106,096	75.1
Non-cash Credits	289,498	248.6	278,624	197.2
Total Credit Portfolio	417,857	358.8	384,720	272.3
Total Cash Credits/Total Assets in Percentage		35.9		28.5
FX Cash Credits	52,911	45.4	28,991	20.5
NTL Cash Credits	75,448	64.8	77,105	54.6
FX Non-cash Credits	287,844	247.2	275,894	195.2
NTL Non-cash Credits	1,654	1.4	2,730	1.9
Total FX Credits	340,755	292.6	304,885	215.7
Total NTL Credits	77,102	66.2	79,835	56.5

**THE BREAKDOWN OF CASH CREDIT EXPOSURE
BY INDUSTRIES AS OF DECEMBER 31, 2007 (%)**

Factoring	35.22
Banks	15.28
Wholesale&Individual Trade	11.65
Leasing	10.03
Automotive	6.94
Construction	5.85
Food&Beverage	4.73
Others	10.30



NON-PERFORMING LOANS (NTL THOUSANDS)

	2007	2006
Loans Under Legal Follow-up	5,984	6,297
Provisions	(5,984)	(6,297)
Net Problem Loans	0	0

International Banking

During 2007, dealings with foreign partner banks intensified and experienced further development. The meeting undertaken with correspondent banks in 2007 enabled the ATB to further strengthen its relationship with foreign banks.

2007 was marked by the implementation of a plan which aimed to improve services offered to correspondent banks and to attract more inflow accelerating the handling of transactions.

During 2007, dealings with foreign partner banks intensified and experienced further development. The meeting undertaken with correspondent banks in 2007 enabled the ATB to further strengthen its relationship with foreign banks.

Efforts have focused on several strategic areas, including increased issuance of counter guarantees for large-scale construction projects in Libya undertaken by Turkish construction companies. In the meantime, International Department participated in various activities organized by Foreign Economic Relations Board. Such meetings provided the Bank with an opportunity to update itself on the economic and financial situation of North Africa and the Middle East regions and accordingly better evaluate risks in those countries and the banks with which it has commitments. During these activities the Bank found the opportunity to enrich its customer relationships in the regions.





A&T Finansal Kiralama A.Ş.

A&T Finansal Kiralama A.Ş. was founded in July 1997, by Arab Turkish Bank, holding 99% of the shares. The paid-up capital of the Company was derived from NTL 100,000 in 1997; by mid-2007 this figure had reached NTL 20,500,000 (equivalent to US\$ 18,500,000). A&T Finansal Kiralama A.Ş. is a member of the Turkish Leasing Association (FİDER).

Since its establishment, A&T Finansal Kiralama A.Ş. has adopted its own strategies based on a portfolio consisting of qualified assets and carefully selected customers. Consequently, the company has emphasized risk diversification and effective evaluation of all possible risks in the market place.

The Company evaluates projects from different perspectives such as financial structure, production capacity and quality of the goods produced. Additionally, the Company's highly skilled staff provides customers with accurate and effective evaluation of investment projects that are both profitable and objective. The Company adheres to generally accepted commercial regulations within the provisions of Turkish laws and legislation in its financial leasing proceedings both in the country and abroad.

BUSINESS PERFORMANCE

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

The Company has grown continuously and has enjoyed increased business volume. It has maintained a desirable return on investment due in part to its well established strategies.

LEASING PORTFOLIO

Utilizing modern marketing tools, A&T Finansal Kiralama A.Ş. continued to expand its business portfolio. The Company has taken significant steps toward concentrating on medium-scale clientele and has created a portfolio composed of equipment with a relatively high second-hand market value. The asset portfolio in this market reduces the Company's risk exposure substantially while enhancing its overall collections and profitability.

FUNDING

A&T Finansal Kiralama A.Ş. continued to utilize medium-term funding throughout the year; borrowed funds were primarily used to finance its leasing transactions. Occasionally, excess funds from routine operations were invested in money market instruments to obtain additional income. The Company enjoys a high level of liquidity to protect its positions from any unexpected cash risk or deviation that could occur in an unfavorable manner. With a strong financial positions and credibility, the Company has been successful in securing financing from local and international respected banks at favorable terms and conditions.

FINANCIAL HIGHLIGHTS		
	NTL	US\$
Total Asset	82,380,315	70,730,931
Liabilities	50,663,989	43,499,604
Shareholders' Equity	31,716,326	27,231,327
Outstanding Leasing Receivables	65,957,450	56,630,420
Leasing Interests & Commission	6,376,083	5,474,442
Interest from Banks	3,530,008	3,030,830
Total Income	12,095,713	10,385,261



Board of Directors



07

04

01

09

03

01

CHAIRMAN

A. AYKUT DEMİRAY

Date of Birth: 1954

Education: Middle East Technical University, Bachelor of Science in Management

Experience

November 28, 1998 - Present

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

March 31, 1998 - November 28, 1998

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

02

DEPUTY CHAIRMAN

AL AMIN A. SHALLOUF

Date of Birth: 1944

Education: Lebanese University, Economics Department

Experience

2007 - Present

Vice Chairman, Suez Canal Bank Cairo

1997 - 2007

Manager of International Participation Department, Libyan Foreign Bank

03

MEMBER AND GENERAL MANAGER

SADEK K. S. ABU HALLALA

Date of Birth: 1949

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

Experience

1995 - May 2006

Libyan Foreign Bank, Manager

1991 - 1995

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

07

MEMBER

ELHADI EMGAHID T. ABULTIFE

Date of Birth: 1965

Education: University of Garyounis, Bachelor of Science in Accounting

Experience

2006 - Present

Deputy Manager of L/C Department, Libyan Foreign Bank

2005-2006

Deputy Manager of International Participation Department, Libyan Foreign Bank

08

MEMBER

ABDULFATAH A. ENAAMI

Date of Birth: 1963

Education: Sheffield Hallam University, United Kingdom, Bachelor Degree in Business and Finance

Experience

2006 - Present

Manager of Portfolio Investments Department, Libyan Foreign Bank

2004 - 2006

Personal Assistant to the Chairman of Libyan Foreign Bank

09

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, T. İş Bankası A.Ş.

2000 - 2002

Economic Research Manager of Türkiye İş Bankası A.Ş.



05

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04

MEMBER

KHALED M. N. M. AL-HERSHANI

Date of Birth: 1960

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

Experience

1999 - Present

Senior Investment Manager, Marketable Securities Sector, European Securities Section, Kuwait Investment Company

1997 - 1999

Managing Director's Office - Investment Manager, Kuwait Investment Company

05

MEMBER

FEKRİ A. A. SİNAN

Date of Birth: 1958

Education: Marshal University, West Virginia, USA, Bachelor of Science in Economics

Experience

2006 - Present

Manager of Communication Department, Libyan Foreign Bank

2002-2006

Deputy Manager of International Participation Department, Libyan Foreign Bank

06

MEMBER

ATILLA ÇETİNER

Date of Birth:1953

Education: Ankara Economic and Commercial Sciences Academy, Finance and Economics

Experience

2005 - Present

General Manager, Ziraat Bank International AG Frankfurt, Germany

2002 - 2005

Assistant General Manager, Responsible for Foreign Relationships T.C. Ziraat Bankası A.Ş.

10

SECRETARY TO THE BOARD

BİGE SALTİK

Executive Management



04

02

01

03

01 SADEK K. S. ABU HALLALA

Position: General Manager

Date of Birth: 1949

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

Experience

1995 - May 2006

Manager, Libyan Foreign Bank

1991 - 1995

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

04 MOHAMED NAGEB H. MUGBER

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

Date of Birth: 1952

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

Experience

1989 - 2006

Deputy Manager, Libyan Foreign Bank,

1978 -1989

Manager, Arab Turkish Bank

02 MEHMET OĞUZ TEOMAN

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

Date of Birth: 1952

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

Experience

1992 - 1995

Asst. General Manager, Alternatif Bank

1991 - 1992

President, State Bank of Westchester, New York USA, Vice

03 NURİ GÜZVELİ

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

Date of Birth: 1955

Education: Boğaziçi University, BA in Business Administration

Experience

1993 - 1996

Coordinator, Internal Audit, Financial Control, Planning & Accounting Department, Kentbank

1989 - 1992

Manager, Financial Control & Accounting Department, Interbank

Statutory Auditors



01

01

YUSUF DİLAVER

Date of Birth: 1967

Education: Guildhall University, London
International Banking

Experience

2007- Present

Head of Department of Foreign Affairs, T. C.
Ziraat Bankası A.Ş.

2005- 2007

Istanbul Corporate Banking Branch, Branch
Manager, T.C. Ziraat Bankası A.Ş.

Banking Experience: 17 years

02

02

MEHMET KARAKILIÇ

Date of Birth: 1967

Education: Middle East Technical University,
Public Administration Department

Experience

2004- Present

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

2000 - 2004

Assistant Manager, Treasury Department,
T. İş Bankası A.Ş.

Banking Experience: 18 years

Short of a legitimate excuse, all Members of the Board of Directors and Statutory Auditors attend the meetings.

Committees

EXECUTIVE COMMITTEE

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

CREDIT EVALUATION COMMITTEE

MOHAMED NAGEB H. MUGBER, Chairman
BİGE SALTİK, Member
BAHTİYAR KAMBEROĞLU, Member
EMRAH GÖKDEMİR, Member
SALİH HATİPOĞLU (observer)

HIGH LEVEL RISK COMMITTEE

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

Members

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

Ömer Çelebi, Board Member

Responsible from Internal Systems

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

Responsibilities:

- To provide for the establishment of, and the adequate and efficient functioning of Internal Control, Internal Audit and Risk Management Systems.
- To organize and coordinate the functioning of Internal Control, Risk Management and Internal Audit Systems of the Bank.
- To determine duties, responsibilities, strategies, policies and application procedures of the departments within the scope of Internal Systems.
- To represent the Internal Control Centre, Risk Management Department and Board of Internal Auditors in the Board of Directors.

AUDIT COMMITTEE

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

Members

A. AYKUT DEMİRAY, Chairman
ÖMER ÇELEBİ, Member

Summary of the Board of Directors Report Presented to the General Assembly

The fluctuations that were experienced in 2007 have been an important indicator of the resilience in both the Turkish economy and financial institutions.

Dear Shareholders,

We are honoured to welcome you to the Annual Shareholders Meeting of Arab Turkish Bank. On this occasion, we will report on the Bank's financial and operational performance for the year 2007, following a short summary of the economic developments in Turkey.

For the global economy, 2007 was a year with high volatility in financial markets. The liquidity problems, born of the US based sub-prime mortgage loans and later turned into a risk of global recession, deeply influenced money markets during the second half of the year. In order to overcome difficulties and remove the possibility of recession risk, central banks intervened directly to financial markets by injecting money, decreasing indicator interest rates, among others.

In addition, in the first half of the year, the Turkish economy undertook both presidential and parliamentary elections. The results were perceived as a continuation of political stability which reduced the negative effects of global fluctuations on the Turkish economy. When economic indicators are analysed in detail, it is possible to describe 2007 as the year in which positive developments continued but vulnerabilities still remain. While the GNP, industrial production, export volume and direct foreign investment continued to rise, huge current account and foreign trade deficits, increasing debt stock, falling but still relatively high interest rates, the strong position of the New Turkish Lira and the slowdown in the growth rate reflected the negative sides of the economy. In addition, rising commodity prices, especially petroleum products, negatively influenced inflation rates in 2007.

An important positive development related to the Turkish economy in 2007 was that the economy was less influenced by external fluctuations and shock as long as political stability existed. The fluctuations that were experienced in 2007 have been an important indicator of the resilience in both the Turkish

economy and financial institutions. Structural reforms that have been implemented in addition to timely and effective monetary policy decisions have limited the impact of the global liquidity crisis on the economy and within institutions. In addition, uninterrupted positive growth has become a tradition for the Turkish economy.

The banking sector has also continued to grow during 2007. The credit volume of the sector went up especially due to the increase in consumer credits, a consequence primarily of rising housing loans. As of year-end 2007, net profit in the banking sector and thus, the return on assets and equity, increased. The capital adequacy ratio, which declined compared to 2006 (due to the inclusion of operational risk, increase in risk-weighted assets stemming mainly from credit expansion, change of the risk category of the on & off balance sheet items according to new regulation, etc) is still above regulatory and targeted ratios.

The Bank completed the year with asset size of NTL 356.7 million, with term profit of NTL 2.7 million. The shareholder's equity of the Bank was NTL 89.4 million and had 25.1% share in total liabilities. The Capital Adequacy Standard Ratio (CAR) of ATB was 26.97% and well above the minimum legal requirement set by BRSA, as 8%, which is also the minimum required level accepted in International Banking Industry. It should also be noted that the Bank did not record a new non-performing loan in 2007.

The breakdown of the asset structure of the Bank changed in favour of loans in 2007. While the volume of the security portfolio went down gradually, ATB's total cash loans increased by 21% and reached a level of NTL 128.4 million, previously recorded at NTL 106.1 million at the end of 2006. Parallel to the Bank's prudent lending policies, marketing activities with selected A-rated clients continued throughout the year while loans prudently extended to top ranking companies conformed to the Bank's risk profile. The breakdown of off balance sheet liabilities (NTL 289.5 million) of the Bank was as follows at end-2007: NTL 180 million L/G's and NTL 109.5 million Confirmed Export L/C's.

The effects of the New Basel Capital Accord (Basel II) have already reduced capital adequacy ratios at banks due to the inclusion of value at operational risk in total value at risk; it will be more evident when the calculation of value at credit risk that parallels the ratings begins in

2009. Therefore, concurrent to the Bank's strategy and road map toward adaptation to Basel II directives, ATB continues preparing itself for the Basel II standards.

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

This year, major improvements were achieved with regard to the replacement of the banking software with the new one, T24. The Bank accomplished its basic objectives to deliver high quality service to customers and other banking activities at international standards.

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

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

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

With my best regards,



A. AYKUT DEMİRAY
Chairman

Human Resources

Training programmes in 2007 enjoyed a participation rate of 139% of the total staff, at all levels of the organisation, evincing the importance the Bank places on training activities.

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

The management strategy encourages staff members to improve their personal skills and professional knowledge by attending seminars and workshops conducted by well-reputed academic and professional institutions as well as correspondent banks. Training programmes in 2007 enjoyed a participation rate of 139% of the total staff, at all levels of the organisation, evincing the importance the Bank places on training activities.

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

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

As a result of these recruitment and training activities, ATB has built a dynamic, experienced and well-educated team of banking professionals. As of December 2007, the Bank had three branches and 175 employees of whom approximately half were university graduates with an average of ten years experience in the banking sector and an average age of 38.

Related-party Transactions

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

Persons and Companies that Provide Support Services

In compliance with the "Regulations on the Support Services Banks Can Receive and the Authorization of Support Service Organizations," Arab Turkish Bank does not receive support services from any person or company as part of its main banking activity.



Financial Statements and Risk Management

In parallel with
the increasing importance of the subject,
the Bank always pays the utmost attention
to have adequate internal audit,
internal control and

risk management

systems in harmony with the scope and
structure of its activities, to be able to
respond to changing conditions and to
cover all branches and undertakings subject
to consolidation to monitor and control
risk that it encounters.

Statutory Auditors Report

TO THE SHAREHOLDERS OF ARAB TURKISH BANK

We have examined the transactions of the Bank for the fiscal year 2007, its balance sheet as of December 31st , 2007 and the related statement of earnings for the year then ended.

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

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

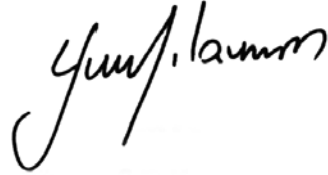
February 26th 2007

STATUTORY AUDITORS

MEHMET KARAKILIÇ



YUSUF DİLAVER



Report of the Audit Committee on Internal Systems of the Bank

The sharp fluctuations in global economy especially in 2006 and in 2007 proved the importance of risk management for banks, whether large or small.

In parallel with the increasing importance of the subject, the Bank always pays the utmost attention to have adequate internal audit, internal control and risk management systems in harmony with the scope and structure of its activities, to be able to respond to changing conditions and to cover all branches and undertakings subject to consolidation to monitor and control risk that it encounters.

As per the Regulation on Banks' Internal Systems, three units, Inspection Council, Internal Control Centre and Risk Management Department operate under the Board Member responsible for Internal Systems of the Bank. The functions, duties and responsibilities relating to internal audit, internal control and risk management have been separated from each other in the Bank, which, however, work in coordination with each other.

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

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

Inspection Council and Internal Control Centre plan and execute their activities with a risk-focused outlook regarding operational and credit risk management, the conformity of activities with internal rules and external legislation, and the increase in efficiency and service quality. The reports containing audit results are delivered to related authorities (including the Responsible Board Member, Audit

Committee and the High Level Management of the Bank) on time to ensure that all weaknesses determined are eliminated without any delay.

In 2007, with their continuous operational controls, the Internal Control Center and the Inspection Council contributed to the instant removal of possible risks, the compliance of the conduct of business with legislation and internal rules, and the reinforcement of a control environment.

The Risk Management Department is responsible for analysing, identifying, measuring, monitoring, reporting and controlling risks. It is further responsible for establishing and applying risk management policies, guidelines and rules in conformity with the principles set forth by the High Level Risk Committee and approved by the Board of Directors. Risk analysis reports related to credit, market and operational risks are submitted to the Responsible Board Member, Board of Directors, High Level Risk Committee and High Level Management to be evaluated and taken into consideration in the decision-making process on a monthly basis.

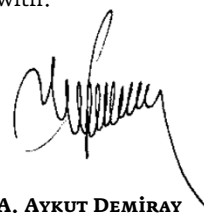
With respect to risk management, great strides were made forward and important projects were accomplished in 2007 regarding the work on the development of risk management models and the establishment of risk management systems that comply with the Basel II directives. Within the area of risk management activities, considerable amount of work has been carried out to develop and improve Bank's ability to comply with the new capital accord. In frame of Pillar I, the use of Standard Method for market risk measurement, Standard Method for credit risk measurement, and Basic Indicator Method for operational risk measurement were approved in principle by the Board of Directors. Value at operational risk was included in the calculation of capital adequacy ratio as of June 1, 2007. In order to measure the effects of Basel II application on capital adequacy ratio of the Bank, Quantitative Impact Studies have

been conducted periodically. In concept of Pillar II, for the management of concentration risk, in-bank risk limits were defined and Limit Application Procedure was put into practice. Apart from these, the policies, procedures and working principles of the units under the Internal Systems were updated in parallel with the latest regulations. In frame of the management of liquidity and interest rate risks in banking books, studies to improve currently used gap, duration, scenario and stress testing analyses are still going on.

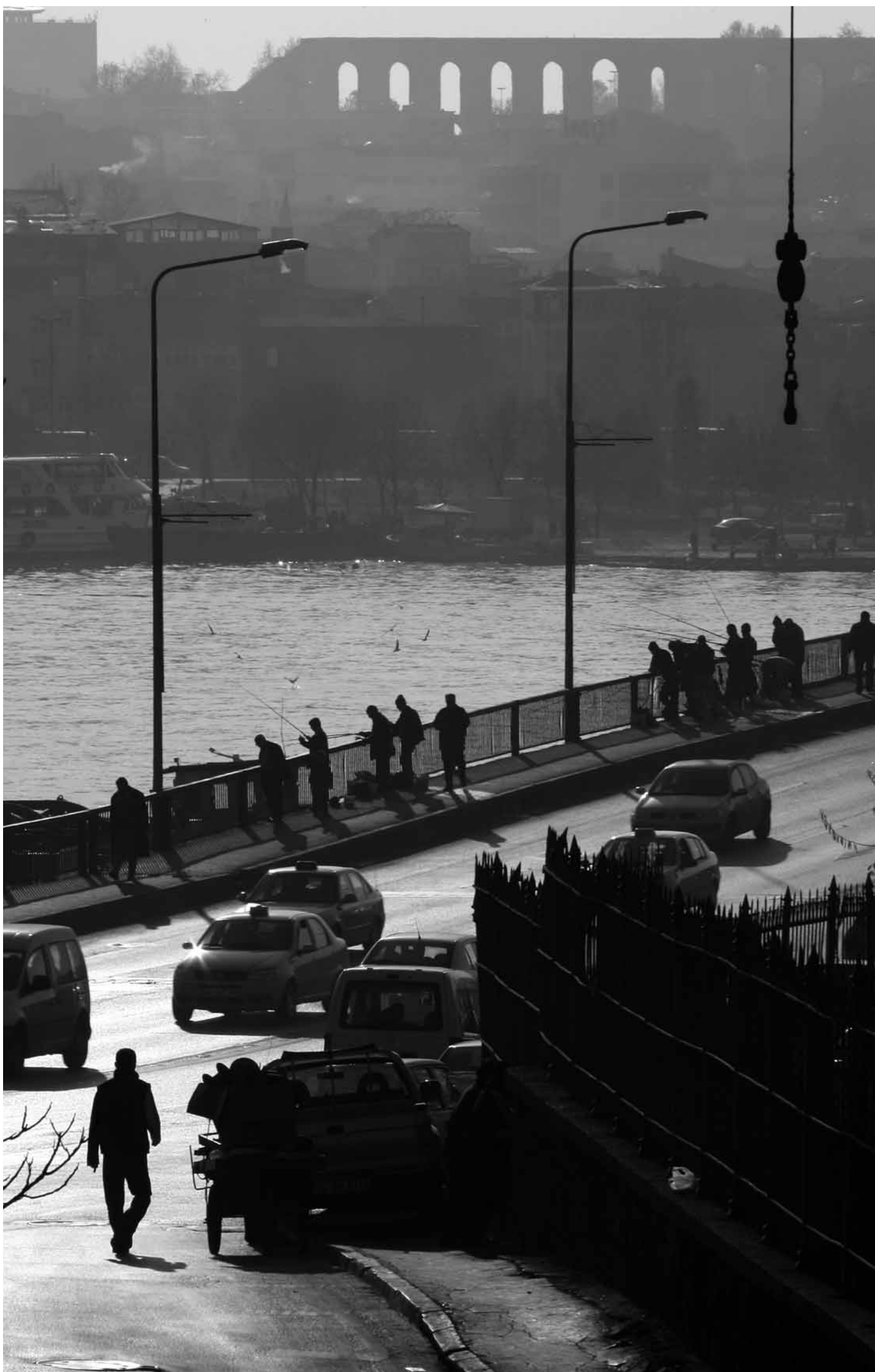
In concept of the calculation of credit risk according to Standardised Method, the studies relating to the classification of assets in the portfolios as defined in the Basel II document are going on with close coordination to related departments. The necessary studies about measuring the credit risk in parallel with the Basel II arrangement have been carried out and remained in the agenda of Risk Management Department.

When making strategic decisions, the Board of Directors and High Level Management assess and take the work conducted in the context of risk management into account, including comprehensive analyses, calculations, simulations, stress tests and other kinds of work.

As a result of audits conducted in the course of 2007, no serious circumstances were identified that would affect the activities of the Bank adversely or prevent it from meeting its liabilities. It was also noted that the internal control and risk management systems work well, that activities in general bear low-risk, that financial and legal reports are accurate and that the legislation has been complied with.



A. AYKUT DEMİRAY
Chairman of the Audit Committee



ARAP TRK BANKASI A.Ş. UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE PERIOD ENDED 31 DECEMBER 2007

(CONVENIENCE TRANSLATION OF

FINANCIAL STATEMENTS AND

RELATED DISCLOSURES AND

FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

WITH INDEPENDENT AUDITOR'S REPORT THEREON

AKİS BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK

ANONİM ŞİRKETİ 1 FEBRUARY 2008

This report contains 39 page of independent auditor's

report and 109 pages of financial statements including footnotes.



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

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

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

Independent Auditor's Report

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

We have audited the unconsolidated balance sheet of Arap Türk Bankası A.Ş. ("the Bank") as of 31 December 2007 and the related unconsolidated statement of income, changes in shareholders' equity and cash flow for the period then ended together with the summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the "Regulation on the Assignment and Activities of the Banks' Independent Audit Firms" published on the Official Gazette no.26333 dated 1 November 2006" and international standards on auditing. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques made in accordance with our professional judgement by taking the effectiveness of the controls over financial reporting into and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditors' Opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Arap Türk Bankası AŞ as of 31 December 2007 and the result of its operations and cash flows for the period then ended in accordance with the accounting principles and standards as per the existing regulations described in Article 37 of (Turkish) Banking Law No 5411 and the statements and guidance published by the BRSA on accounting and financial reporting principles.

İstanbul,
1 February 2008

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik Anonim Şirketi

Murat Alsan
Engagement partner

Additional paragraph for convenience translation to English:

As explained in Section 3.I, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.



ARAP TÜRK BANKASI

المصرف العربي التركي ARAB TURKISH BANK

ARAP TÜRK BANKASI A.Ş. UNCONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2007

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

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

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

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

The unconsolidated financial report as of and for the year ended 31 December 2007 prepared in accordance with the communique of "Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

The accompanying unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents", Turkish Accounting Standards, Turkish Financial Reporting Standards related appendices and interpretations on these. Unless stated otherwise, the accompanying unconsolidated financial statements are presented in New Turkish Lira (YTL) thousands and are independently audited and enclosed.

1 February 2008

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

Ömer Çelebi
Member of The Board
of Directors and
Audit Committee

Sadek K.S. Abu Hallala
General Manager
(On Behalf Of)

Nuri Güzveli
Assistant General
Manager
Responsible for
Financial Reporting

Feyzullah Küpeli
Manager

Contact information of the personnel for addressing questions regarding this financial report:

Name/Title: Feyzullah Küpeli / Manager

Phone No : 0 212 225 05 00

Fax No : 0 212 225 05 26

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ARAP TÜRK BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE PERIOD ENDED 31 DECEMBER 2007

(CURRENCY: THOUSANDS OF NEW TURKISH LIRA ["YTL"] UNLESS OTHERWISE STATED)

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

Arap Türk Bankası A.Ş. ("the Bank") has been established on 18 July 1976 as a joint stock entity in accordance with an agreement signed between the Republic of Turkey and the Libyan Arab Republic. The Bank is managed 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 assigned 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 status incorporated in Turkey. The main shareholder is Libyan Foreign Bank incorporated in Libya, the other foreign shareholder is Kuwait Investment Co. incorporated in Kuwait and Turkish investors; Türkiye İş Bankası A.Ş., T.C. Ziraat Bankası A.Ş. and Emek İnşaat ve İşletme A.Ş. The foreign participation at the share capital is 65%. The main shareholder Libyan Foreign Bank has financial investments in various countries.

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

Name	Responsibility	Starting Date of Job	Education	Experience in Banking and Management
A. Aykut Demiray	Chairman of Board of Directors	06.11.2002	University	27 years
Al-Amin Ashour Shallouf	Deputy Chairman of Board	25.10.2001	University	43 years
Ömer Çelebi	Member of the Board	14.04.2005	University	24 years
Atilla Çetiner	Member of the Board	19.09.2002	University	29 years
Khaled M.N. Alhershani	Member of the Board	03.05.2001	University	21 years
Fekri A.A. Sinan	Member of the Board	10.05.2007	University	23 years
El Hadi Emgahid T. Abultife	Member of the Board	10.05.2007	University	18 years
Abdulfatah A. Enaami	Member of the Board	09.05.2007	University	13 years
Yusuf Dilaver	Auditor	30.03.2007	University	17 years
Mehmet Karakılıç	Auditor	30.03.2006	University	18 years
Sadek K.S. Abu Hallala	General Manager	23.05.2006	University	24 years
M. Oğuz Teoman	Associate General Manager	02.10.1995	University	31 years
Nuri Güzveli	Associate General Manager	01.12.1996	University	29 years
M. Nageb Hassan Mugber	Associate General Manager	15.09.1996	University	34 years

During 2007, Members of the Board namely Dr. Douraid Dergham, Mustafa Rajab M. Lagilli, Sharef Said Ali Shalabi and Dr. Aisha Salem El Haji left their occupations and replaced by new members Fekri A. A. Sinan, Abdulfatah A. Enaami, El Hadi Emgahid T. Abultife.

Yusuf Dilaver was assigned as auditor instead of Kenan Bozkurt.

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

ARAP TÜRK BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE PERIOD ENDED 31 DECEMBER 2007

(CURRENCY: THOUSANDS OF NEW TURKISH LIRA ["YTL"] UNLESS OTHERWISE STATED)

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

Name Surname/Entity Title	Share Amount	Share Percentage %	Paid-in Capital	Unpaid Capital
Libyan Foreign Bank	24,026	58.60%	24,026	--
T. İş Bankası A.Ş.	8,200	20%	8,200	--
T.C. Ziraat Bankası A.Ş.	6,150	15%	6,150	--

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

The Bank was 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 and has share participations in a subsidiary operating in financial leasing business.

ARAP TÜRK BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2007

(THOUSANDS OF NEW TURKISH LIRA)

SECTION TWO FINANCIAL STATEMENTS

ASSETS	Footnotes (5-1)	CURRENT PERIOD (31/12/2007)			PREVIOUS PERIOD (31/12/2006)		
		YTL	FC	TOTAL	YTL	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	443	27,559	28,002	207	24,868	25,075
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	(2)	9,754	77,381	87,135	21,907	72,477	94,384
2.1 Financial assets held for trading		9,754	59,626	69,380	21,907	72,405	94,312
2.1.1 Public sector debt securities		9,754	54,730	64,484	21,907	66,362	88,269
2.1.2 Securities representing a share in capital		-	-	-	-	-	-
2.1.3 Other marketable securities		-	4,896	4,896	-	6,043	6,043
2.2 Financial assets designated at fair value through profit or loss		-	17,755	17,755	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Other marketable securities		-	17,755	17,755	-	-	-
2.3 Derivative financial assets held for trading		-	-	-	-	72	72
III. BANKS	(3)	15	2,791	2,806	6,433	7,728	14,161
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	147	655	802	130	795	925
5.1 Securities representing a share in capital		147	655	802	130	795	925
5.2 Public sector debt securities		-	-	-	-	-	-
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS	(5)	75,448	52,911	128,359	77,105	28,991	106,096
6.1 Loans		75,448	52,911	128,359	77,105	28,991	106,096
6.1.1 Loans granted to the Bank's risk group		-	12,593	12,593	-	1,885	1,885
6.1.2 Other		75,448	40,318	115,766	77,105	27,106	104,211
6.2 Loans under follow-up		5,984	-	5,984	6,297	-	6,297
6.3 Specific provisions (-)		5,984	-	5,984	6,297	-	6,297
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	17,596	41,294	58,890	18,042	63,592	81,634
8.1 Public sector debt securities		17,596	21,561	39,157	18,042	37,206	55,248
8.2 Other marketable securities		-	19,733	19,733	-	26,386	26,386
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	-	-	-
9.1 Associates consolidated under equity		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments in associates		-	-	-	-	-	-
9.2.2 Non-financial investments in associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	26,454	-	26,454	24,455	-	24,455
10.1 Financial subsidiaries		26,454	-	26,454	24,455	-	24,455
10.2 Non-financial subsidiaries		-	-	-	-	-	-
XI. INVESTMENTS IN JOINT- VENTURES (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated joint ventures		-	-	-	-	-	-
11.2.1 Financial investments in joint ventures		-	-	-	-	-	-
11.2.2 Non-financial investments in joint ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operational leasing receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING	(11)	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges for investments made in foreign countries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	19,579	-	19,579	20,613	-	20,613
XV. INTANGIBLE ASSETS (Net)	(13)	232	-	232	357	-	357
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		232	-	232	357	-	357
XVI. INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
XVII. TAX ASSET	(14)	1,268	-	1,268	1,581	-	1,581
17.1 Current tax asset		71	-	71	176	-	176
17.2 Deferred tax asset		1,197	-	1,197	1,405	-	1,405
XVIII. ASSET HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(15)	1,118	-	1,118	1,475	-	1,475
18.1 Held for sale purpose		1,118	-	1,118	1,475	-	1,475
18.2 Held from terminated operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(16)	1,647	397	2,044	1,569	493	2,062
TOTAL ASSETS		153,701	202,988	356,689	173,874	198,944	372,818

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

ARAP TÜRK BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2007

(THOUSANDS OF NEW TURKISH LIRA)

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes (5-II)	CURRENT PERIOD (31/12/2007)			PREVIOUS PERIOD (31/12/2006)		
			Audited					
			YTL	FC	TOTAL	YTL	FC	TOTAL
I. DEPOSITS		(1)	12,464	73,060	85,524	13,289	78,729	92,018
1.1 Deposits held by the Bank's risk group			2,306	5,717	8,023	6	4,324	4,330
1.2 Other			10,158	67,343	77,501	13,283	74,405	87,688
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING		(2)	-	-	-	-	-	-
III. FUNDS BORROWED		(3)	883	152,206	153,089	1,331	124,936	126,267
IV. INTERBANK MONEY MARKET			4,109	-	4,109	40,593	-	40,593
4.1 Interbank money market payables			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market payables			3,063	-	3,063	40,347	-	40,347
4.3 Funds provided under repurchase agreements			1,046	-	1,046	246	-	246
V. MARKETABLE SECURITIES ISSUED (Net)			-	-	-	-	-	-
5.1 Bills			-	-	-	-	-	-
5.2 Asset backed securities			-	-	-	-	-	-
5.3 Bonds			-	-	-	-	-	-
VI. FUNDS			-	-	-	-	-	-
6.1 Borrower funds			-	-	-	-	-	-
6.2 Other			-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES			76	3,101	3,177	30	2,532	2,562
VIII. OTHER EXTERNAL RESOURCES		(4)	612	1,196	1,808	548	1,262	1,810
IX. FACTORING PAYABLES			-	-	-	-	-	-
X. LEASING TRANSACTIONS PAYABLES		(5)	-	1	1	-	67	67
10.1 Finance leasing payables			-	1	1	-	67	67
10.2 Operational leasing payables			-	-	-	-	-	-
10.3 Other			-	-	-	-	-	-
10.4 Deferred finance leasing expenses (-)			-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING		(6)	-	-	-	-	-	-
11.1 Fair value hedges			-	-	-	-	-	-
11.2 Cash flow hedges			-	-	-	-	-	-
11.3 Hedges for investments made in foreign countries			-	-	-	-	-	-
XII. PROVISIONS		(7)	4,806	142	4,948	4,136	171	4,307
12.1 General provisions			1,259	-	1,259	1,221	-	1,221
12.2 Restructuring reserves			-	-	-	-	-	-
12.3 Reserves for employee benefit			2,810	-	2,810	2,326	-	2,326
12.4 Insurance technical reserves (Net)			-	-	-	-	-	-
12.5 Other provisions			737	142	879	589	171	760
XIII. TAX LIABILITY		(8)	661	-	661	1,539	-	1,539
13.1 Current tax liability			661	-	661	1,539	-	1,539
13.2 Deferred tax liability			-	-	-	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR RESALE AND ASSETS OF DISCONTINUED OPERATIONS		(9)	-	-	-	-	-	-
14.1 Held for sale purpose			-	-	-	-	-	-
14.2 Held from terminated operations			-	-	-	-	-	-
XV. SUBORDINATED LOANS		(10)	-	13,979	13,979	-	16,967	16,967
XVI. SHAREHOLDERS' EQUITY		(11)	89,393	-	89,393	86,688	-	86,688
16.1 Paid-in capital			41,000	-	41,000	41,000	-	41,000
16.2 Supplementary capital			33,004	-	33,004	33,004	-	33,004
16.2.1 Share premium			-	-	-	-	-	-
16.2.2 Share cancellation profits			-	-	-	-	-	-
16.2.3 Securities Value Increase Fund			-	-	-	-	-	-
16.2.4 Revaluation surplus on tangible assets			-	-	-	-	-	-
16.2.5 Revaluation surplus on intangible assets			-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property			-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures			-	-	-	-	-	-
16.2.8 Hedging reserves (effective portion)			-	-	-	-	-	-
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations			-	-	-	-	-	-
16.2.10 Other capital reserves			33,004	-	33,004	33,004	-	33,004
16.3 Profit reserves			1,271	-	1,271	985	-	985
16.3.1 Legal reserves			1,271	-	1,271	985	-	985
16.3.2 Status reserves			-	-	-	-	-	-
16.3.3 Extraordinary reserves			-	-	-	-	-	-
16.3.4 Other profit reserves			-	-	-	-	-	-
16.4 Profit or loss			14,118	-	14,118	11,699	-	11,699
16.4.1 Prior year income/loss			11,373	-	11,373	6,693	-	6,693
16.4.2 Current year income/loss			2,745	-	2,745	5,006	-	5,006
TOTAL LIABILITIES			113,004	243,685	356,689	148,154	224,664	372,818

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

ARAP TÜRK BANKASI A.Ş.

UNCONSOLIDATED OFF BALANCE SHEET AS OF 31 DECEMBER 2007

(THOUSANDS OF NEW TURKISH LIRA)

	Footnotes (5-III)	CURRENT PERIOD (31/12/2007)			PREVIOUS PERIOD (31/12/2006)		
		Audited			Audited		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF BALANCE SHEET COMMITMENTS		6,002	287,844	293,846	3,749	358,952	362,701
I. GUARANTEES AND WARRANTIES	(1), (3)	1,654	287,844	289,498	2,730	275,894	278,624
1.1. Letters of guarantee		1,654	178,347	180,001	2,730	129,437	132,167
1.1.1. Guarantees subject to State Tender Law		58	67	125	558	1,119	1,677
1.1.2. Guarantees given for foreign trade operations		457	137,240	137,697	457	97,149	97,606
1.1.3. Other letters of guarantee		1,139	41,040	42,179	1,715	31,169	32,884
1.2. Bank acceptances		-	-	-	-	-	-
1.2.1. Import letter of acceptance		-	-	-	-	-	-
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	109,497	109,497	-	107,455	107,455
1.3.1. Documentary letters of credit		-	47	47	-	1,121	1,121
1.3.2. Other letters of credit		-	109,450	109,450	-	106,334	106,334
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		-	-	-	-	39,002	39,002
1.9. Other warranties		-	-	-	-	-	-
II. COMMITMENTS	(1), (3)	4,348	-	4,348	1,019	-	1,019
2.1. Irrevocable commitments		4,348	-	4,348	1,019	-	1,019
2.1.1. Asset purchase and sales 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		4,348	-	4,348	1,019	-	1,019
2.1.8. Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10. Commitments for credit cards and banking services promotions		-	-	-	-	-	-
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		-	-	-	-	-	-
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	-	-	-	-	83,058	83,058
3.1. Derivative financial instruments held for hedging		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Hedges for investments made in foreign countries		-	-	-	-	-	-
3.2. Trading transactions		-	-	-	-	83,058	83,058
3.2.1. Forward foreign currency buy/sell transactions		-	-	-	-	-	-
3.2.1.1. Forward foreign currency transactions-buy		-	-	-	-	-	-
3.2.1.2. Forward foreign currency transactions-sell		-	-	-	-	-	-
3.2.2. Swap transactions related to foreign currency and interest rates		-	-	-	-	83,058	83,058
3.2.2.1. Foreign currency swap-buy		-	-	-	-	931	931
3.2.2.2. Foreign currency swap-sell		-	-	-	-	929	929
3.2.2.3. Interest rate swaps-buy		-	-	-	-	40,599	40,599
3.2.2.4. Interest rate swaps-sell		-	-	-	-	40,599	40,599
3.2.3. Foreign currency, interest rate and security options		-	-	-	-	-	-
3.2.3.1. Foreign currency options-buy		-	-	-	-	-	-
3.2.3.2. Foreign currency options-sell		-	-	-	-	-	-
3.2.3.3. Interest rate options-buy		-	-	-	-	-	-
3.2.3.4. Interest rate options-sell		-	-	-	-	-	-
3.2.3.5. Securities options-buy		-	-	-	-	-	-
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		-	-	-	-	-	-
3.2.4.1. Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2. Foreign currency futures-sell		-	-	-	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		11,364	164,099	175,463	15,607	93,234	108,841
IV. ITEMS HELD IN CUSTODY		9,316	745	10,061	13,527	633	14,160
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		2,330	-	2,330	7,435	-	7,435
4.3. Checks received for collection		6,578	82	6,660	5,850	142	5,992
4.4. Commercial notes received for collection		408	663	1,071	242	491	733
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		2,048	163,354	165,402	2,080	92,601	94,681
5.1. Marketable securities		-	145,588	145,588	-	70,655	70,655
5.2. Guarantee notes		2,020	16,467	18,487	2,038	20,284	22,322
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovables		-	-	-	-	-	-
5.6. Other pledged items		28	1,299	1,327	42	1,662	1,704
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET COMMITMENTS		17,366	451,943	469,309	19,356	452,186	471,542

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

ARAP TÜRK BANKASI A.Ş.

UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2007

(THOUSANDS OF NEW TURKISH LIRA)

		Audited		
		Footnotes	CURRENT PERIOD	PREVIOUS PERIOD
INCOME AND EXPENSES		(5-IV)	(31/12/2007)	(31/12/2006)
I.	INTEREST INCOME	(1)	27,169	32,157
1.1	Interest on loans		10,820	9,904
1.2	Interest received from reserve deposits		433	493
1.3	Interest received from banks		609	1,549
1.4	Interest received from money market transactions		15	5
1.5	Interest received from marketable securities portfolio		15,290	20,205
1.5.1	Financial assets held for trading		7,243	11,319
1.5.2	Financial assets where value change is reflected to income statement		406	-
1.5.3	Financial assets available for sale		-	-
1.5.4	Investments held to maturity		7,641	8,886
1.6	Finance lease income		-	-
1.7	Other interest income		2	1
II.	INTEREST EXPENSE	(2)	13,886	17,946
2.1	Interest on deposits		2,866	3,605
2.2	Interest on funds borrowed		7,799	9,294
2.3	Interest on money market transactions		3,033	4,602
2.4	Interest on securities issued		-	-
2.5	Other interest expense		188	445
III.	NET INTEREST INCOME/EXPENSE (I - II)		13,283	14,211
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		6,607	6,341
4.1	Fees and commissions received		6,835	6,569
4.1.1	Non-cash loans		2,494	1,957
4.1.2	Other		4,341	4,612
4.2	Fees and commissions paid		228	228
4.2.1	Non-cash loans		1	2
4.2.2	Other		227	226
V.	DIVIDEND INCOME	(3)	2,137	4,050
VI.	NET TRADING INCOME/EXPENSE	(4)	1,217	2,862
6.1.	Profit/losses on trading account securities		287	1,035
6.2.	Foreign exchange profit/losses		930	1,827
VII.	OTHER OPERATING INCOME	(5)	1,249	2,474
VIII.	TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)		24,493	29,938
IX.	PROVISION FOR LOAN LOSSES and OTHER RECEIVABLES (-)	(6)	760	1,659
X.	OTHER OPERATING EXPENSES (-)	(7)	20,780	22,131
XI.	NET OPERATING INCOME/EXPENSE (VIII-IX-X)		2,953	6,148
XII.	INCOME RESULTED FROM MERGERS		-	-
XIII.	INCOME/LOSS FROM CONTINUING OPERATIONS		-	-
XIV.	NET MONETORY POSITION GAIN/LOSS		-	-
XV.	INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(8)	2,953	6,148
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(9)	(208)	(1,142)
16.1.	Current tax provision		-	(751)
16.2.	Deferred tax provision		(208)	(391)
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(10)	2,745	5,006
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1.	Income from assets held for sale		-	-
18.2.	Income from sale of associates, subsidiaries and joint ventures		-	-
18.3.	Other income from discontinued operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1.	Expenses on assets held for sale		-	-
19.2.	Expenses on sale of associates, subsidiaries and joint ventures		-	-
19.3.	Other expenses from discontinued operations		-	-
XX.	INCOME/EXPENSE BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	PROVISION FOR TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)		-	-
21.1.	Current tax provision		-	-
21.2.	Deferred tax provision		-	-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)	(10)	-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)	(11)	2,745	5,006
	Earnings/Losses per share		0.00067	0.00122

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

ARAP TÜRK BANKASI A.Ş.

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

(THOUSANDS OF NEW TURKISH LIRA)

	Footnotes (5-V)	Paid-in Capital	Adjustments to Paid-in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / Loss	Prior Period Net Profit / Loss	Securities Value Increase / Decrease	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Participations	Hedging Reserves	Accu. Rev.Surp. on Assets Held for Sale and Assets of Discort. Ops.	Total Shareholders' Equity Except Minority Interest	Minority Shareholders' Interest	Total Shareholders' Equity
PRIOR PERIOD (31/12/2006)																			
I.	Balances at the beginning of the period	41,000	33,004	-	-	781	-	-	-	4,821	2,076	-	-	-	-	-	81,682	-	81,682
II.	Corrections made as per YAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances at the beginning of the period (I+II)	41,000	33,004	-	-	781	-	-	-	4,821	2,076	-	-	-	-	-	81,682	-	81,682
IV.	Changes during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Hedges for Risk Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Net Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Net Foreign Investment Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Bonus shares of associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Effect of change in equities of associates on Bank's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Capital Reserves From Inflation Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX.	Current Period Net Profit	-	-	-	-	-	-	-	-	5,006	4,693	-	-	-	-	-	5,006	-	5,006
20.1	Profit distribution	-	-	-	-	-	-	-	-	(4,821)	-	-	-	-	-	-	-	-	-
20.2	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3	Transfers to Reserves	-	-	-	-	-	-	-	-	(4,821)	4,693	-	-	-	-	-	-	-	-
XXI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXII.	OTHERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of period (III+IV+...+XIV+XV+XVI)	41,000	33,004	-	-	985	-	-	-	5,006	6,693	-	-	-	-	-	86,688	-	86,688
CURRENT PERIOD (31/12/2007)																			
I.	Balances at end of prior period	41,000	33,004	-	-	985	-	-	-	5,006	6,693	-	-	-	-	-	86,688	-	86,688
II.	Changes within the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Hedges for Risk Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Net Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net Foreign Investment Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on Bank's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital Reserves From Inflation Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	To Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Current Period Net Profit	-	-	-	-	-	-	-	-	2,745	4,680	-	-	-	-	-	2,745	-	2,745
XIX.	Profit distribution	-	-	-	-	-	-	-	-	(5,006)	-	-	-	-	-	-	(40)	-	(40)
18.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	(5,006)	4,680	-	-	-	-	-	(40)	-	(40)
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (I+II+III+...+XVI+XVII+XVIII)	41,000	33,004	-	-	1,271	-	-	-	2,745	11,373	-	-	-	-	-	89,393	-	89,393

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

ARAP TÜRK BANKASI A.Ş.

STATEMENT OF CASH FLOW FOR THE PERIOD ENDED AT 31 DECEMBER 2007

(THOUSANDS OF NEW TURKISH LIRA)

		Audited	
	Footnotes	CURRENT PERIOD	PREVIOUS PERIOD
	(5-VI)	(31/12/2007)	(31/12/2006)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		2,613	5,103
1.1.1 Interests Received		27,789	30,230
1.1.2 Interest Paid		(13,868)	(17,580)
1.1.3 Dividend Received		138	51
1.1.4 Fees and Commissions Received		6,835	7,166
1.1.5 Other Income		1,904	7,246
1.1.6 Collections From Previously Written-off Loans and Other Receivables		325	564
1.1.7 Payments to Personnel and Service Suppliers		(14,750)	(11,311)
1.1.8 Taxes Paid		(822)	(1,191)
1.1.9 Others	(3)	(4,938)	(10,072)
1.2 Changes in Operating Assets and Liabilities		(24,499)	(6,980)
1.2.1 Net Decrease in Financial Assets Held For Trading		24,041	13,069
1.2.2 Net (Increase) Decrease in Financial Assets Valued at Fair Value Through Profit or Loss		(17,348)	(6)
1.2.3 Net Decrease in Due From Banks and Other Financial Institutions		2	12
1.2.4 Net (Increase) in Loans		(21,765)	(18,878)
1.2.5 Net Decrease in Other Assets		9,235	178
1.2.6 Net Increase /(Decrease) in Bank Deposits		(54,348)	21,766
1.2.7 Net Increase (Decrease) in Other Deposits		11,368	(358)
1.2.8 Net Increase/ (Decrease) in Funds Borrowed		23,814	(27,270)
1.2.9 Net Increase/ (Decrease) in Matured Payables		-	-
1.2.10 Net Increase in Other Liabilities	(3)	502	4,507
I. Net Cash Flow From Banking Operations		(21,886)	(1,877)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Flow From Investing Activities		11,956	3,335
2.1 Cash Paid For Purchase of Associates. Subsidiaries. and Joint-Ventures		-	-
2.2 Cash Obtained From Sale of Associates. Subsidiaries and Joint-Ventures		-	-
2.3 Purchases of Tangible Assets		(79)	(280)
2.4 Sales of Tangible Assets		506	277
2.5 Cash Paid For Purchase of Financial Assets Available-For-Sale		-	(39)
2.6 Cash Obtained From Sale of Financial Assets Available-For-Sale		-	-
2.7 Cash Paid For Purchase of Investments Held-to-Maturity		-	(20,451)
2.8 Cash Obtained From Sale of Investments Held-to-Maturity		11,529	23,828
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flows From Financing Activities		(66)	(3)
3.1 Cash Obtained From Funds Borrowed and Securities Issued		-	-
3.2 Cash Used For Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		-	-
3.5 Payments For Financial Leases		(66)	(3)
3.6 Others		-	-
IV. Effect of Change in Foreign Exchange Rate On Cash and Cash Equivalents		(686)	(612)
V. Net (Decrease)/Increase in Cash and Cash Equivalents		(10,682)	843
VI. Cash and Cash Equivalents at Beginning of Period	(I)	21,765	20,922
VII. Cash and Cash Equivalents at the End of Period	(I)	11,083	21,765

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

ARAP TÜRK BANKASI A.Ş.

STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED AT 31 DECEMBER 2007

(THOUSANDS OF NEW TURKISH LIRA)

	CURRENT PERIOD (31/12/2007)	Audited PREVIOUS PERIOD (31/12/2006)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	2,953	6,148
1.2 TAXES AND DUTIES PAYABLE	208	1,142
1.2.1 Corporate Tax (Income tax)	-	751
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	208	391
A. NET INCOME FOR THE YEAR (1.1-1.2)	2,745	5,006
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	137	250
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	2,608	4,756
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 GENERAL RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	0.00067	0.00122
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

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

ARAP TÜRK BANKASI A.Ş.**INCOME ON EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2007**

(THOUSANDS OF NEW TURKISH LIRA)

	CURRENT PERIOD	Audited PREVIOUS PERIOD
INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	(31/12/2007)	(31/12/2006)
I. I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	-	-
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	-	-
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT (effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	(40)	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	-	-
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	-	-
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(40)	-
XI. CURRENT PROFIT/LOSSES	2,745	5,006
1.1 Net changes in fair value of securities (transferred to income statement)	-	-
1.2 Gains/losses on hedges of cash flow hedges, reclassified and recorded in income statement	-	-
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Other	2,745	5,006
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	2,705	5,006

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

ARAP TÜRK BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE PERIOD ENDED 31 DECEMBER 2007

(CURRENCY: THOUSANDS OF NEW TURKISH LIRA ["YTL"] UNLESS OTHERWISE STATED)

SECTION THREE ACCOUNTING POLICIES

I. Explanations for basis of presentation and footnotes

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

The unconsolidated financial statements are prepared; in accordance with The Regulation on Accounting Applications for Banks and Safeguarding of Documents ("Regulation") related to Turkish Banking Law No 5411 published on the Official Gazette no.26333 dated 1 November 2006; in accordance with the regulation published on the Official Gazette no.26651 dated 27 September 2007 and in accordance with accounting and financial reporting standards described in regulations, communiqués and other explanations published by the Banking Regulation and Supervision Agency (BRSA), Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and the related statements and guidance (collectively referred to as "Reporting Standards"). The Bank maintains its books of account in New Turkish Lira (YTL).

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

Additional paragraph for convenience translation to English

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

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

The Bank's core business operation is banking activities including retail banking, corporate banking and security transactions (treasury transactions) together with international banking services. The Bank accepts deposits as for main funding resources and invests these resources in qualified financial assets. Other than deposits; the Bank's most important funding resources are equity and funds borrowed from international financial institutions. The bank follows the utilization of resources and the risk and return for the investments in various financial assets through an effective asset and liability management strategy.

The transactions in foreign currency is recorded in accordance with TAS No:21 "Effects of Exchange Rate Changes". Related gain and loss occurred due to the changes in exchange rates resulted by the foreign currency transactions ended as of 31 December 2007 and 2006 are translated into YTL over the effective exchange rate prevailing at the date of the transaction and is recorded accordingly. At the end of the related periods, foreign currency assets and liability balances outstanding are translated into YTL over the bank's exchange rates prevailing as of the period end and the resulting exchange rate differences are accounted as foreign exchange gains and losses. The bank's related exchange rates as of the period end are as follows:

	31 December 2007	31 December 2006
US Dollars	YTL 1.1647	YTL 1.4131
Euro	YTL 1.7102	YTL 1.8586

III. Information on Subsidiaries and Associates

The Bank does not have any associate as of 31 December 2007 and 2006.

Subsidiaries are enterprises that are controlled by the Bank. The accounting of subsidiaries in unconsolidated financial statements is in accordance with with "Financial Instruments: Turkish Accounting Standard on Recognition and Measurement" ("TAS 39"). Subsidiaries that do not have a quoted market price in an active market and whose fair value can not be reliably measures; are carried at cost less provision for their impairment on the financial statements.

ARAP TÜRK BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE PERIOD ENDED 31 DECEMBER 2007

(CURRENCY: THOUSANDS OF NEW TURKISH LIRA ["YTL"] UNLESS OTHERWISE STATED)

IV. Information on forward transactions, options and derivative instruments

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

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

The derivative transactions are remeasured at fair value subsequent to initial recognition and if the fair value of a derivative financial instrument is positive, it is disclosed under the main account "Fair Values of Financial Assets through Profit or Loss" in "Trading Derivative Financial Instruments" and if the fair value difference is negative, it is disclosed under "Trading Derivative Financial Liabilities Gains and losses arising from a change in fair value of trading derivatives after the remeasurement are accounted under "trading income/loss" in the income statement. The fair value of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow model.

V. Information on interest income and expense

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

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

VI. Information on fees and commission

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

VII. Information on financial assets

The Bank categorizes and records its financial assets as "Financial assets at fair value through profit or loss", "Financial Assets Available-for-Sale", "Loans and receivables" or "Financial Assets Held to Maturity".

a. Financial Assets At Fair Value Through Profit or Loss:

This category has two sub categories: "Financial assets for trading purposes" and those recorded as "Financial assets designated at fair value through profit or loss" at their initial recognition.

Financial assets held for trading are part of a portfolio aiming to generate a profit from short term fluctuations in prices or dealer's margin or in which a pattern of short term profit making exists.

The financial assets held for trading are initially recognized at cost which includes transaction costs. Subsequent to the initial recognition Financial assets held for trading are remeasured at their fair value. The gains and losses arising from the change in fair value are recognized in the income statement. The interest income earned from Financial assets held for trading is recorded in the interest income and share profit is recorded in the dividends account.

Financial derivative instruments are classified as financial assets held for trading unless they are stated as for hedging purposes. Accounting of derivative financial assets is explained in IV of Section Three.

The Bank has credit linked notes that are classified as financial assets designated at fair value through profit or loss.

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b. Financial Assets Available-for-Sale:

Financial Assets Available for Sale are financial assets other than those classified as "Loans and Receivables", "Financial Assets Held to Maturity" and "Financial assets at fair value through profit or loss".

Debt securities classified as financial assets available-for-sale are subsequently remeasured at their fair values. Unrealized gains and losses arising from changes in the fair value of securities classified as financial assets available for sale is reflected in the equity "Marketable securities value increase fund". When these financial assets available for sale are disposed of or collected the fair value differences accumulated under equity are transferred to the income statement.

Financial assets available for sale that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Financial assets available for sale that do not have a quoted market price and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

c. Loans and Receivables

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

Based on the reviews and estimates of the Bank management, loans that are identified as being impaired are reclassified as non-performing loans under follow up accounts. Thereby, specific allowances are made against the carrying amounts of these loans in accordance with the "Regulation on Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside" published in the Official Gazette No: 26333 dated 1 November 2006. Specific provisions are recognized in the year's unconsolidated income statement. If there is a collection made on loans that have already provisioned in the previous years, the recovery amount is accounted under income statement accounts "Other Operating Income" if the provision was made in the current year otherwise such collections are credited to account "Provision for Loan Losses or Other Receivables". Uncollectible receivables are written off after legal procedures are finalized.

d. Financial Assets Held to Maturity:

Held-to-maturity securities are financial assets that are not classified as "loans and receivables" with fixed maturities and pre-determinable payments that the Bank has the intent and ability to hold until maturity. The financial assets held to maturity are initially recognized at cost and subsequently carried at amortized cost using discounting method with internal rate of return after deducting impairments, if any. Interest earned on financial assets held-to-maturity is recognized as interest income in the income statement.

There are no financial assets that were previously classified as held to maturity but cannot be subject to this classification for two years due to the violation of the tainting rule.

VIII. Information on impairment of Financial Assets

Where the estimated recoverable amount of the financial asset, being the present value of expected future cash flows of by using the "Effective interest (internal rate of return) rate method" or the fair value if one if exists, is lower than the carrying value the financial assets then it is concluded that the asset under consideration is impaired. A provision is made for the diminution in the value of the impaired financial asset and the provision is charged to the expense accounts.

IX. Information on offsetting financial instruments

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

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

Repurchase (repo) and resale (reverse repo) agreements of financial assets are followed at the balance sheet accounts. Financial assets which are sold to customers under repurchase agreements are categorized according to initial classification and are measured in accordance with the accounting policy of the related portfolio.

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

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

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

XI. Information on assets held for resale and discontinued operations

The Bank does not have any discontinued operations.

Assets held for resale are comprised of tangible assets acquired due to non performing receivables, and are accounted in the financial statements in accordance with the "Regulation On The Disposals of The Commodities and Properties Acquired Due to Receivables and The Purchase and Sale of Precious Metals by Banks" dated 1 November 2006 and published on the Official Gazette No.26333.

XII. Information on goodwill and other intangible assets

There is no goodwill in the accompanying financial statements related to the acquisition of a subsidiary.

Software classified as other intangible assets acquired before 1 January 2005 are accounted at restated costs for the effects of inflation in YTL units until the end of 31 December 2004 and those acquired after 1 January 2005 are measured at cost less accumulated amortization. The useful life of software is determined as 5 years.

The subsequent expenditures incurred related to the software being used are capitalized, if they develop the original content or increase the useful life of such software otherwise they are expensed. Such costs capitalized are amortized on a straight line basis through the remaining useful life of the software.

XIII. Tangible assets

Tangible assets acquired before 1 January 2005 are reflected at their restated cost for the effects of inflation in YTL units current until the end of 31 December 2004 and those acquired after 1 January 2005 are measured at cost less accumulated depreciation and the impairment losses, if any.

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

	%
Buildings	2
Motor Vehicles	20
Furniture, Fixture and Office Equipment	2 – 20
Leasehold Improvements	Leasing Period (2 to 5 years)

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

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

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

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

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

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

XIV. Information on Leasing activities

Assets acquired under finance lease agreements are initially recognized at the "lower of the fair value of the leased asset or the present value of leasing payments". These leased assets are depreciated according to their useful lives and classified as tangible assets. In cases where leased assets are impaired provisions for impairment are recognized. The obligations under financial leases arising from lease contracts are included in "Financial Lease Payables" in the balance sheet.

Interest and exchange rate expenses related to financial leasing are recognized in the income statement. The Bank does not provide financial leasing services as a "Lessor".

Transactions regarding operational leases are accounted on an accrual basis in accordance with the term of the related contracts.

XV. Information on provisions and contingent liabilities

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

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate the amount of the obligation can be made.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in the financial statements since they may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the assets and related income are recognized in the financial statements in which the change occurs.

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XVI. Information on liabilities regarding employee rights

Obligations related to employment termination and vacation rights are accounted in compliance with the "Turkish Accounting Standard on Employee Benefits" ("TAS 19"), in the accompanying financial statements.

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

XVII. Information on tax applications

Current tax:

In accordance with 32nd clause of "Corporate Tax Law" No: 5520 which was published in the Official Gazette, No 26205 on 21 June 2006 corporate tax rate has been decreased from 30% to 20%.

Accordingly, from the date 1 January 2006 corporate tax rate is 20%. Corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decision no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised.

Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, increased to 15% from 10%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.

Tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax declarations and related accounting entries can be investigated by tax authorities for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Deferred taxes:

The Bank calculates and accounts deferred tax assets and liabilities in accordance with the Turkish Accounting Standard 12 (TAS 12) "Income Taxes"; deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances used for taxation purposes except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

If transactions and events are recorded in the statement of income, then the related tax effects are also recognized in the statement of income. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity.

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

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XVIII. Additional information on borrowings

Except for financial liabilities that are classified as held for trading derivatives which carried at fair values, all other financial liabilities are initially recognized at cost including transaction costs and re-measured at “amortized cost” using the “effective interest rate” method.

The Bank did not issue any stocks convertible into bonds.

The Bank does not have borrowing instruments issued by itself.

XIX. Information on share issuances

None.

XX. Information on bills of exchanges and acceptances

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

There are no acceptances presented as liabilities against any assets.

XXI. Information on government incentives

There are no government incentives utilized by the Bank as of 31 December 2007 and 2006.

XXII. Profit reserves and profit distribution

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to legal reserve requirement referred to below.

The Legal reserves are comprised of first and second reserves, in accordance with the Turkish Commercial Code (“TCC”). The first legal reserve is appropriated out of the profits at the rate of 5% until the total reserve reaches a maximum of 20% of the Bank’s paid in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of the 5% of the Company’s share capital; however holding companies are not subject to this application. First and second legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

XXIII. Related parties

For the purpose of accompanying financial statements, shareholders, key management personnel and board members together with their families and companies controlled by or affiliated by them associated and jointly controlled entities are considered as Related Parties in compliance with “Declaration of Related Party Standard” (“TAS 24”).

XXIV. Cash and cash equivalents

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

XXV. Reclassifications

Except for certain reclassifications made in the financial statements as of 31 December 2006 to be consistent with the current year presentation there isn’t any adjustment made to previous year financial statements.

In the prior year financial statements, a total amount of YTL 2,687 foreign exchange differences of foreign currency indexed loans have been reclassified from other operational expenses to foreign exchange gain loss and cash loan fee commissions amounting YTL 119 have been reclassified to interest income from loans for consistent presentation with the current year financial statements presentation.

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SECTION FOUR INFORMATION ON THE FINANCIAL POSITION OF THE BANK

I. Information on capital adequacy ratio

The Bank’s capital adequacy ratio at December 31, 2007 is calculated as 26,97% (31 December 2006: 35, 13%)

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

Bank’s interest rate risk is calculated and analyzed in consideration with various dimensions of the issue by the Risk Management Department,

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

Value at operational risk (VOR) is calculated in accordance with the “Basic Indicator Method” and is included in the capital adequacy ratio calculation.

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

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

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

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

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

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Information on capital adequacy standard ratio:

	Risk Weights			
	Bank			
	0%	20%	50%	100%
Value at Credit Risk				
Balance Sheet Items (Net)	68,503	18,404	2,388	179,062
Cash	1,000	--	--	--
Matured Marketable Securities	--	--	--	--
The Central Bank of Turkey	7,287	--	--	--
Domestic, Foreign Banks and Foreign Headquarter, subsidiaries	--	7,912	--	718
Interbank Money Market Placements	--	--	--	--
Receivables from Reverse Repurchase Transactios	--	--	--	--
Reserve Requirements	19,585	--	--	--
Loans	--	10,492	2,352	108,618
Loans under follow-up (Net)	--	--	--	--
Financial lease receivables	--	--	--	--
Securities Available for Sale	--	--	--	802
Investments Held to Maturity	38,226	--	--	19,562
Receivables from the disposal of assets	--	--	--	--
Miscellaneous receivables	--	--	--	168
Interest and income accruals	1,060	--	36	1,447
Investments in Associates, Subsidiaries and Joint Ventures (Net)	--	--	--	26,454
Tangible Assets	--	--	--	19,932
Other Assets	1,345	--	--	1,361
Off balance sheet items	17,916	116,227	51,743	16,039
Non cash loans and commitments	17,916	116,227	51,743	16,039
Derivative financial instruments	--	--	--	--
Non risk weighted accounts	--	--	--	--
Total risk weighted assets	86,419	134,681	54,131	195,101

Summary information related to capital adequacy standard ratio:

	Current Period	Prior Period
Value at Credit Risk (I)	249,102	230,536
Value at Market Risk (II)	25,825	24,300
Value at Operational Risk (III)*	56,758	--
Shareholders' Equity	89,455	89,513
Shareholders' Equity/(I+II+III)*100	26,97%	35,13%

(*) Value at operational risk in accordance with the "Computation of Value of Operational Risk" of the circular, "Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette dated 1 November 2006 started to be calculated at 30 June 2007.

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Information on Shareholder's Equity

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	41,000	41,000
Nominal capital	41,000	41,000
Capital Commitments (-)	--	--
Adjustment to paid-in capital	33,004	33,004
Share Premium	--	--
Share Cancellation profit	--	--
Legal reserves	1,271	985
First legal reserve (Turkish Commercial Code 466/1)	1,271	985
Second legal reserve (Turkish Commercial Code 466/2)	--	--
Other legal reserve per special legislation	--	--
Status reserves	--	--
Extraordinary reserves	--	--
Reserves allocated by the General Assembly	--	--
Retained earnings	--	--
Accumulated loss	--	--
Exchange rate differences on foreign currency capital	--	--
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	--	--
Profit	14,118	11,699
Net income for the period	2,745	5,006
Prior period profit	11,373	6,693
Provisions for possible risks up to 25% of Core Capital	--	--
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	--	--
Primary Subordinated Debt (up to 15% of Core Capital)	--	--
Loss excess of Reserves (-)	--	--
Current Period Loss	--	--
Prior Periods Loss	--	--
Leasehold Improvements (-)	--	--
Prepaid Expenses (-)	200	197
Intangible Assets (-)	232	357
Deferred Taxax Asset excess of 10% of Core Capital (-)	--	--
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	--	--
Consolidation Goodwill (-)	--	--
Total Core Capital	89,393	86,688
SUPPLEMENTARY CAPITAL		
General Provisions	1,259	1,221
45% of Revaluation Surplus on Movables	--	--
45% of Revaluation Surplus on Immovable's	--	--
Bonus shares of Associates, Subsidiaries and Joint-Ventures	--	--
Primary Subordinated Debt excluding the Portion included in Core Capital	--	--
Secondary Subordinated Debt	--	2,938
45% of Marketable Securities Value Increase Fund	--	--
Associates and Subsidiaries	--	--
Investment Securities Available for Sale	--	--
Adjustment to Capital Reserves, Profit Reserves and prior years' P/L (excluding Legal Reserves, Statutory Reserves and Extraordinary Reserves)	--	--
Minority shares	--	--
Total Supplementary Capital	1,259	4,159

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Information on Shareholder's Equity

	Current Period	Prior Period
TIER III CAPITAL	--	--
CAPITAL	90,652	90,847
DEDUCTIONS FROM CAPITAL	1,197	1,334
Investments in Unconsolidated Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	--	--
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	--	--
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	--	--
Loans granted to Customers as contradictory to the Articles 50 and 51 of the Banking Law	--	--
Net Book Values of Immovable's exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	765	780
Other	--	--
TOTAL SHAREHOLDERS' EQUITY	89,455	89,513

II. Information on Credit Risk

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

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

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

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

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

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

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For the management of credit risk the Bank's Credit Evaluation Committee performs the following:

- Determination of the credit risk management policies in coordination with other related departments.
- Determination and review of concentrations on geographical and credit type basis.
- Contributing for development of rating and scoring systems.
- Submission of various analysis reports to the Board of Directors and top management in addition to the Credit Risk Management reports which comprises of the distribution of credit portfolio (debtors, sector, geographic region basis), credit quality (problematic loans, credit risk ratings) and concentrations

The Bank Management has generated an internal rating system for the determination of firms' ratings and credit assessments. "Credit Rating" process is the analysis of client creditworthiness in accordance with the predetermined various "qualitative" (such as the position of the firm in its sector, the firm's competitiveness, customer and supplier portfolio, the certificates and documents issued by the independent institutions, organizational structure, relationship with the other financial institutions) and "quantitative" (such as current ratio, liquidity ratio, profitability and indebtedness) factors. Upon the conclusion of credit evaluation process the firms and loans are categorized as "Very good firm" (risk rating between 100%-85%), "Good firm" (risk rating between 84%-65%), "Average firm" (risk rating between 64%-50%), "Weak firm" (risk rating between 49%-25%) "Very Weak firm" (risk rating between 24%-0%).

The distribution of the loans according to credit ratings is as follows:

Cash loans	31 December 2007	31 December 2006
Very good firm	35.24%	24.57%
Good firm	62.42%	72.96%
Average firm	2.22%	2.47%
Weak firm	0.12%	--
Very weak firm	--	--
Total loans	100%	100%

The rating distribution above does not include retail loans and loans granted to banks.

The rating distribution of financial instruments are as follows:

Financial asset at fair value through Profit or Loss	Rating Agency	Government Bonds	Private sector bonds	Total
AAA	--	--	--	
Between AA-AA+	--	--	--	
Between A-A+	--	--	--	
Ba3	Moody's	64,484	--	64,484
BB-	Fitch	--	4,896	4,896
A- and less	--	--	--	
Not rated		--	17,755	17,755
Total		64,484	22,651	87,135

Investments held to maturity	Rating Agency	Government Bonds	Private sector bonds	Total
AAA	--	--	--	
Between AA-AA+	--	--	--	
Between A-A+	--	--	--	
Baa2	Moody's	--	12,069	12,069
Ba3	Moody's	17,595	--	17,595
BB-	Fitch	21,562	7,664	29,226
A- and less	--	--	--	
Not rated	--	--	--	
Total		39,157	19,733	58,890

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

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

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

The Bank did not perform such kind of transaction in the current period.

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

Indemnified non-cash loans are evaluated as having the same risk weight with cash loans which are collected upon maturity. These loans are classified according to their commitments and are recorded under the follow-up accounts.

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

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

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

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

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

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

6 The Bank's

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

The share of the top 100 cash loan customers comprise 99, 85% of the total cash loans portfolio of the Bank.

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

The share of the top 100 non-cash loan customers comprise 99, 84% of the total non-cash loans portfolio of the bank.

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

The Bank's total cash and non-cash loans from its top 100 loan customers comprise 63,57% of the total assets and off-balance sheet items.

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

The general provision amount provided by Bank for the credit risk is YTL 1,259 (31 December 2006: YTL 1,221).

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Customer and Regional Concentration of Credit Risk is as follows:

	Loans and Advances to customers		Loans and Advances to Banks and Other Financial Institutions		Securities*		Other Credits**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Customer Concentration	128,359	106,096	2,806	14,161	146,827	176,943	322,085	388,937
Private Sector	122,248	105,865	--	--	24,629	32,429	100,988	135,791
Public Sector	--	--	--	--	103,641	143,517	--	--
Banks	5,852	--	2,806	14,161	17,755	72	220,838	252,840
Retail Customers	259	231	--	--	--	--	259	306
Equity securities	--	--	--	--	802	925	--	--
Regional Concentration	128,359	106,096	2,806	14,161	146,827	176,943	322,085	388,937
Domestic	108,259	98,235	27	6,446	116,349	159,171	187,489	177,713
European Union Countries	--	--	1,439	744	17,755	72	7,411	85,491
OECD Countries***	--	254	23	6,624	--	--	317	--
Off-shore regions	--	--	--	--	12,068	16,905	--	--
USA, Canada	--	--	601	54	--	--	--	--
Other Countries	20,100	7,607	716	293	655	795	126,868	125,733

* includes financial assets at fair value through profit or loss, financial assets available-for-sale and investments held-to-maturity

** includes transactions defined as credit as per the Article 48 of the Turkish Banking Law No 5411 and not covered in the first three columns above

*** OECD countries other than EU countries, USA and Canada

8 Geographical concentration:

Current Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	276,878	50,387	154,902	--	2,745
European Union Countries	19,194	1,408	7,411	--	--
OECD Countries*	23	15	317	--	--
Off-Shore Banking Regions	12,068	--	--	--	--
USA, Canada	601	1,038	--	--	--
Other Countries	21,471	213,847	126,868	--	--
Associates, subsidiaries and jointly controlled partnership	--	--	--	26,454	--
Unallocated Assets/Liabilities**	--	601	--	--	--
Total	330,235	267,296	289,498	26,454	2,745

Prior Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	315,015	76,869	150,458	--	5,006
European Union Countries	816	1,471	2,433	--	--
OECD Countries*	6,878	366	--	--	--
Off-Shore Banking Regions	16,905	--	--	--	--
USA, Canada	54	1,288	--	--	--
Other Countries	8,695	204,783	125,733	--	--
Associates, subsidiaries and jointly controlled partnership	--	--	--	24,455	--
Unallocated Assets/Liabilities**	--	1,353	--	--	--
Total	348,363	286,130	278,624	24,455	5,006

* OECD Countries excluding European countries, USA and Canada

** Assets and liabilities that can not be allocated on a consistent basis

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9 Sectoral concentrations for cash loans:

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	--	0.00	--	0.00	--	0.00	--	0.00
Farming and Raising								
Livestock	--	0.00	--	0.00	--	0.00	--	0.00
Forestry	--	0.00	--	0.00	--	0.00	--	0.00
Fishing	--	0.00	--	0.00	--	0.00	--	0.00
Manufacturing	--	0.00	4,663	8.81	--	0.00	--	0.00
Mining	--	0.00	4,663	8.81	--	0.00	--	0.00
Production	--	0.00	--	0.00	--	0.00	--	0.00
Electric, gas and water	--	0.00	--	0.00	--	0.00	--	0.00
Construction	5,116	6.78	2,327	4.40	3,200	4.15	3,002	10.35
Services	70,073	92.88	45,921	86.79	73,674	95.55	25,989	89.65
Wholesale and retail trade	12,899	17.10	23,763	44.91	13,621	17.67	18,277	63.05
Hotel, food and beverage								
Services	--	0.00	--	0.00	--	0.00	--	0.00
Transportation and								
Telecommunication	--	0.00	--	0.00	--	0.00	--	0.00
Financial institutions	57,174	75.78	22,158	41.88	60,053	77.88	7,712	26.60
Real estate and Leasing								
Services	--	0.00	--	0.00	--	0.00	--	0.00
"Self-employment" type								
Services	--	0.00	--	0.00	--	0.00	--	0.00
Education services	--	0.00	--	0.00	--	0.00	--	0.00
Health and social services	--	0.00	--	0.00	--	0.00	--	0.00
Other	259	0.34	--	0.00	231	0.30	--	0.00
Total	75,448	100.00	52,911	100.00	77,105	100.00	28,991	100.00

The distribution of Standard Cash Loans and Non-cash Loans according to their collateral structure:

Cash Loans	31 December 2007	31 December 2006
Secured loans	129,583	105,298
Secured by cash collateral	-	-
Guaraantees issued by financial institutions	-	-
Secured by Customer Cheques & Notes	49,576	36,113
Personal guarantees	58,511	60,760
Secured by mortgages	7,525	4,978
Secured by export LC	13,971	3,447
Secured loans	129,583	105,298
FX differences on the principals of FX indexed loans	(2,194)	(577)
Non-cash Accruals	970	1,375
Total Cash Loans	128,359	106,096

Non-Cash Loans	31 December 2007	31 December 2006
Secured loans	180,001	133,288
Secured by cash collateral	5,463	2,181
Guaranties issued by financial institutions	111,388	63,448
Secured by Customer Cheques & Notes	217	94
Personal guarantees	56,966	58,252
Secured by mortgages	5,779	8,017
Secured by export LC	188	1,296
Non-secured Non-cash Loans	109,497	145,336
Total Non-cash Loans	289,498	278,624

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III. Information on Market Risk

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

The Bank's market risk is calculated on a monthly basis using the "Standard Method". Interest rate risks and exchange rate risks, factors of the market risks, are periodically analyzed using different methods (ratio analysis, duration, Gap, sensitivity, etc.).

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

The Board of Directors has determined limits at the level of risk factors in order to restrain the market risk. The ratio of the Market Risk / Equity rate can be maximum 50% (+ 5% exception) and for limiting daily VAR results, the amount under daily risk / equity rate can be maximum 3% (+1% exception).

a) Information related to market risk

	Value
(I) Capital Obligation against General Market Risk - Standard Method	289
(II) Capital Obligation against Specific Risks - Standard Method	676
(III) Capital Obligation against Currency Risk - Standard Method	1,101
(IV) Capital Obligation against Stocks Risks - Standard Method	--
(V) Capital Obligation against Exchange Risks - Standard Method	--
(VI) Capital Obligation against Market Risks of Options - Standard Method	--
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	--
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	2,066
(IX) Value-At-Market Risk ((12,5*VIII) or (12,5*VII))	25,825

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

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	6,176	12,063	2,838	14,834	32,125	7,013
Share Certificates Risk	--	--	--	--	--	--
Currency Risk	8,730	13,763	6,763	10,924	15,288	7,875
Commodity Risk	--	--	--	--	--	--
Exchange Risk	--	--	--	--	--	--
Options Risk	--	--	--	--	--	--
Total Value at Risk	14,906	25,826	9,601	25,758	47,413	14,888

IV. Information related to value at operational risk

"Basic Indicator Method" is used to calculate Bank's value at operational risk. Value at operational risk is calculated in accordance with the "Regulation Regarding Measurement and Assessment of Capital Adequacy Ratio of Banks" that published at 1 November 2006 official gazette numbered 26333 and according to the 4th section "Computation of the Value at Operational Risk" which became valid at 1 June 2007 using the Bank's the last three years; 2006, 2005 and 2004 year end gross revenues.

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	31 December 2006	31 December 2005	31 December 2004
1. Net Interest Incomes	14,092	16,059	23,455
2. Net Fee and Commissions Income	6,460	7,491	5,110
3. Dividend Income	4,050	3,540	47
4. Trading Gain/ Loss (Net)	175	2,401	1,258
5. Other operating income	5,161	729	1,189
6. Gain/(Loss) on Securities Available-for-Sale and Held-to-Maturity	--	--	--
7. Extraordinary Incomes (Gain on slae of immovables and Gain on Sale Associate Subsidiary shares included also)	275	129	--
8. Insurance Claim Collections	--	--	--
9. Basic Indicator-Gross Income (1+2+3+4+5-6-7-8)	29,663	30,091	31,059
10. Basic Indicator – Capital Obligation (9 x %15)	4,449	4,514	4,659
11. Basic Indicator- Average Cap. Risk Lib.	4,541		
12. Basic Indicator -Amount subject to Operational Risk (11*12,5)	56,758		

V. Information on Foreign Currency Exchange Rate Risk

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

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

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

The Board of Directors has defined a limit as the ratio of the Value at Currency Risk/ Equity can be maximum 18% (+ 5% exception) to limit the currency risk.

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

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

3. Foreign exchange risk management policy:

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

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

USD Foreign Exchange Buying Rate as of balance sheet date	YTL 1.1647
EUR Foreign Exchange Buying Rate as of balance sheet date	YTL 1.7102

Date	US Dollars	EUR
25 December 2007	YTL 1.1799	YTL 1.6986
26 December 2007	YTL 1.1746	YTL 1.6917
27 December 2007	YTL 1.1715	YTL 1.6912
28 December 2007	YTL 1.1708	YTL 1.6976
31 December 2007	YTL 1.1647	YTL 1.7102

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

The basic arithmetical average of the Bank's foreign exchange bid rate for December 2007 is YTL 1.1733 for USD and YTL 1.7096 for EUR.

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Information on Currency Risk:

Current Period	Eur	US Dollars	JPY	Other	Total
Assets					
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques					
Purchased) and Balances with the Central Bank of Turkey	475	26,947	--	137	27,559
Due from Banks and Other Financial Institutions	1,364	814	2	611	2,791
Financial Assets through Profit or Loss	4,853	72,528	--	--	77,381
Interbank Money Market Placements	--	--	--	--	--
Investment Securities Available-for-Sale	--	655	--	--	655
Loans*	31,867	47,953	--	--	79,820
Investments in Subsidiaries and Associates	--	--	--	--	--
Investment Securities Held-to-Maturity	3,487	37,807	--	--	41,294
Financial Derivatives (Assets)	--	--	--	--	--
Tangible Assets	--	--	--	--	--
Intangible Assets	--	--	--	--	--
Other Assets	241	156	--	--	397
Total Assets	42,287	186,860	2	748	229,897
Liabilities					
Bank Deposits	19,695	17,597	--	20	37,312
Foreign Currency Deposits	15,528	19,791	--	429	35,748
Interbank Money Markets	--	--	--	--	--
Funds Borrowed from Other Financial Institutions	5,987	160,198	--	--	166,185
Marketable Securities Issued	--	--	--	--	--
Miscellaneous Payables	560	2,539	--	2	3,101
Financial Derivatives (Liabilities)	--	--	--	--	--
Other Liabilities	522	417	--	400	1,339
Total Liabilities	42,292	200,542		851	243,685
Net "On Balance Sheet Position"	(5)	(13,682)	2	(103)	(13,788)
Net "Off Balance Sheet Position,"	--	--	--	--	--
Financial Derivatives (Assets)	--	--	--	--	--
Financial Derivatives (Liabilities)	--	--	--	--	--
Non-Cash Loans	136,524	141,977	--	9,343	287,844
Prior Period					
Total Assets	37,101	188,689	2	787	226,579
Total Liabilities	35,583	188,490	--	591	224,664
Balance Sheet Position, net	1,518	199	2	196	1,915
Balance Sheet Position, net	(929)	931	--	--	2
Financial Derivatives (Assets)	3,717	37,813	--	--	41,530
Financial Derivatives (Liabilities)	4,646	36,882	--	--	41,528
Non-cash Loans	70,472	194,579	--	10,843	275,894

* Loan balance includes foreign currency indexed loans amounting to TRY 26,909 (31 December 2006: 27,635) as of 31 December 2007.

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The possible increases or decreases in the shareholders' equity and the profit/loss as per an assumption of devaluation by 10% of YTL against currencies mentioned below as of 31 December 2007 and 2006 are presented in the below table. The other variables, especially the interest rates, are assumed to be fixed in this analysis.

	31 December 2007		31 December 2006	
	Income Statement	Shareholders' Equity (*)	Income Statement	Shareholders' Equity (*)
US Dollar	(1,368)	(1,368)	20	20
Euro	(1)	(1)	152	152
Other Currencies	(10)	(10)	--	--
Total	(1,379)	(1,379)	172	172

(*) The effect on shareholders' equity also includes the effect of devaluation by 10% of YTL against other currencies on the profit/loss.

VI. Information on interest rate risk

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

Within the context of the market risk management of the Risk Management Department, the Bank's Exchange rate risk is calculated and analyzed taking different dimensions of the issue in consideration. The Exchange rate risk is measured according to market risk calculated using the Standard Method and is included in the capital adequacy ratio. To test the effect of the exchange rate fluctuations on the Bank monthly based stress test analysis are done.

In addition, by classifying the changes in risk factors different scenario analysis are done based on different exchange rate expectations. The sensitivity of assets, liabilities and off-balance sheets against exchange rate are measured by an analysis on a monthly basis.

In addition, scenario analyses are performed based on possible interest rate estimations obtained by changing expectations of risk factors. The sensitivity of assets, liabilities and off-balance sheets is measured by sensitivity analysis by using the maturity ladder prepared on a monthly basis.

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

The Board of Director has determined limits for the ratio of the interest rate risk/Equity , it can be maximum 32% (+5 % exception) to limit interest rate risk in order to restrain interest rate risk by means of the VaR results.

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

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

The table below shows the effects of changes in interest rates on the financial statements of the bank. The sensitivity of the income statement is the effect of possible changes in the interest rates on the net interest income of floating rate financial assets and liabilities as of 31 December 2007. The sensitivity of the shareholders' equity as of 31 December 2007, is calculated through revaluating the financial assets available-for-sale taking into account the possible changes in interest rates. The other variables, especially exchanges rates, are assumed to be fixed in this analysis. The same method is applied for 31 December 2006. The sensitivity of trading portfolio is also included in the below table.

31 December 2007	Profit/Loss		Shareholders' Equity Effect (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets at fair value through profit loss	(131)	13	(131)	13
Investment securities available for sale	-	-	-	-
Financial assets with floating interest rates	54	(48)	54	(48)
Financial liabilities with floating interest rate	-	-	-	-
Total, net	(77)	(35)	(77)	(35)

31 December 2006	Profit/Loss		Shareholders' Equity Effect (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets at fair value through profit loss	(619)	611	(619)	611
Investment securities available for sale	-	-	-	-
Financial assets with floating interest rate	159	(160)	159	(160)
Financial liabilities with floating interest rate	-	-	-	-
Total, net	(460)	451	(460)	451

(*) The effect on shareholders' equity also includes the effect of 100 bps increase or decrease in interest rates on the profit/loss.

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non- Interest Bearing (*)	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	27,002	-	-	-	-	1,000	28,002
Banks	2,796	-	-	10	-	-	2,806
Financial assets at fair value through Profit or Loss	2,225	45,607	34,407	4,896	-	-	87,135
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial assets available-for-sale	-	-	-	-	-	802	802
Loans	65,208	54,367	8,232	552	-	-	128,359
Investment securities held-to-maturity	-	29,712	-	25,739	3,439	-	58,890
Other assets	238	-	-	-	-	50,457	50,695
Total assets	97,469	129,686	42,639	31,197	3,439	52,259	356,689
Liabilities							
Bank deposits	40,614	-	-	-	-	-	40,614
Other deposits	15,286	4,892	2,469	-	-	22,263	44,910
Interbank money markets	4,109	-	-	-	-	-	4,109
Miscellaneous payables	-	-	-	-	-	3,177	3,177
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	40,976	125,525	567	-	-	-	167,068
Other liabilities	197	-	-	-	-	96,614	96,811
Total liabilities	101,182	130,417	3,036	-	-	122,054	356,689
Long Position in the Balance Sheet	-	-	39,603	31,197	3,439	-	74,239
Short Position in the Balance Sheet	(3,713)	(731)	-	-	-	(69,795)	(74,239)
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
Total Position	(3,713)	(731)	39,603	31,197	3,439	(69,795)	-

(*) *Other Assets*: The amount of YTL 50,457 in the Non-Interest Bearing column is composed of Associates amounting to YTL 26,454, Tangible Assets amounting to YTL 19,579, Intangible Assets amounting to YTL 232, Deferred Tax Assets amounting to YTL 1,268, Assets Held for Resale amounting to YTL 1,118, Miscellaneous Receivables amounting to YTL 168, and Other Assets amounting to YTL 1,638.

Other Liabilities: The amount of YTL 96,614 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to 89,393, Provisions amounting to YTL 4,948, Tax, Duty and Premium Payable amounting to YTL 661 and Other Foreign Resources amounting to YTL 1,612.

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non- Interest Bearing (*)	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and Balances with the Central Bank of Turkey	6,685	17,405	-	-	-	985	25,075
Banks	14,149	-	-	12	-	-	14,161
Financial assets at fair value through profit or loss	5,421	37,400	41,838	5,987	3,738	-	94,384
Interbank money market placements	-	-	-	-	-	-	-
Investment securities available-for-sale	-	-	-	-	-	925	925
Loans	52,683	40,621	12,681	111	-	-	106,096
Investment securities held-to-maturity	-	34,990	10,590	36,054	-	-	81,634
Other assets	313	-	-	-	-	50,230	50,543
Total assets	79,251	130,416	65,109	42,164	3,738	52,140	372,818
Liabilities							
Bank deposits	58,478	-	-	-	-	-	58,478
Other deposits	5,404	4,027	5,021	-	-	19,088	33,540
Interbank money markets	40,593	-	-	-	-	-	40,593
Miscellaneous payables	-	-	-	-	-	2,562	2,562
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	142,956	278	-	-	-	143,234
Other liabilities	194	12	46	1	-	94,158	94,411
Total Liabilities	104,669	146,995	5,345	1	-	115,808	372,818
On Balance Sheet Long Position	-	-	59,764	42,163	3,738	-	105,665
On Balance Sheet Short Position	(25,418)	(16,579)	-	-	-	(63,668)	(105,665)
Off Balance Sheet Long Position	2	20,816	19,783	-	-	-	40,601
Off Balance Sheet Short Position	-	-	-	-	-	(40,599)	(40,599)
Total Position	(25,416)	4,237	79,547	42,163	3,738	(104,267)	2

(*) *Other Assets*: The amount of TL 50,230 in the Non-Interest Bearing column is composed of Subsidiaries amounting to YTL 24,455, Tangible Assets amounting to YTL 20,613, Intangible Assets amounting to YTL 357, Deferred Tax Assets amounting to YTL 1,581, Assets Held for Resale amounting to YTL 1,475, Miscellaneous Receivables amounting to YTL 190 and Other Assets amounting to YTL 1,559.

Other Liabilities: The amount of YTL 94,158 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to 86,688, Provisions amounting to YTL 4,307, Tax, Duty and Premium Payable amounting to YTL 1,539 and Other Foreign Resources amounting to YTL 1,624.

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

	EUR	USD	JPY	YTL
Current Period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey.	-	1.95	-	11.81
Banks	-	-	-	-
Financial assets at fair value through profit or loss	6.52	7.24	-	18.27
Money market placement	-	-	-	-
Financial assets available-for-sale	-	-	-	-
Loans	6.27	6.33	-	17.68
Investment securities held-to-maturity	5.50	9.84	-	20.78
Liabilities				
Interbank deposits	4.50	-	-	16.88
Other deposits	2.05	2.18	-	15.64
Interbank money market	-	-	-	16.20
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	4.45	5.14	-	15.05
	EUR	USD	JPY	YTL
Prior Period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey,	-	2.52	-	13.12
Banks	-	5.28	-	18.10
Financial Assets at Fair Value Through Profit or Loss	4.15	6.17	-	15.57
Money market placements	-	-	-	-
Financial assets available-for-sale	-	-	-	-
Loans	6.00	7.11	-	19.73
Investment securities held-to-maturity	7.65	6.68	-	21.63
Liabilities				
Interbank deposits	-	-	-	18.52
Other deposits	2.19	2.24	-	16.48
Interbank money market	-	-	-	18.01
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	-	5.60	-	15.00

VII.Information on Liquidity Risk

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

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

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

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

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

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

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from 1 June 2007, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The liquidity ratios in 2007 are as follows:

	<u>31 December 2007</u>
Average	241%
Highest	310%
Lowest	127%

Presentation of contractual liabilities based on their outstanding maturities:

	Gross			Up to 1	1-3	3-12	1-5	5 Year
	Book Value	nominal Outflow	Demand Deposits	Month	Months	Months	Years	and Over
<u>31 December 2007</u>								
Banks Deposits	40,614	40,617	33,890	6,727	-	-	-	-
Other Deposits	44,910	44,984	22,263	15,317	4,904	2,500	-	-
Funds provided from other financial institutions	167,068	168,200	-	40,976	126,291	933	-	-
Money Market Placements	4,109	4,128	-	4,128	-	-	-	-
Investment securities available-for-sale	-	-	-	-	-	-	-	-
Total	256,701	257,929	56,153	67,148	131,195	3,433		

	Gross			Up to 1	1-3	3-12	1-5	5 Year
	Book Value	nominal Outflow	Demand Deposits	Month	Months	Months	Years	and Over
<u>31 December 2006</u>								
Banks Deposits	58,478	58,497	46,453	12,044	-	-	-	-
Other Deposits	33,540	33,589	19,088	5,413	4,037	2,685	2,366	-
Funds provided from other financial institutions	143,234	144,343	-	125,999	-	279	18,065	-
Borrowings from money market	40,593	40,684	-	40,684	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Total	275,845	277,113	65,541	184,140	4,037	2,964	20,431	-

The table above represents the gross amount of un-discounted cash flows of financial liabilities to the nearest contract maturities. Expected cash flows of Bank's financial liabilities are significantly altered according to this analysis.

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Presentation of assets and liabilities based on their outstanding maturities:

Current Period	Demand Deposit	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Unallocated*	Total
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	1,262	26,740	-	-	-	-	-	28,002
Due from banks and other financial institutions	2,796	-	-	-	10	-	-	2,806
Financial Assets at Fair Value through Profit or Loss	-	36	1,736	10,759	63,079	11,525	-	87,135
Money Market Placements	-	-	-	-	-	-	-	-
Financial assets available-for-sale	-	-	-	-	-	-	802	802
Loans	-	61,015	19,040	27,517	20,787	-	-	128,359
Investment securities held-to-maturity	-	-	1,102	-	54,349	3,439	-	58,890
Other assets	-	238	-	71	-	-	50,386	50,695
Total Assets	4,058	88,029	21,878	38,347	138,225	14,964	51,188	356,689
Liabilities								
Interbank Deposits	33,890	6724	-	-	-	-	-	40,614
Other Deposits	22,263	15,286	4,892	2,469	-	-	-	44,910
Funds provided from other financial institutions	-	40,976	125,525	567	-	-	-	167,068
Interbank money market	-	4,109	-	-	-	-	-	4,109
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	17	-	-	-	-	3,160	3,177
Other liabilities	2,269	197	-	-	-	-	94,345	96,811
Total Liabilities	58,422	67,309	130,417	3,036	-	-	97,505	356,689
Liquidity Gap	(54,364)	20,720	(108,539)	35,311	138,225	14,964	(46,317)	-
Prior Period								
Total Assets	2,445	88,632	18,428	49,876	160,166	3,738	49,533	372,818
Total Liabilities	67,591	60,144	130,789	5,345	17,954	-	90,995	372,818
Net Liquidity Gap	(65,146)	28,488	(112,361)	44,531	142,212	3,738	(41,462)	-

* Other assets amounting YTL 50,386 at the unallocated part consists of Subsidiaries amounting YTL 26,454, Tangible Assets amounting YTL 19,579, Intangible Assets amounting YTL 232, Deferred Tax Asset amounting YTL 1,197, Asset Held For Resale amounting YTL 1,118, Office Supply Inventory amounting YTL 77, Miscellaneous Receivables amounting YTL 168 and Payable Temporary Accounts amounting YTL 1,561.

* Other liabilities amounting YTL 94,345 at the unallocated part consists of Shareholders Equity amounting YTL 89,393 Provisions amounting YTL 4,948 and Receivable Temporary Accounts amounting YTL 4.

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VIII. Information on Fair Values of Financial Assets and Liabilities

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

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

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

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

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	190,857	202,816	191,961	203,027
Interbank Money market placements	-	-	-	-
Banks	2,806	14,161	2,806	14,161
Financial assets available-for-sale	802	925	802	925
Investment securities held-to-maturity	58,890	81,634	60,091	82,424
Loans	128,359	106,096	128,262	105,517
Financial Liabilities	259,878	278,407	259,865	278,407
Interbank deposits	44,723	99,071	44,723	99,071
Other Deposits	44,910	33,540	44,910	33,540
Funds provided from other financial institutions	167,068	143,234	167,055	143,234
Marketable securities issued	-	-	-	-
Miscellaneous Payables	3,177	2,562	3,177	2,562

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

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

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

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

The Bank does not have transactions based on assurance.

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X. Information on Business Segments:

Information on operational segments on 31 December 2007 are presented in the table below:

	Retail Banking	Corporate Banking	Treasury	Private Banking	International Banking	Other	Total Operations
31 December 2007							
Operating income	-	22,696	1,797	-	-	-	24,493
Other	-	-	-	-	-	-	-
Operating Income	-	22,696	1,797	-	-	-	24,493
Net Gain of the Segment	-	-	-	-	-	-	-
Unallocated costs	-	-	-	-	-	-	-
Operational Profit	-	(1,103)	1,919	-	-	-	816
Income from Subsidiaries	-	2,137	-	-	-	-	2,137
Income before tax	-	1,034	1,919	-	-	-	2,953
Tax	-	208	-	-	-	-	208
Income after tax	-	826	1,919	-	-	-	2,745
Minority rights	-	-	-	-	-	-	-
Net Profit for the term	-	826	1,919	-	-	-	2,745
Segment assets	-	114,861	215,374	-	-	-	330,235
Associates and Subsidiaries	-	26,454	-	-	-	-	26,454
Unallocated assets	-	-	-	-	-	-	-
Total assets	-	141,315	215,374	-	-	-	356,689
Segment Liabilities	-	141,315	215,374	-	-	-	356,689
Unallocated Liabilities	-	-	-	-	-	-	-
Total Liabilities	-	141,315	215,374	-	-	-	356,689

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SECTION FIVE INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS

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

Information on cash equivalents:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash/Effective	170	830	120	860
Central Bank of Turkey	273	26,729	87	24,003
Other	-	-	-	5
Total	443	27,559	207	24,868

Information related to the account of Central Bank of Turkey

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	273	-	87	-
Unrestricted Time Deposits	-	7,058	-	6,598
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	19,671	-	17,405
Total	273	26,729	87	24,003

Information on Reserve Deposits:

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency liabilities in YTL and USD or EUR at the rates of 6% and 11%, respectively as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey. As of 31 December 2007 interest rates applied for reserve requirements by the Central Bank of Turkey are 11,81% for YTL deposits and 1,80% for EUR and 1,950% US Dollars deposits.

The amount of YTL 835 in the T.C Central Bank account resulted from the penalty stated below;

Subordinated loan amounting USD 12 Million, which was provided from Bank's shareholders at 30 December 2002, was included in capital computation upon the approval of BRSA with the clause that the loan amount would be added to the paid in share capital at maturity. In the audit report prepared by Sworn in Bank Auditors dated 18 August 2006 it was pointed out that the shareholder's equity miscalculated due to fact that the subordinated loan amount included in the tier 2 capital should have been taken into account by decreasing the principal amount 60% and 80% in 2005 and 2006 respectively. Upon the above mentioned issues Central Bank on 8 August 2007 has obligated the Bank to keep reserve deposits amounting the three times of the reserve deposit amount not kept over subordinated loan starting from 31 December 2002 up to 31 December 2006 .The Bank has to keep deposit amount between US Dollar 541 thousand and US Dollar 3.2 Million in Central Bank every 14 days period starting from 10 August 2007 up to 23 June 2011.

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

- a) Among financial assets at fair value through profit or loss as of 31 December 2007; YTL 1,062 is subjected to repurchase transactions (31 December 2006: YTL 256), and YTL 47,918 is provided as collateral /blocked. (31 December 2006: YTL 64,743)

The Bank has two bonds (Credit linked note) purchased from DZ Bank with the maturities 2012 and 2017 and at a total nominal amount 15,000,000 US Dollar in the financial assets at fair value through profit loss amounting YTL 17,755 which are classified under others securities.

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b) Positive differences on derivative financial assets held for trading:

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

3. Information on banks and other financial institutions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	15	2,791	6,433	7,728
Domestic banks	15	12	6,433	13
Foreign banks	-	2,779	-	7,715
Foreign head offices and branches	-	-	-	-
Total	15	2,791	6,433	7,728

3.1 Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current period	Prior period	Current period	Prior period
European Union Countries	1,439	744	-	-
USA, Canada	599	42	2	12
OECD Countries (*)	23	6,624	-	-
Off-Shore Banking Regions	-	-	-	-
Other	708	293	8	-
Total	2,769	7,703	10	12

* OECD countries except EU Countries, Canada and USA

4. Information on available for sale financial assets:

4.1 Major types of available for sale financial assets

Available for sale financial assets are composed shares that are not quoted in the stock market.

4.2 Information on available for sale financial assets

	Current period	Prior period
Debt Securities		
Quoted in stock exchange	-	-
Not quoted in stock exchange	-	-
Share Certificates	802	925
Quoted in stock Exchange	-	-
Not quoted in stock Exchange	802	925
Impairment provision (-)	-	-
Total	802	925

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5. Information on Loans:

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

	Current period		Prior period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	248	1,161	3,835	4,076
Corporate Shareholders	248	1,161	3,835	4,076
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	12,802	80,246	3,596	62,380
Loans Granted to Employees	276	7	220	7
Total	13,326	81,414	7,651	66,463

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Non-specialized loans	128,359	-	-	-
Discount Notes	13,971	-	-	-
Export loans	7,531	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	63,026	-	-	-
International loans	6,129	-	-	-
Consumer loans	259	-	-	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	37,443	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	128,359	-	-	-

5.3 Cash loans according to their maturity structure

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short Term Loans and Other Receivables	105,506	-	-	-
Non-specialized loans	105,506	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and Other Receivables	22,853	-	-	-
Non-specialized loans	22,853	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	128,359	-	-	-

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

	Short Term	Medium and Long Term	Total
Consumer Loans-YTL	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-YTL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Individual Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Loans- YTL	54	205	259
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	54	205	259
Personnel Loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-YTL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Credit Cards-YP	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Deposits with Credit Limit-YTL (Individual)	-	-	-
Deposits with Credit Limit-FC (Individual)	-	-	-
Total	54	205	259

5.5 Information on installment corporate loans and corporate credit cards

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

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5.6 Allocation of loans by customers

	Current Period	Prior Period
Public	-	-
Private	128,359	106,096
Total	128,359	106,096

5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic loans	108,259	98,235
Foreign loans	20,100	7,861
Total	128,359	106,096

5.8 Loans granted to subsidiaries and associates

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

5.9 Specific provisions for loans

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibility	-	-
Loans and receivables with doubtful collectibility	-	-
Uncollectible loans and receivables	5,984	6,297
Total	5,984	6,297

5.10 Information on non-performing loans (Net)

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

5.10.2 Information on movement of total non-performing loans

	III. Group Loans and receivables with limited collectibles	IV. Group Loans and receivables with doubtful collectibles	V. Group Uncollectible loans and receivables
Balances at Beginning of Period	-	-	6,297
Additions (+)	-	-	12
Transfers from other categories of non performing loans (+)	-	-	-
Transfers to other categories of non performing loans (-)	-	-	-
Collections (-)	-	-	325
Write-offs (-)	-	-	-
Institutional and commercial credits	-	-	-
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
Balances at End of the Period	-	-	5,984
Specific provisions (-)	-	-	5,984
Net Balance on Balance Sheet	-	-	-

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

There is YTL 2,030 of non-performing loan receivables in foreign currency which is followed in YTL accounts.

5.11 Main points of liquidation policy for uncollectible loans and receivables

Uncollectible loans and other receivables are managed to be collected through the legal follow up and converting collaterals into cash.

Non-Performing loans and other receivables main features of collection policies

Information on gross and net loans under follow-up according to the borrowers:

	III. Group: Loans and receivables with limited collectibility	IV. Group: Loans and receivables with doubtful collectibility	V. Group Non- performing loans and receivables
Current Period (Net)	-	-	-
Loans granted to real persons and legal entities (Gross)	-	-	5,884
Specific provisions (-)	-	-	5,884
Loans granted to real persons and legal entities (Net)	-	-	-
Banks (Gross)*	-	-	100
Specific provisions (-)	-	-	100
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-
Prior Period (Net)	-	-	-
Loans granted to real persons and legal entities (Gross)	-	-	6,197
Specific provisions (-)	-	-	6,197
Loans granted to real persons and legal entities (Net)	-	-	-
Banks (Gross)*	-	-	100
Specific provisions (-)	-	-	100
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-

(*) Foreign bank

6. Information on held to maturity financial assets:

6.1 There is no held to maturity financial asset subject to repurchase agreements. As of 31 December 2007 YTL 17,596 is held on collateral/blocked for guarantee. (At 31 December 2006: YTL 18,042)

6.2 Information on government held to maturity financial assets

	Current Period	Prior Period
Government bonds	17,596	18,042
Treasury Bonds	-	-
Other Public Bonds	21,561	37,206
Total	39,157	55,248

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6.3 Information of investments held to maturity

	Current Period	Prior Period
Debt Instruments	62,102	84,618
Quoted at stock exchange	17,596	18,042
Not-quoted at stock exchange	44,506	66,576
Impairment loss provision (-)	3,212	2,984
Total	58,890	81,634

6.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at the Beginning of the Period	81,634	79,595
Foreign Currency Gains / Losses on Monetary assets	(10,987)	4,987
Purchases during the Period	-	21,823
Disposals through sales and redemptions (*)	(11,529)	(23,828)
Impairment loss provision (-) (**)	228	943
Period end balance	58,890	81,634

(*) In the current period the bond amounting YTL 9,745 with the maturity 22.10.2007 has been redeemed. In the current period the bonds amounting YTL 1,784 has been sold. YTL 17,105 of the prior period purchase amount YTL 23,828 consisted of the US Dollar based government bonds maturing in 26.09.2016 issued by Turkish Treasury which was supplied by the Bank. BDDK has given permission to the swap transaction and reclassification of the new bonds in a different portfolio. Remaining YTL 6,723 belongs to redemption of investments held to maturity .

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

7. Information on Associates

The Bank does not have an associate as of 31 December 2007 and 2006.

8. Information on subsidiaries (Net):

8.1 Information on subsidiaries

	Description	Address (City/Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	A&T Leasing A.Ş	İSTANBUL	99.98	99.98

Information on financial statements of the subsidiaries:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair value (*)
1	82,389	31,725	144	9,864	-	2,030	2,203	26,454

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

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8.2 Movement related to subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	24,455	20,456
Movements during the Period	1,999	3,999
Purchases	-	-
Bonus Shares Received	1,999	3,999
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase, Effect of Inflation and F/X Difference	-	-
Impairment Provision (+)	-	-
Balance at the End of the Period	26,454	24,455
Capital Commitments	-	-
Share Percentage at the end of Period (%)	99,98	99,98

8.2.1 Valuation methods of investments in subsidiaries

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

8.2.2 Sectoral Information on the subsidiaries and amounts related to these

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	26,454	24,455
Finance Companies	-	-
Other Affiliates	-	-

8.2.3 Quoted Subsidiaries

The Bank does not have an subsidiary that is quoted.

8.2.4 Subsidiaries sold in the current year

None.

8.2.5 Subsidiaries acquired in the current year.

None.

9. Information on jointly ventures

The Bank does not have joint ventures.

10. Information on Financial Lease Receivables (Net):

The Bank does not have any financial lease receivables.

11. Information on financial derivatives for hedging:

The Bank does not have any financial derivatives for hedging.

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12. Information on tangible assets:

Current Period

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the End of the Prior Period 31 December 2006					
Cost	27,303	3,933	669	2,600	34,505
Accumulated Depreciation (-)	7,756	3,660	514	1,962	13,892
Net Book Value	19,547	273	155	638	20,613
Balance at the End of the Current Period 31 December 2007					
Net Book Value at the Beginning of the Current Period	27,303	3,933	669	2,600	34,505
Additions	-	-	-	79	79
Disposals (-)	-	-	-	1	1
Impairment(-)	-	-	-	-	-
Cost at the End of the Current Period	27,303	3,933	669	2,678	34,583
Depreciation expense and depreciation expense of disposal(-)	650	142	77	244	1,113
Accumulated Depreciation at the End of the Current Period (-)	8,406	3,802	591	2,205	15,004
Net Book Value at the End of the Current Period	18,897	131	78	473	19,579

Prior Period

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the End of the Prior Period 31 December 2005					
Cost	27,303	3,839	669	3,581	35,392
Accumulated Depreciation (-)	7,106	3,527	406	1,712	12,751
Net Book Value	20,197	312	263	1,869	22,641
Balance at the End of the Current Period 31 December 2006					
Net Book Value at the Beginning of the Current Period	27,303	3,839	669	3,581	35,392
Additions	-	94	-	141	235
Disposals (-)	-	-	-	1,122	1,122
Impairment(-)	-	-	-	-	-
Cost at the End of the Current Period 31 December 2006	27,303	3,933	669	2,600	34,505
Depreciation expense and depreciation expense of disposal(-)	650	133	108	250	1,141
Accumulated Depreciation at the End of the Current Period (-)	7,756	3,660	514	1,962	13,892
Net Book Value at the End of the Current Period	19,547	273	155	638	20,613

13. Information on Intangible assets:

	Other	Lease hold Improvement	Total
Balance at the End of the Prior Period 31 December 2006			
Cost	2,539	201	2,740
Accumulated Depreciation (-)	2,182	201	2,383
Net Book Value	357	-	357
Balance at the End of the Current Period 31 December 2007			
Net Book Value at the Beginning of the Current Period	2,539	201	2,740
Additions	5	-	5
Disposals (-)	-	-	-
Impairment(-)	-	-	-
Cost at the End of the Current Period	2,544	201	2,745
Depreciation expense and depreciation expense of disposal(-)	130	-	130
Accumulated Depreciation at the End of the Current Period (-)	2,312	201	2,513
Net Book Value at the End of the Current Period	232	-	232

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Prior Period

	Other	Lease hold Improvement	Total
Balance at the End of the Prior Period 31 December 2005			
Cost	2,493	201	2,694
Accumulated Depreciation (-)	2,051	174	2,225
Net Book Value	442	27	469
Balance at the End of the Current Period 31 December 2006			
Net Book Value at the Beginning of the Current Period	2,493	201	2,694
Additions	46	-	46
Disposals (-)	-	-	-
Impairment(-)	-	-	-
Cost at the End of the Current Period	2,539	201	2,740
Depreciation expense and depreciation expense of disposals(-)	131	27	158
Accumulated Depreciation at the End of the Current Period (-)	2,182	201	2,383
Net Book Value at the End of the Current Period	357	-	357

14. Information on deferred tax asset:

As of 31 December 2007 and 31 December 2006 the presentation of tax deductible or temporary differences subject to tax and the related deferred tax asset or liability as follows:

	Current Period 31 December 2007		Prior Period 31 December 2006	
	Accumulated temporary differences	Deferred tax asset/(liability)	Accumulated temporary differences	Deferred tax asset/(liability)
Provisions regarding employee rights	2,810	562	2,326	465
Other provisions	479	96	160	32
Marketable Securities Valuation Difference	289	58	4,060	812
Other	841	168	624	125
Tax Losses	1,396	279	-	-
Depreciation difference of tangible and intangible assets with the tax base	171	34	-	-
Deferred tax asset	5,986	1,197	7,170	1,434
Tangible assets	-	-	(104)	(21)
Financial assets	-	-	(39)	(8)
Deferred tax liability	-	-	(143)	(29)
Net Deferred tax asset	5,986	1,197	7,027	1,405

15. Information on tangibles held for resale:

	Current Period 31 December 2007	Prior Period 31 December 2006
Cost	1,551	1,842
Accumulated Depreciation (-)	(76)	(94)
Net Book Value	1,475	1,748
Opening Balance	1,475	1,748
Acquired	-	-
Disposals (-), net	333	242
Depreciation Expense (-)	24	31
Closing Net Book Value	1,118	1,475

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16. Information on other assets:

As of 31 December 2007 other assets account of balance sheet is YTL 2,044 (31 December 2006: YTL 2,062) and does not exceed 10% of total assets of balance sheet except off balance sheet commitments.

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES

1. Information on maturity profile of deposits:

Current Period

								Accumulating	
	Demand	7 Days Notice	Up to 1 month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Deposit Accounts	Total
Saving Deposits	99	-	4,951	1,220	15	24	-	-	6,309
Foreign Currency Deposits	21,210	-	4,055	5,700	2,011	2,772	-	-	35,748
Residents in Turkey	8,989	-	2,555	4,484	1,408	509	-	-	17,945
Residents Abroad	12,221	-	1,500	1,216	603	2,263	-	-	17,803
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	610	-	1,816	83	-	-	-	-	2,509
Other Ins. Deposits	344	-	-	-	-	-	-	-	344
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	33,890	-	6,724	-	-	-	-	-	40,614
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	6,724	-	-	-	-	-	6,724
Foreign Banks	33,890	-	-	-	-	-	-	-	33,890
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	56,153	-	17,546	7,003	2,026	2,796	-	-	85,524

Prior Period

								Accumulating	
	Demand	7 Days Notice	Up to 1 month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Deposit Accounts	Total
Saving Deposits	88	-	447	125	14	26	-	-	700
Foreign Currency Deposits	18,484	-	2,618	2,738	4,903	3,533	-	-	32,276
Residents in Turkey	6,806	-	1,389	1,801	3,644	533	-	-	14,173
Residents Abroad	11,678	-	1,229	937	1,259	3,000	-	-	18,103
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	243	-	18	25	-	-	-	-	286
Other Ins. Deposits	273	-	2	3	-	-	-	-	278
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	46,453	-	12,025	-	-	-	-	-	58,478
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	12,025	-	-	-	-	-	12,025
Foreign Banks	46,453	-	-	-	-	-	-	-	46,453
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	65,541	-	15,110	2,891	4,917	3,559	-	-	92,018

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

	Covered by Deposit Insurance Fund		Not covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	3,094	665	3,217	37
Foreign Currency Saving Deposits	7,190	8,573	5,032	6,334
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	10,284	9,238	8,249	6,371

1.2 Saving deposits not covered by deposit insurance

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

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

Amounts not covered by insurance:

Saving deposits not covered by insurance limits

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	-	-
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	170	552
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depositary Banks established for Off-Shore Banking Activities in Turkey	-	-

2. Information on financial derivatives through profit or loss:

The Bank does not have any financial derivatives. (2006: None)

3. Information on Funds Borrowed:

3.1 Information on banks and other financial institutions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Borrowing from Central Bank	-	-	-	-
From Domestic Banks and Institutions	883	-	1,331	-
From Foreign Banks, Institutions and Funds	-	152,206	-	124,936
Total	883	152,206	1,331	124,936

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3.2 Presentation of funds borrowed based on maturity profile:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	883	152,206	1,331	124,936
Medium and Long-Term	-	-	-	-
Total	883	152,206	1,331	124,936

3.3 Additional information on concentration of the Bank's liabilities

As of 31 December 2007, 24% (31 December 2006: 25%) and 47% (31 December 2006 38%) of the Bank's liabilities comprised of deposits and funds borrowed respectively.

4. Information on other foreign resources:

The other foreign resources account of the balance sheet is YTL 1,808 (31 December 2006: YTL 1,810); and this amount does not exceed 10% of the total balance sheet.

5. Information on financial lease obligations:

In the financial lease contracts the installments are determined by considering the market interest rates, cost of the leasing asset and maturity of the financing. There are no significant obligations imposed on the Bank as a result of the lease agreements.

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

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

7. Information on provisions:

7.1 Information on general provisions

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	902	893
Provisions for Loans and Receivables in Group II	-	-
Provisions for Non-Cash Loans	357	328
Other	-	-
Total	1,259	1,221

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

	Current Period	Prior Period
Foreign Exchange Provisions for Foreign Currency Indexed Loans	2,297	577

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

7.3 Information on other provisions

The Bank has allocated YTL 117 (31 December 2006: YTL 160) for the on-going law suits at the time of the balance sheet and YTL 361 (31 December 2006: YTL 171) for the payments that might be made other than the legal regulation foresees for the expatriates currently working for the bank and YTL 401 (31 December 2006: YTL 429) for the uncompensated non-cash loans.

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8. Information on tax payables:

8.1 Information on corporate tax liability:

As of 31 December 2007 there is no corporate tax payable (31 December 2006: YTL 751).

8.1.1 Information on tax payables

	Current Period	Prior Period
Corporate Taxes Payable	-	751
Banking Insurance Transaction Tax (BITT)	61	113
Taxation of Securities	49	25
Value Added Taxes Payable	23	30
Banking Insurance Transaction Tax (BITT)	10	12
Foreign Exchange Legislation Tax	15	4
Property Tax	1	1
Other	309	291
Total	468	1,227

8.1.2 Information on premiums

	Current Period	Prior Period
Social Security Premiums- Employee	74	118
Social Security Premiums- Employer	104	169
Bank Social Aid Pension Fund Premium- Employee	-	-
Bank Social Aid Pension Fund Premium- Employer	-	-
Pension Fund Membership Fees and Provisions- Employee	-	-
Pension Fund Membership Fees and Provisions- Employer	-	-
Unemployment Insurance- Employee share	5	8
Unemployment Insurance- Employer share	10	17
Other	-	-
Total	193	312

8.2 Information on deferred tax liability

The Bank does not have a net deferred tax liability as of 31 December 2007.

The net value of assets and liabilities that is calculated over the temporary differences between the applied accounting policies and tax regulation is recorded as net deferred tax asset with an amount of YTL 1,197. Detailed information on net deferred tax is presented in footnote I-14 in Section Five.

9. Information on liabilities for assets held for resale:

None.

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10. Information on Subordinated Loans :

At 30 December 2002 the Bank has used a subordinated loan amounting USD 12,000,000 from Libyan Foreign Bank with five years and one month maturity, with an interest rate of Libor+2. After the participation of T. İş Bank and TC Ziraat Bank to this subordinated loan; Libyan Foreign Bank takes part with USD 7,800,000, T. İş Bank takes part with USD 2,400,000 and TC. Ziraat Bank takes part with USD 1,800,000. Total amount of the subordinated loan has been added to the share capital as of 30 January 2008.

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Domestic Banks	-	4,893	-	-
Other Domestic Institutions	-	-	-	-
Foreign Banks	-	9,086	-	16,967
Other Foreign Institutions	-	-	-	-
Total	-	13,979	-	16,967

11. Information on Shareholder's Equity:

11.1 Presentation of Paid-in Capital:

	Current Period	Prior Period
Common Stock	41,000	41,000
Preferred Stock	-	-

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

Registered share capital system is not implemented in the Bank.

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

There is no share capital increase in current period.

11.4 Information on share increases from capital reserves

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

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

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

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

None.

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11.7 Information on the privileges given to stocks representing the capital

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

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

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

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

Fractional shares will be allocated by the Board of Directors.

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

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

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

11.8 Information on marketable securities value increase fund:

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

III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEETS

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

1.1 Type and amount of irrevocable commitments

The Bank has YTL 4,348 (31 December 2006: 1,019 YTL) as irrevocable commitments.

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

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

The total amount of non-cash loans including guarantees, bills of exchange and acceptances and sureties on letters of credits and other guarantees is YTL 109,497 (31 December 2006: YTL 107,455).

1.2.2 Final guarantees, temporary guarantees, commitments and similar transactions

The total amount of the Bank's guarantee letters is YTL 180,001 (31 December 2006: YTL 132,167).

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2. Total amount of Non-cash loans:

	Current Period	Prior Period
Non-Cash Loans granted for Cash Loan Assurance	3,261	-
Less Than or Equal to One Year with Original Maturity	3,261	-
More Than One Year with Original Maturity	-	-
Other Non-Cash Loans	286,237	278,624
Total	289,498	278,624

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

	Current Period				Prior Period			
	YTL	%	FC	%	YTL	%	FC	%
Agricultural	-	0.00	-	0.00	-	0.00	-	0.00
Farming and Raising livestock	-	0.00	-	0.00	-	0.00	-	0.00
Forestry	-	0.00	-	0.00	-	0.00	-	0.00
Fishing	-	0.00	-	0.00	-	0.00	-	0.00
Manufacturing	-	0.00	-	0.00	-	0.00	-	0.00
Mining	-	0.00	-	0.00	-	0.00	-	0.00
Production	-	0.00	-	0.00	-	0.00	-	0.00
Electric, gas and water	-	0.00	-	0.00	-	0.00	-	0.00
Construction	91	5.51	45,514	15.81	97	3.55	53,571	19.42
Services	1,510	91.29	242,330	84.19	2,568	94.07	222,323	80.58
Wholesale and Retail Trade	697	42.14	21,797	7.57	691	25.31	15,323	5.55
Hotel, Food and Beverage Services	-	0.00	-	0.00	-	0.00	-	0.00
Transportation and Telecommunication	-	0.00	-	0.00	-	0.00	-	0.00
Financial Institutions	813	49.15	220,533	76.62	1,877	68.76	207,000	75.03
Real Estate and Renting Services	-	0.00	-	0.00	-	0.00	-	0.00
Self-Employment Services	-	0.00	-	0.00	-	0.00	-	0.00
Education Services	-	0.00	-	0.00	-	0.00	-	0.00
Health and Social Services	-	0.00	-	0.00	-	0.00	-	0.00
Other	53	3.20	-	0.00	65	2.38	-	0.00
Total	1,654	100.00	287,844	100.00	2,730	100.00	275,894	100.00

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

	Group I		Group II	
	YTL	FC	YTL	FC
Letters of guarantee	1,654	178,347	-	-
Bank acceptances	-	-	-	-
Letters of credit	-	109,497	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	-	-	-	-
Non-Cash Loans	1,654	287,844	-	-

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5. Information on derivative transactions:

	Current Period 31 December 2007	Prior Period 31 December 2006
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	-	1,860
Currency Forward	-	-
Currency Swaps	-	1,860
Currency Futures	-	-
Currency Option	-	-
Interest Rate Related Derivative Transactions (II)	-	81,198
Interest Rate Forwards	-	-
Interest Rate Swaps	-	81,198
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I+II+III)	-	83,058
Hedging Derivatives		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency Investments	-	-
B. Total Hedging Derivatives	-	-
Total Derivative Transactions (A+B)	-	83,058

6. Contingent assets and liabilities:

Pursuant to the transitory Article 4 of the obsolete Banking Law numbered 4389 with the decree numbered 4743 lapsed at 1 November 2005 losses incurred of the legal and general reserves would be considered tax deductible according to the Clause numbered 14/7 of the obsolete Corporate Tax Law numbered 5422. However, the mentioned losses were not deducted from the tax base in 2001, 2002 and 2003 in compliance with the recommendation of the Ministry of Finance. The bank has 13 law suits against the Turkish Ministry of Finance ("Ministry") amounting to YTL 18,262 regarding the amendment of corporate taxes paid in 2001, 2002 and 2003.

IV. INFORMATION AND FOOTNOTES RELATED TO INCOME STATEMENTS

1. Information on interest income:

1.1 Information on interest income received from loans

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short- Term Loans	7,772	1,271	7,065	1,414
Medium and Long- Term Loans	427	1058	639	113
Interest Received From Non Performing Loans	290	2	673	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
Total	8,489	2,331	8,377	1,527

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1.2 Information on interest income received from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Central Bank	-	152	-	175
From Domestic Banks	15	5	22	613
From Foreign Banks	-	437	-	739
From Foreign Headquarter and Branches	-	-	-	-
Total	15	594	22	1,527

1.3 Information on interest income from securities

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Trading Financial Assets	3,550	3,693	5,201	6,118
From Financial Assets at Fair Value Through Profit or Loss	-	406	-	-
From Investments Available for Sale	-	-	-	-
From Investments Held to Maturity	3,120	4,521	1,774	7,112
Total	6,670	8,620	6,975	13,230

1.4 Information on interest income received from associates and subsidiaries

None.

2. Interest Expense:

2.1 Information on interest paid for funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	132	7,667	137	9,157
Central Bank	-	-	-	-
Domestic Banks	132	377	137	73
Foreign Banks	-	7,290	-	9,084
Foreign Headquarter and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	132	7,667	137	9,157

2.2 Information on interest expense paid to subsidiaries and associates

	Current Period	Prior Period
Interest Paid to Affiliates and Associates and subsidiaries	7	4

2.3 Information on interest expenses paid to issued stocks

None.

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2.4 Maturity structure of the interest expense on deposits

Account Name

	Demand Deposits	Time Deposits					Cumulative Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over		
YTL								
Bank Deposits	-	826	-	-	-	-	-	826
Saving Deposits	-	284	109	3	4	-	-	400
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	8	6	-	-	-	-	14
Other Deposits	-	-	-	-	-	-	-	-
"7 Days Notice Deposits"	-	-	-	-	-	-	-	-
Total YTL	-	1,118	115	3	4	-	-	1,240
FC	-	-	-	-	-	-	-	-
Foreign Currency Deposits	-	63	84	59	79	-	-	285
Bank Deposits	-	1,341	-	-	-	-	-	1,341
"7 Days Notice Deposits"	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total FC	-	1404	84	59	79	-	-	1,626
Total	-	2,522	199	62	83	-	-	2,866

3. Information on dividend income:

	Current Period	Prior Period
Trading Financial Assets	-	-
Financial Assets through profit or loss	-	-
Financial Assets available for sale	137	51
Other (*)	2,000	3,999
Total	2,137	4,050

(*) Represents the dividend income retained from associates.

4. Information on trading gain/loss:

	Current Period	Prior Period
Gain	302,495	603,507
Gain from money market transactions	287	1,732
Derivative and financial transactions	-	193
Other	287	1,539
Gain from exchange transactions	302,208	601,775
Loss (-)	(301,278)	(600,645)
Loss from money market transactions	-	(697)
Derivative and financial transactions	-	-
Other	-	(697)
Loss from exchange transactions	(301,278)	(599,948)
Net Trading Gain/Loss	1,217	2,862

5. Information on income from other operations:

	Current Period	Prior Period
From Sale of Assets	174	290
From Reversal of Provisions of Prior Year	562	1,715
From Communication Income	276	202
Other	237	267
Total	1,249	2,474

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6. Information on impairment in loans and other receivables:

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	-	13
Loans and Receivables in Group III	-	-
Loans and Receivables in Group IV	-	-
Loans and Receivables in Group V	-	13
Doubtful Receivables	-	-
General Provision Expenses	217	414
Provision for Possible Losses	-	-
Foreign Exchange Losses on Foreign Currency Indexed Loans	-	-
Impairment Losses on Securities	125	62
Financial Assets through Profit or Loss	125	62
Investment Securities Available-for-Sale	-	-
Other Impairment Losses	228	943
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investment Securities Held-to-Maturity	228	943
Other	190	227
Total	760	1,659

7. Information on other operating expense:

	Current Period	Prior Period
Personnel Expenses	14,750	15,371
Employee Termination Benefits Expense	566	148
Amortization Expenses of Tangible Assets	1,113	1,141
Amortization Expenses of Intangible Assets	130	158
Amortization Expense of Assets Held for Resale	24	31
Other Operating Expenses	3,073	2,764
Operating Lease Expenses	454	468
Maintenance Expenses	157	119
Advertisement Expenses	30	13
Other Expenses	2,432	2,164
Loss on Sales of Assets	-	2
Other	1,124	2,516
Total	20,780	22,131

8. Information on profit/loss before taxes including profit/loss from discontinued operations

The profit before tax amount from continued operations is YTL 2,953 (31 December 2006: 6,148).

9. Information on provision for taxes including taxes from continued and discontinued operations

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

As of 31 December 2007 there isn't any taxation charge and deferred tax charge is YTL 208 (31 December 2006: YTL 751 taxation charge and deferred tax charge was YTL 391).

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

The Bank has YTL 487 as deferred tax charge arising from origination of temporary differences

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

The Bank has YTL 208 as deferred tax charge represented in the income statement computed over temporary difference, tax loss and tax reduction (31 December 2006: None)

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10. Information on net profit or loss of the period including profit/loss from continued and discontinued operations:

Current period profit from continued operations is YTL 2,745 (31 December 2006: YTL 5,006)

11. Information on net profit or loss of the period

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

Bank has recorded interest income amounting YTL 27,169, interest expense amounting YTL 13,886, net fee and commission income amounting YTL 6,607 from its ordinary banking transactions.

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

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

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

There is no other accounts which exceed the 10% of the income statement other than other operating income and other operating loss that are explained above.

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

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

None.

2. Confirmation on exchange rate differences between beginning and ending

None.

3. Increases due to cash flow hedges:

None.

4. Information on dividend:

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

None.

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

None.

5. Amounts transferred to retained earnings:

In the current year YTL 286 has been transferred to the legal reserves.

6. Information on issuance of common stock:

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

None.

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

Information on inflation restatement differences of shareholders equity accounts:

In BRSA's Circular on 28 April 2005 and in accordance with the decision dated 21 April 2005 and numbered 1623, it was stated that as of January 2005, the majority of the criteria's confirming the existence of a hyperinflationary economy are not valid anymore. Accordingly, the inflation accounting had been ceased beginning from 1 January 2005.

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

VI. INFORMATION AND FOOTNOTES RELATED TO CASH FLOW STATEMENT

1. Information on cash and cash equivalent assets:

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

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

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

	Current Period 31 December 2006	Prior Period 31 December 2005
Cash	980	1,151
Interbank money market placements	-	-
Financial assets at fair value through profit or loss (net)	-	-
Banks and other financial institutions	20,785	19,771
Cash equivalents	21,765	20,922

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

	Current Period 31 December 2007	Prior Period 31 December 2006
Cash	1,000	980
Interbank money market placements	-	-
Financial assets at fair value through profit or loss (net)	-	-
Banks and other financial institutions	10,083	20,785
Cash equivalents	11,083	21,765

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

The amount of YTL 835 kept in T.C. Central Bank is due to penalty explained in 5th section note 1. The amount changing between USD 541 thousand and USD 3.2 million USD will be blocked under TCMB account starting from 10 August 2007 to 23 June 2011 in every 14 days period.

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

The YTL (-) 4,938 (31 December 2006: YTL (-) 10,072) in the "Other" account that is under the "Operational Profit Before Operations of Banking on Assets and Liabilities" account is comprised of other operating income excluding collections from non performing loans, other operating expense excluding personnel expenses and exchange rate profit/loss.

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The "Net increase/decrease in other debts" account under the "Changes in assets and liabilities subject to banking activities" amounting to YTL 502 (31 December 2006: (-) YTL 4,507 is composed of changes in miscellaneous debts, other foreign resources and tax, duty, fees and premiums payable.

VII. INFORMATION ON THE BANK'S RISK GROUP

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

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

Current Period:

Bank's Risk Group (*)	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	91	7,431	66,456	-	-
Balance at the end of the period	-	507	13,050	81,407	-	-
Interest and Commission Income received	-	3	61	-	-	-

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

Prior Period:

Bank's Risk Group (*)	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	4,862	403	17,118	-	-
Balance at the end of the period	-	91	7,431	66,456	-	-
Interest and Commission Income received	-	5	22	-	-	-

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

1.2 Information on deposits of the Bank's risk group

Bank's Risk Group (*) Associates, Subsidiaries and Joint VenturesBank's Direct and Indirect ShareholdersOther Components in Risk Group

	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	28	69	3,779	699	523	347
Balance at the end of the period	147	28	7,748	3,779	128	523
Interest expense of deposits	-	-	244	54	6	-

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

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

None.

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1.4. Information on benefits provided for top level management:

For the period ended 31 December 2007, YTL 1,238 (31 December 2006: YTL 1,471 has been paid to the top level management of the Bank.

VIII. DOMESTIC, FOREIGN AND OFF SHORE BRANCHES or INVESTMENTS AND FOREIGN REPRESENTATIVE OFFICES

	Number of branches	Number of employees			
Domestic Branch	3	175			
			Country		
Foreign representative office	--	--	--		
			--		
Foreign branch	--	--	--	Total assets	Legal capital
	--	--	--	--	--
	--	--	--	--	--
Off shore branches	--	--	--	--	--

SECTION SIX OTHER DISCLOSURES AND FOOTNOTES

Bank decided to increase its paid in capital from TRY 41,000 to TRY 89,000 in accordance with the decision made in the extraordinary general meeting on 3 December 2007. TRY 14,126 amount of the capital increase is provided from subordinated loan, TRY 9,966 amount of the capital increase was transferred from retained earnings, TRY 23,908 amount of the capital increase was transferred from other capital reserves. Total capital increase amounting TRY 48,000 was reflected financial statements at 30 January 2008 in accordance with the approval of BRSA dated 11 January 2008 numbered 51.1- 562. Furthermore, Board of Directors decided to increase paid in capital from TRY 89,000 to TRY 240,000 on 22 January 2008. The increase amount will be committed by the shareholders in cash.

Al-Amin Ashour Shallouf, Deputy Chairman of Board, has passed away on 11 January 2008. There is no any assignment made for open position in Board of Directors.

SECTION SEVEN INFORMATION ON INDEPENDENT AUDITOR'S REPORT

I. INFORMATION ON INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements as of and the period ended 31 December 2007 has been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş (a member firm of KPMG International) and the independent auditor's report dated 1 February 2008 is presented in the first section of this report.

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

None.

Assessment of Financial Strength, Profitability & Debt Repayment Capacity

ATB's management is assured that the liquidity risk stemming from deposits is at minimum level in ATB. Focused on corporate banking, funding (A) rated companies, the Bank is very active in foreign trade between Turkey and North Africa-Middle East countries. Thus, with only three branches, two in Istanbul and one in Ankara, it provides high quality services to companies with business ties to the above mentioned regions. As far as the collection of deposits concerned, it is impossible for ATB to compete with the banks with multiple branches in Turkey. In 2007, the percentage of deposits in the Bank's total foreign sources was 32%, identical to figures of the previous year. The majority of the Bank's borrowing comes from its main shareholders. This type of funding is continuous in the borrowing structure of the Bank; it is regarded as subordinated loan, which helps ATB minimize its liquidity risk.

Most of the foreign funds are invested in "Trading Marketable Securities" and "Deposits with Banks" on O/N basis or mostly on a weekly basis. The other main investment - cash-loans - is utilized with short-term maturities. Therefore, the Bank does not encounter any liquidity risk nor is it faced with debt re-payment difficulties. In addition, it must be highlighted that the Bank's CAR is well above the levels of the average of the Turkish Banking sector. The amount of profit decreased compared to previous years due in great part to competition and shrinking profit margins in the market. Management prefers to increase capital to enable the Bank to enlarge its business volume and preserve the high service quality provided to companies doing business with North Africa and the Middle-East.

Risk Management Policies

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

The risk management strategy, policy and procedures of the Bank, which were approved by the Board of Directors, are set out within the following principles:

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

The risk management policies and procedures of the Bank are based on the following main risk categories.

Market Risk

Credit Risk

Operational Risk

MARKET RISK

The Bank defines market risk as the possibility of risk due to general market risk, specific risk, commodity risk and clearing risk. The market risk management of ATB deals with interest rate risk, foreign currency rate risk and liquidity risk plus their relationship with, and their effects on other risk.

The Bank aims to maximize risk adjusted return by effectively managing market risk using suitable parameters in accordance with the size of the Bank.

For sound market risk management, four basic elements in the management of assets, liabilities and off-balance-sheet instruments are used for:

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

In the Bank, market risk is measured using the Standard Method for legal reporting. In this method, general market risk is the risk of loss composed of interest rate risk, equity position risk and foreign exchange risk, arising from changes in value of positions in the trading book due to changes in equity prices, interest rates and foreign currency exchange rates.

Value at Risk (VaR) Model is also used for measuring the daily market risk internally. Value at Risk is estimated by using various statistical methods that express the maximum loss for a given confidence interval and holding period which a bank may be exposed to as a result of changes in the value of its portfolio or its assets due to fluctuations in interest rates, foreign exchange rates and equity prices. It is a statistical method in which the risk level depends on the variability of risk factors (exchange rate, interest rate and equity prices).

VaR analyses are made based on the usual circumstances. However, the Bank also analyses unusual fluctuations in the market and in these cases, the changes in the portfolio value are measured. Stress tests and scenario analyses are complementary applications, used to measure the effects of unusual movements of market values. By using these analyses the Risk Management Department measures the sensitivity of the Bank's portfolio to main risk factor changes, evaluates the capacity of the Bank's capital to absorb potentially large losses and identifies the steps necessary to reduce the Bank's risk while protecting capital. All results are periodically reported to the related in-bank authorities by the Department.

The in-bank risk limits are approved by the Board of Directors and the results of the models (both Standard and VaR) are followed and evaluated periodically.

In addition, effective measurements of market risk along with below mentioned studies are also carried out:

- Duration,
- GAP analyses,
- Sensitivity analyses,
- Ratio analysis,
- Cost/return analyses,
- Asset and liability structure analyses.

CREDIT RISK

The Bank defines credit risk as the possibility of risk due to the inability or unwillingness of a customer or counterpart to meet commitments with regard to lending, trading, hedging, settlement and other financial transactions. The Bank's credit risk management deals with transaction or default risk, settlement and portfolio risk. Credit risk management covers all types of credits, as described in the Banking Law (including exposures to sovereigns, banks, corporate entities and individuals) and their relationships and effect on other types of risk.

The broadest and most visible sources of credit risk are loans extended by the Bank; however, there are other factors that depend on the activities of the Bank. These stand on both banking books and accounts of on balance sheet and off balance sheet items.

Effective applications related to the Bank's credit risk management cover the following fields in particular:

- Clear definition of responsibilities in credit risk management process,
- Effective functioning of the lending policy,
- Understanding the basic characteristics of credit risk,
- Making all related personnel aware of the credit risk management policies,
- Keeping appropriate credit risk measurement, review and follow-up functions,
- Setting limits for credit risk, periodically reviewing the limits and effectively controlling the risk-limit position,
- Analysing the risk structure of a new instrument before using it,
- Having sufficient management reporting system,
- Providing sufficient audit and control function on credit risk,
- Separating credit utilisation and marketing function and
- Evaluating credit risk on solo and consolidated basis.

In addition to standard credit risk in credit activities, risk related to the economic conditions in the country of the borrowers is also considered.

On a portfolio basis, as one of the most important components of credit risk management, the Bank has established in-bank risk limits to more closely manage the loan portfolio and to determine the maximum risk for single and group customers of cash and non-cash loans. When the volume of some loans exceeds certain levels, the limit system enables Bank management to take the necessary precautions before the situation gets critical. In this respect, all analyses are made in parallel with in-bank risk limits; the report containing the detailed analysis of the loan portfolio is periodically sent to the related authorities. The portfolio is analysed at regular intervals to determine the sensitive cases and loan concentrations (concentration of risk in a single customer, risk groups, currencies, maturity, sectors, countries, types, development of problematic loans, rate of provisions, etc). To decrease risk taken due to credits, the Bank makes use of securities and guarantees; however, transactions are realized primarily according to the evaluation of the repayment capacity of the borrower.

Also, as one of the most important tools for measuring the quality of the companies in the loan portfolio, the Bank uses an internal rating system. A well-structured internal risk rating system is one of the best ways to rate different credit risk. This system enables the Bank to determine of the character of the credit portfolio, the concentration of the credits, the non-performing loans and sufficiency of the provisions.

However, credit risk management at banks is the subject of renewed focus, largely as an outgrowth of the debate around the new Basel Capital Accord. The methodology, measurement and portfolio management attitude will broadly change with the new accord; the ratings of the counterparts will become increasingly more important. Consequently, in 2007 studies regarding the Bank's credit risk management concentrated mainly on the work to develop and improve the Bank's infrastructure with regard to the new capital accord.

OPERATIONAL RISK

The Bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Bank believes that operational risk may be the most significant risk an organization can encounter. Consequently, banks need a quantification framework to understand and effectively manage operational risk. Effective operational risk management enhances the Bank's competitive position and thus helps to meet business objectives and profitability targets while protecting its reputation.

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

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

Operational limits in related departments have been determined to manage risk effectively. Independent and effective internal audit and control systems, clear definition of duties, responsibilities, job descriptions, policies and application procedures, limit application and insurance are used as the primary means to mitigate operational risk. The contingent processing capabilities are also used as a means to limit the adverse impacts of operational risk.

In an effort to evaluate the actual Operational Risk Level of the Bank and its trend, the Operational Risk & Loss Database was formed at the beginning of 2003. Since then, the findings and assessment of the audit units were entered into the database along with the breakdown of operational deficiencies in accordance with the functional activities and audited branches/departments were taken into consideration to determine audit priorities of the Bank.

The Risk Management Policy and Procedure of Information Technologies was implemented as an integral part of the corporate governance and operational risk management framework. The goal of this study is to measure, control, assess and report risk arising from IT infrastructure and to describe the responsibilities and key roles of different personnel, departments and committees. The policy and procedure is also applied for the appropriate security precautions to minimize IT risk.

Within the framework of managing operational risk effectively, all staff of the Bank closely follow-up and obey related laws, regulations, circulars and other rules issued both inside and outside the Bank while undertaking their work. Also, employees are expected to undertake their duties at the most efficient manner. The internal audit/control functions strictly control the harmony of operations with the policies, application procedures, duties, responsibilities, job descriptions, manuals, laws, regulations and circulars and inform High-level Management to take necessary measures in this respect.

INSPECTION COUNCIL

SELİM KIZILIRMAK

Position: Head of the Inspection Council

Date of Birth: 1956

Education: Istanbul University Faculty of Economics, BS in Statistics and Econometrics

Experience:

2000 - Present: Head of the Inspection Council

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

Term of Service: From 2000 to present

Responsibilities: Managing and implementing the requirements for the internal audit function in accordance with Article 32 of the Banking Law and regulations dealing with the Internal Control Systems of banks.

RISK MANAGEMENT DEPARTMENT

SALİH HATİPOĞLU

Position: Manager

Date of Birth: 1972

Education: Boğaziçi University, BS from Economics Department
Yeditepe University, MBA

Experience:

2001 - Present: Arab Turkish Bank, Risk Management Department

2000 - 2001: Arab Turkish Bank, Inspection Council

1998 - 2000: Sümerbank

Term of Service: From 2000 to present

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

INTERNAL CONTROL CENTRE

ENVER SÖKMEN

Position: Manager

Date of Birth: 1969

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

Experience:

2001 - Present: Arab Turkish Bank, Internal Control Centre

1998 - 2001: Arab Turkish Bank Inspection Council

1994 - 1998: Türk Ticaret Bank, Inspection Council

Term of Service: From 1998 to present

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

ARAP TRK BANKASI A.. AND ITS SUBSIDIARY CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE PERIOD ENDED 31 DECEMBER 2007

(CONVENIENCE TRANSLATION OF CONSOLIDATED

FINANCIAL STATEMENTS AND

RELATED DISCLOSURES AND

FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

WITH INDEPENDENT AUDITOR'S REPORT THEREON

AKİS BAÇIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜAVİRLİK

ANONİM İRKETİ 1 FEBRUARY 2008

This report contains 113 page of independent auditors'

report and 183 pages of financial statements including footnotes.



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

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

Telephone +90 (212) 317 74 00
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INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated balance sheet of Arap Türk Bankası A.Ş. ("the Bank") and its subsidiary ("the Group") as of 31 December 2007 and the related consolidated statement of income, consolidated changes in shareholders' equity and consolidated cash flow for the period then ended together with the summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the "Regulation on the Assignment and Activities of the Banks' Independent Audit Firms" published on the Official Gazette no.26333 dated 1 November 2006" and international standards on auditing. We planned and conducted our audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the consolidated financial statements. The selection of the audit techniques made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditors' Opinion:

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arap Türk Bankası AŞ and its subsidiary as of 31 December 2007 and the result of its operations and cash flows for the period then ended in accordance with the accounting principles and standards as per the existing regulations described in Article 37 and 38 of (Turkish) Banking Law No 5411 and the statements and guidance published by the BRSA on accounting and financial reporting principles.

İstanbul,
1 February 2008

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik Anonim Şirketi

Murat Alsan
Engagement partner

Additional paragraph for convenience translation to English:

As explained in Section 3.I, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.



ARAP TÜRK BANKASI

المصرف العربي التركي ARAB TURKISH BANK

ARAP TÜRK BANKASI A.Ş.
CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2007

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

Telephone and Fax Numbers
Tel : 0 212 225 05 00
Faks: 0 212 225 05 26

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

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

The consolidated financial report as of and for the year ended 31 December 2007 prepared in accordance with the communiqué of "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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

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

The accompanying consolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" Turkish Accounting Standards, Turkish Financial Reporting Standards related appendices and interpretations on these. Unless stated otherwise, the accompanying consolidated financial statements are presented in New Turkish Lira (YTL) thousands as of 31 December 2007; and enclosed.

1 February 2008

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

Ömer Çelebi
Member of The Board
of Directors and
Audit Committee

Sadek K.S. Abu Hallala
General Manager
(On Behalf Of)

Nuri Güzveli
Assistant General
Manager
Responsible for
Financial Reporting

Feyzullah Küpeli
Manager

Contact information for questions on this financial report:

Name/Title : Feyzullah Küpeli/Manager

Phone No : 0 212 225 05 00

Fax No : 0 212 225 05 26

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ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE PERIOD ENDED 31 DECEMBER 2007

(CURRENCY: THOUSANDS OF NEW TURKISH LIRA ["YTL"] UNLESS OTHERWISE STATED)

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

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

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

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

Name	Responsibility	Starting Date of Job	Education	Experience in Banking and Management
A. Aykut Demiray	Chairman of Board of Directors	06.11.2002	University	27 years
Al-Amin Ashour Shallouf	Deputy Chairman of Board	25.10.2001	University	43 years
Ömer Çelebi	Member of the Board	14.04.2005	University	24 years
Atilla Çetiner	Member of the Board	19.09.2002	University	29 years
Khaled M.N. Alhershani	Member of the Board	03.05.2001	University	21 years
Fekri A. A. Sinan	Member of the Board	10.05.2007	University	23 years
El Hadi Emgahid T. Abultife	Member of the Board	10.05.2007	University	18 years
Abdulfatah A. Enaami	Member of the Board	09.05.2007	University	13 years
Yusuf Dilaver	Auditor	30.03.2007	University	17 years
Mehmet Karakılıç	Auditor	30.03.2006	University	18 years
Sadek K. S. Abu Hallala	General Manager	23.05.2006	University	24 years
M. Oğuz Teoman	Associate General Manager	02.10.1995	University	31 years
Nuri Güzveli	Associate General Manager	01.12.1996	University	29 years
M. Nageb Hassan Mugber	Associate General Manager	15.09.2006	University	34 years

During 2007, Members of the Board namely Dr. Douraid Dergham, Mustafa Rajab M. Lagilli, Sharef Said Ali Shalabi and Dr. Aisha Salem El Haji left their occupations and replaced by new members Fekri A. A. Sinan, Abdulfatah A. Enaami, El Hadi Emgahid T. Abultife.

Yusuf Dilaver was assigned as auditor instead of Kenan Bozkurt.

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

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE PERIOD ENDED 31 DECEMBER 2007

(CURRENCY: THOUSANDS OF NEW TURKISH LIRA ["YTL"] UNLESS OTHERWISE STATED)

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

Name Surname/Entity Title	Share Amount	Share Percentage%	Paid-in Capital	Unpaid Capital
Libyan Foreign Bank	24,026	58.60%	24,026	-
T. İş Bankası A.Ş.	8,200	20%	8,200	-
T.C. Ziraat Bankası A.Ş.	6,150	15%	6,150	-

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

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

ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2007

(THOUSANDS OF NEW TURKISH LIRA)

SECTION TWO CONSOLIDATED FINANCIAL STATEMENTS

ASSETS	Footnotes (5-1)	CURRENT PERIOD (31/12/2007)			PRIOR PERIOD (31/12/2006)		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	444	27,559	28,003	208	24,868	25,076
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	(2)	9,754	77,381	87,135	21,907	72,477	94,384
2.1 Financial assets held for trading		9,754	59,626	69,380	21,907	72,405	94,312
2.1.1 Public sector debt securities		9,754	54,730	64,484	21,907	66,362	88,269
2.1.2 Securities representing a share in capital		-	-	-	-	-	-
2.1.3 Other marketable securities		-	4,896	4,896	-	6,043	6,043
2.2 Financial assets designated at fair value through profit or loss		-	17,755	17,755	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Other marketable securities		-	17,755	17,755	-	-	-
2.3 Derivative financial assets held for trading		-	-	-	-	72	72
III. BANKS	(3)	19,362	5,760	25,122	25,651	11,193	36,844
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	147	655	802	130	795	925
5.1 Securities representing a share in capital		147	655	802	130	795	925
5.2 Public sector debt securities		-	-	-	-	-	-
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS	(5)	75,448	52,911	128,359	77,105	28,991	106,096
6.1 Loans		75,448	52,911	128,359	77,105	28,991	106,096
6.1.1 Loans granted to the Bank's risk group		-	12,593	12,593	-	1,885	1,885
6.1.2 Other		75,448	40,318	115,766	77,105	27,106	104,211
6.2 Loans under follow-up		5,984	-	5,984	6,297	-	6,297
6.3 Specific provisions (-)		5,984	-	5,984	6,297	-	6,297
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	17,596	41,294	58,890	18,042	63,592	81,634
8.1 Public sector debt securities		17,596	21,561	39,157	18,042	37,206	55,248
8.2 Other marketable securities		-	19,733	19,733	-	26,386	26,386
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	-	-	-
9.1 Associates consolidated under equity		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments in associates		-	-	-	-	-	-
9.2.2 Non-financial investments in associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	-	-	-	-	-	-
10.1 Financial subsidiaries		-	-	-	-	-	-
10.2 Non-financial subsidiaries		-	-	-	-	-	-
XI. INVESTMENTS IN JOINT- VENTURES (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated joint ventures		-	-	-	-	-	-
11.2.1 Financial investments in joint ventures		-	-	-	-	-	-
11.2.2 Non-financial investments in joint ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(10)	10,293	46,290	56,583	6,572	51,433	58,005
12.1 Finance lease receivables		14,038	51,918	65,956	8,357	57,442	65,799
12.2 Operational leasing receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		3,745	5,628	9,373	1,785	6,009	7,794
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING	(11)	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges for investments made in foreign countries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	19,699	-	19,699	20,697	-	20,697
XV. INTANGIBLE ASSETS (Net)	(13)	256	-	256	372	-	372
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		256	-	256	372	-	372
XVI. INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
XVII. TAX ASSET	(14)	3,036	-	3,036	5,343	-	5,343
17.1 Current tax asset		71	-	71	176	-	176
17.2 Deferred tax asset		2,965	-	2,965	5,167	-	5,167
XVIII. ASSET HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(15)	1,118	-	1,118	1,475	-	1,475
18.1 Held for sale purpose		1,118	-	1,118	1,475	-	1,475
18.2 Held from discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(16)	2,632	835	3,467	2,499	508	3,007
TOTAL ASSETS		159,785	252,685	412,470	180,001	253,857	433,858

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

ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2007

(THOUSANDS OF NEW TURKISH LIRA)

	LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes (5-II)	CURRENT PERIOD (31/12/2007)			PRIOR PERIOD (31/12/2006)		
			Audited					
			YTL	FC	TOTAL	YTL	FC	TOTAL
I. DEPOSITS		(1)	12,459	72,918	85,377	13,283	78,707	91,990
1.1 Deposits held by the Bank's risk group			2,301	5,575	7,876	-	4,302	4,302
1.2 Other			10,158	67,343	77,501	13,283	74,405	87,688
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING		(2)	-	-	-	-	-	-
III. FUNDS BORROWED		(3)	883	202,019	202,902	1,331	174,790	176,121
IV. INTERBANK MONEY MARKET			4,109	-	4,109	40,593	-	40,593
4.1 Interbank money market payables			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market payables			3,063	-	3,063	40,347	-	40,347
4.3 Funds provided under repurchase agreements			1,046	-	1,046	246	-	246
V. MARKETABLE SECURITIES ISSUED (Net)			-	-	-	-	-	-
5.1 Bills			-	-	-	-	-	-
5.2 Asset backed securities			-	-	-	-	-	-
5.3 Bonds			-	-	-	-	-	-
VI. FUNDS			-	-	-	-	-	-
6.1 Borrower funds			-	-	-	-	-	-
6.2 Other			-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES			76	3,101	3,177	30	2,532	2,562
VIII. OTHER EXTERNAL RESOURCES		(4)	784	1,695	2,479	673	7,028	7,701
IX. FACTORING PAYABLES			-	-	-	-	-	-
X. LEASE PAYABLES (Net)		(5)	-	-	-	-	-	-
10.1 Finance leasing payables			-	-	-	-	-	-
10.2 Operational leasing payables			-	-	-	-	-	-
10.3 Other			-	-	-	-	-	-
10.4 Deferred finance leasing expenses (-)			-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING		(6)	-	-	-	-	-	-
11.1 Fair value hedges			-	-	-	-	-	-
11.2 Cash flow hedges			-	-	-	-	-	-
11.3 Hedges for investments made in foreign countries			-	-	-	-	-	-
XII. PROVISIONS		(7)	4,901	142	5,043	4,210	171	4,381
12.1 General provisions			1,259	-	1,259	1,221	-	1,221
12.2 Restructuring reserves			-	-	-	-	-	-
12.3 Reserves for employee benefit			2,905	-	2,905	2,400	-	2,400
12.4 Insurance technical reserves (Net)			-	-	-	-	-	-
12.5 Other provisions			737	142	879	589	171	760
XIII. TAX LIABILITY		(8)	746	-	746	1,620	-	1,620
13.1 Current tax liability			746	-	746	1,620	-	1,620
13.2 Deferred tax liability			-	-	-	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR RESALE AND ASSETS OF DISCONTINUED OPERATIONS		(9)	-	-	-	-	-	-
14.1 Held for sale purpose			-	-	-	-	-	-
14.2 Held from discontinued operations		(10)	-	-	-	-	-	-
XV. SUBORDINATED LOANS		(11)	-	13,979	13,979	-	16,967	16,967
XVI. SHAREHOLDERS' EQUITY			94,658	-	94,658	91,923	-	91,923
16.1 Paid-in capital			41,000	-	41,000	41,000	-	41,000
16.2 Supplementary capital			33,004	-	33,004	33,004	-	33,004
16.2.1 Share premium			-	-	-	-	-	-
16.2.2 Share cancellation profits			-	-	-	-	-	-
16.2.3 Securities Value Increase Fund			-	-	-	-	-	-
16.2.4 Revaluation surplus on tangible assets			-	-	-	-	-	-
16.2.5 Revaluation surplus on intangible assets			-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property			-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures			-	-	-	-	-	-
16.2.8 Hedging reserves (effective portion)			-	-	-	-	-	-
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations			-	-	-	-	-	-
16.2.10 Other capital reserves			33,004	-	33,004	33,004	-	33,004
16.3 Profit reserves			2,303	-	2,303	2,800	-	2,800
16.3.1 Legal reserves			2,156	-	2,156	1,833	-	1,833
16.3.2 Status reserves			147	-	147	967	-	967
16.3.3 Extraordinary reserves			-	-	-	-	-	-
16.3.4 Other profit reserves			-	-	-	-	-	-
16.4 Profit or loss			18,351	-	18,351	15,119	-	15,119
16.4.1 Prior year income/loss			15,576	-	15,576	13,334	-	13,334
16.4.2 Current year income/loss			2,775	-	2,775	1,785	-	1,785
16.5 Minority Interest			-	-	-	-	-	-
TOTAL LIABILITIES			118,616	293,854	412,470	153,663	280,195	433,858

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

ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED OFF BALANCE SHEET AS OF 31 DECEMBER 2007

(THOUSANDS OF NEW TURKISH LIRA)

	Footnotes (5-III)	CURRENT PERIOD (31/12/2007)			PREVIOUS PERIOD (31/12/2006)		
		Audited					
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF BALANCE SHEET COMMITMENTS		7,266	290,783	298,049	5,013	378,330	383,343
I. GUARANTEES AND WARRANTIES	(1), (3)	1,147	287,844	288,991	2,639	275,894	278,533
1.1 Letters of guarantee		1,147	178,347	179,494	2,639	129,437	132,076
1.1.1 Guarantees subject to State Tender Law		58	67	125	558	1,119	1,677
1.1.2 Guarantees given for foreign trade operations		457	137,240	137,697	457	97,149	97,606
1.1.3 Other letters of guarantee		632	41,040	41,672	1,624	31,169	32,793
1.2 Bank acceptances		-	-	-	-	-	-
1.2.1 Import letter of acceptance		-	-	-	-	-	-
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	109,497	109,497	-	107,455	107,455
1.3.1 Documentary letters of credit		-	47	47	-	1,121	1,121
1.3.2 Other letters of credit		-	109,450	109,450	-	106,334	106,334
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		-	-	-	-	39,002	39,002
1.9 Other warranties		-	-	-	-	-	-
II. COMMITMENTS	(1), (3)	6,119	2,939	9,058	2,374	19,378	21,752
2.1 Irrevocable commitments		4,348	-	4,348	1,019	-	1,019
2.1.1 Asset purchase and sales 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		4,348	-	4,348	1,019	-	1,019
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10 Commitments for credit cards and banking services promotions		-	-	-	-	-	-
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		-	-	-	-	-	-
2.2 Revocable commitments		1,771	2,939	4,710	1,355	19,378	20,733
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		1,771	2,939	4,710	1,355	19,378	20,733
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	-	-	-	-	83,058	83,058
3.1 Derivative financial instruments held for hedging		-	-	-	-	-	-
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		-	-	-	-	-	-
3.1.3 Hedges for investments made in foreign countries		-	-	-	-	-	-
3.2 Trading transactions		-	-	-	-	83,058	83,058
3.2.1 Forward foreign currency buy/sell transactions		-	-	-	-	-	-
3.2.1.1 Forward foreign currency transactions-buy		-	-	-	-	-	-
3.2.1.2 Forward foreign currency transactions-sell		-	-	-	-	-	-
3.2.2 Swap transactions related to foreign currency and interest rates		-	-	-	-	83,058	83,058
3.2.2.1 Foreign currency swap-buy		-	-	-	-	931	931
3.2.2.2 Foreign currency swap-sell		-	-	-	-	929	929
3.2.2.3 Interest rate swaps-buy		-	-	-	-	40,599	40,599
3.2.2.4 Interest rate swaps-sell		-	-	-	-	40,599	40,599
3.2.3 Foreign currency, interest rate and security options		-	-	-	-	-	-
3.2.3.1 Foreign currency options-buy		-	-	-	-	-	-
3.2.3.2 Foreign currency options-sell		-	-	-	-	-	-
3.2.3.3 Interest rate options-buy		-	-	-	-	-	-
3.2.3.4 Interest rate options-sell		-	-	-	-	-	-
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		11,364	164,099	175,463	15,607	93,234	108,841
IV. ITEMS HELD IN CUSTODY		9,316	745	10,061	13,527	633	14,160
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		2,330	-	2,330	7,435	-	7,435
4.3 Checks received for collection		6,578	82	6,660	5,850	142	5,992
4.4 Commercial notes received for collection		408	663	1,071	242	491	733
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		2,048	163,354	165,402	2,080	92,601	94,681
5.1 Marketable securities		-	145,588	145,588	-	70,655	70,655
5.2 Guarantee notes		2,020	16,467	18,487	2,038	20,284	22,322
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		-	-	-	-	-	-
5.6 Other pledged items		28	1,299	1,327	42	1,662	1,704
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET COMMITMENTS		18,630	454,882	473,512	20,620	471,564	492,184

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

ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2007

(THOUSANDS OF NEW TURKISH LIRA)

		Footnotes	CURRENT PERIOD	Audited PRIOR PERIOD
		(5-IV)	(31/12/2007)	(31/12/2006)
INCOME AND EXPENSES				
I.	INTEREST INCOME	(1)	37,026	41,258
1.1	Interest on loans		10,820	9,904
1.2	Interest received from reserve deposits		433	493
1.3	Interest received from banks		4,139	4,690
1.4	Interest received from money market transactions		15	5
1.5	Interest received from marketable securities portfolio		15,290	20,205
1.5.1	Financial assets held for trading		7,243	11,319
1.5.2	Financial assets valued at fair value through profit or loss		406	-
1.5.3	Financial assets available for sale		-	-
1.5.4	Investments held to maturity		7,641	8,886
1.6	Finance lease income		6,219	5,919
1.7	Other interest income		110	42
II.	INTEREST EXPENSE	(2)	16,693	20,554
2.1	Interest on deposits		2,866	3,605
2.2	Interest on funds borrowed		10,613	11,906
2.3	Interest on money market transactions		3,033	4,602
2.4	Interest on securities issued		-	-
2.5	Other interest expense		181	441
III.	NET INTEREST INCOME/EXPENSE (I-II)		20,333	20,704
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		6,570	6,174
4.1	Fees and commissions received		6,874	6,595
4.1.1	Non-cash loans		2,491	1,952
4.1.2	Other		4,383	4,643
4.2	Fees and commissions paid		304	421
4.2.1	Non-cash loans		51	155
4.2.2	Other		253	266
V.	DIVIDEND INCOME	(3)	137	51
VI.	NET TRADING INCOME/EXPENSE	(4)	1,201	2,799
6.1.	Profit/losses on trading account securities		287	1,035
6.2.	Foreign exchange profit/losses		914	1,764
VII.	OTHER OPERATING INCOME	(5)	1,565	3,347
VIII.	TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)		29,806	33,075
IX.	PROVISION FOR LOAN LOSSES and OTHER RECEIVABLES (-)	(6)	1,445	1,659
X.	OTHER OPERATING EXPENSES (-)	(7)	23,384	24,832
XI.	NET OPERATING INCOME/LOSS (VIII-IX-X)		4,977	6,584
XII.	INCOME RESULTED FROM MERGERS		-	-
XIII.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+...+XIV)	(8)	4,977	6,584
XVI.	PROVISION FOR TAXES FOR CONTINUING OPERATIONS (±)	(9)	(2,202)	(4,799)
16.1.	Current tax provision		-	(751)
16.2.	Deferred tax provision		(2,202)	(4,048)
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(10)	2,775	1,785
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1.	Income from assets held for sale		-	-
18.2.	Income from sale of associates, subsidiaries and joint-ventures		-	-
18.3.	Other income from discontinued operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1.	Expense on assets held for sale		-	-
19.2.	Expenses on sale of associates, subsidiaries and joint-ventures		-	-
19.3.	Other expense from discontinued operations		-	-
XX.	INCOME/EXPENSE BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	PROVISION FOR TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)		-	-
21.1.	Current tax provision		-	-
21.2.	Deferred tax provision		-	-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)		-	-
XXII.	Earnings/Losses per share		-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)	(11)	2,775	1,785
23.1	Group's profit/loss		2,775	1,785
23.2	Minority shares		-	-
	Earnings/Losses per share		0.00068	0.00044

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

ARAP TÜRK BANKASI A.Ş.

INCOME AN EXPENSE ITEMS ACCOUNTED UNDER CONSOLIDATED SHAREHOLDERS' EQUITY

AS OF 31 DECEMBER 2007

(THOUSANDS OF NEW TURKISH LIRA)

INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	Audited	
	CURRENT PERIOD (31/12/2007)	PRIOR PERIOD (31/12/2006)
I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	-	-
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	-	-
VI. GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT (effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	(40)	-
VIII. OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	-	-
IX. DEFERRED TAXES ON VALUE INCREASES/DECREASES	-	-
X. NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(40)	-
XI. CURRENT PERIOD PROFIT/LOSSES	2,775	1,785
1.1 Net changes in fair value of securities (transferred to income statement)	-	-
1.2 Gains/losses on hedges of cash flow hedges, reclassified and recorded in income statement	-	-
1.3 Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
1.4 Other	2,775	1,785
	-	
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	2,735	1,785

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

ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2007

(THOUSANDS OF NEW TURKISH LIRA)

	Paid-in Capital	Adjustments to Paid-in Capital	Share premium	Share Cancellation	Share Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / Loss	Prior Period Net Profit / Loss	Securities Value Increase / Decrease	Revaluation Surplus on Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Accu. Rev. Surp. on Assets Held for Sale and Discont. Ops.	Total Shareholders' Equity
PRIOR PERIOD (31/12/2006)																	
I. Balances at the beginning of the period	41,000	33,004	-	-	1,416	-	967	-	8,776	4,975	-	-	-	-	-	-	90,138
II. Corrections made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Adjusted balances at the beginning of the period (I-II)	41,000	33,004	-	-	1,416	-	967	-	8,776	4,975	-	-	-	-	-	-	90,138
Changes during the period																	
IV. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Hedges for Risk Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Net Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Net Foreign Investment Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of change in equities of associates on Bank's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital Reserves From Inflation Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. To Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX. Current Period Net Profit	-	-	-	-	-	-	-	-	1,785	-	-	-	-	-	-	-	1,785
XXI. Profit distribution	-	-	-	-	-	-	-	-	(8,776)	8,359	-	-	-	-	-	-	-
20.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXII. OTHERS	-	-	-	-	-	-	-	-	(8,776)	8,776	-	-	-	-	-	-	-
Balances at end of period (III-IV+...+XIV+XV+XVI)	41,000	33,004	-	-	1,833	-	967	-	1,785	13,334	-	-	-	-	-	-	91,933
CURRENT PERIOD (31/12/2007)																	
I. Balances at end of prior period	41,000	33,004	-	-	1,833	-	967	-	1,785	13,334	-	-	-	-	-	-	91,933
II. Changes within the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Hedges for Risk Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Net Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Net Foreign Investment Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on Bank's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital Reserves From Inflation Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. To Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Current Period Net Profit	-	-	-	-	-	-	-	-	2,775	-	-	-	-	-	-	-	2,775
XIX. Profit distribution	-	-	-	-	-	-	-	-	(1,785)	2,242	-	-	-	-	-	-	(40)
18.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3 Others	-	-	-	-	-	-	-	-	(323)	-	-	-	-	-	-	-	-
Balances at end of period (I-II+III+...+XIV+XV+XVI+XVII+XVIII)	41,000	33,004	-	-	2,156	-	147	-	2,775	15,576	-	-	-	-	-	-	94,658

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

ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED AT 31 DECEMBER 2007

(THOUSANDS OF NEW TURKISH LIRA)

	Footnotes (5-VI)	CURRENT PERIOD (31/12/2007)	Audited PRIOR PERIOD (31/12/2006)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		4,456	3,304
1.1.1 Interests Received		37,622	39,928
1.1.2 Interest Paid		(16,503)	(20,188)
1.1.3 Dividend Received		138	51
1.1.4 Fees and Commissions Received		6,874	6,282
1.1.5 Other Income		2,204	7,246
1.1.6 Collections From Previously Written-off Loans and Other Receivables		325	1,209
1.1.7 Payments to Personnel and Service Suppliers		(16,381)	(16,780)
1.1.8 Taxes Paid		(824)	(1,191)
1.1.9 Others	(1)	(8,999)	(13,253)
1.2 Changes in Operating Assets and Liabilities		(26,689)	(2,668)
1.2.1 Net Decrease in Financial Assets Held For Trading		24,041	13,069
1.2.2 Net (Increase) Decrease in Financial Assets Valued at Fair Value Through Profit or Loss		(17,348)	(6)
1.2.3 Net Decrease in Due From Banks and Other Financial Institutions		149	234
1.2.4 Net (Increase) in Loans		(21,701)	(18,878)
1.2.5 Net Decrease in Other Assets		11,763	(10,293)
1.2.6 Net Increase/(Decrease) in Bank Deposits		(54,348)	21,766
1.2.7 Net Increase (Decrease) in Other Deposits		11,249	(327)
1.2.8 Net Increase/(Decrease) in Funds Borrowed		23,709	(11,487)
1.2.9 Net Increase/(Decrease) in Matured Payables		-	-
1.2.10 Net Increase in Other Liabilities	(1)	(4,203)	3,254
I. Net Cash Flow From Banking Operations		(22,233)	636
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Flow From Investing Activities		11,972	3,326
2.1 Cash Paid For Purchase of Associates, Subsidiaries, and Joint-Ventures		-	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
2.3 Purchases of Tangible Assets		(169)	(330)
2.4 Sales of Tangible Assets		612	279
2.5 Cash Paid For Purchase of Financial Assets Available-For-Sale		-	-
2.6 Cash Obtained From Sale of Financial Assets Available-For-Sale		-	-
2.7 Cash Paid For Purchase of Investments Held-to-Maturity		-	(20,451)
2.8 Cash Obtained From Sale of Investments Held-to-Maturity		11,529	23,828
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flows From Financing Activities		-	-
3.1 Cash Obtained From Funds Borrowed and Securities Issued		-	-
3.2 Cash Used For Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		-	-
3.5 Payments For Financial Leases		-	-
3.6 Others		-	-
IV. Effect of Change in Foreign Exchange Rate On Cash and Cash Equivalents		(702)	(711)
V. Net (Decrease)/Increase in Cash and Cash Equivalents		(10,963)	3,251
VI. Cash and Cash Equivalents at Beginning of Period	(1)	44,255	41,004
VII. Cash and Cash Equivalents at the End of Period	(1)	33,292	44,255

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

ARAP TÜRK BANKASI A.Ş.

STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED AT 31 DECEMBER 2007

(THOUSANDS OF NEW TURKISH LIRA)

		Audited	
	CURRENT PERIOD	PRIOR PERIOD	
	(31/12/2007)	(31/12/2006)	
I. DISTRIBUTION OF CURRENT YEAR INCOME			
1.1 CURRENT YEAR INCOME	2,953	6,148	
1.2 TAXES AND DUTIES PAYABLE	208	1,142	
1.2.1 Corporate Tax (Income tax)	-	751	
1.2.2 Income withholding tax	208	391	
1.2.3 Other taxes and duties	-	-	
A. NET INCOME FOR THE YEAR (1.1-1.2)	2,745	5,006	
1.3 PRIOR YEARS LOSSES (-)	-	-	
1.4 FIRST LEGAL RESERVES (-)	137	250	
1.5 OTHER STATUTORY RESERVES (-)	-	-	
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	2,608	4,756	
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-	
1.6.1 To owners of ordinary shares	-	-	
1.6.2 To owners of preferred shares	-	-	
1.6.3 To owners of preferred shares (preemptive rights)	-	-	
1.6.4 To profit sharing bonds	-	-	
1.6.5 To holders of profit and loss sharing certificates	-	-	
1.7 DIVIDENDS TO PERSONNEL (-)	-	-	
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-	
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-	
1.9.1 To owners of ordinary shares	-	-	
1.9.2 To owners of preferred shares	-	-	
1.9.3 To owners of preferred shares (preemptive rights)	-	-	
1.9.4 To profit sharing bonds	-	-	
1.9.5 To holders of profit and loss sharing certificates	-	-	
1.10 SECOND LEGAL RESERVES (-)	-	-	
1.11 STATUTORY RESERVES (-)	-	-	
1.12 GENERAL RESERVES	-	-	
1.13 OTHER RESERVES	-	-	
1.14 SPECIAL FUNDS	-	-	
II. DISTRIBUTION OF RESERVES	-	-	
2.1 APPROPRIATED RESERVES	-	-	
2.2 SECOND LEGAL RESERVES (-)	-	-	
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-	
2.3.1 To owners of ordinary shares	-	-	
2.3.2 To owners of preferred shares	-	-	
2.3.3 To owners of preferred shares (preemptive rights)	-	-	
2.3.4 To profit sharing bonds	-	-	
2.3.5 To holders of profit and loss sharing certificates	-	-	
2.4 DIVIDENDS TO PERSONNEL (-)	-	-	
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-	
III. EARNINGS PER SHARE	-	-	
3.1 TO OWNERS OF ORDINARY SHARES	-	-	
3.2 TO OWNERS OF ORDINARY SHARES (%)	0.00068	0.00122	
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 (%)	-	-	

Note: Profit distribution is based on Parent Bank's unconsolidated financial statements.

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

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SECTION THREE
ACCOUNTING POLICIES

I. Explanations for basis of presentation and footnotes

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

The consolidated financial statements are prepared; in accordance with The Regulation on Accounting Applications for Banks and Safeguarding of Documents ("Regulation") related to Turkish Banking Law No 5411 published on the Official Gazette no.26333 dated 1 November 2006 in accordance with the regulation published on the Official Gazette no.26651 dated 27 September 2007 and in accordance with accounting and financial reporting standards described in regulations, communiqués and other explanations published by the Banking Regulation and Supervision Agency (BRSA), Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and the related statements and guidance (collectively referred to as "Reporting Standards"). The parent Bank maintains their books of account in New Turkish Lira (YTL).

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

Additional paragraph for convenience translation to English

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

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

The parent Bank's core business operation is banking activities including retail banking, corporate banking and security transactions (treasury transactions) together with international banking services. The parent Bank accepts deposits as for main funding resources and invests these resources in qualified financial assets. Other than deposits; the parent Bank's most important funding resources are equity and funds borrowed from international financial institutions. The bank follows the utilization of resources and the risk and return for the investments in various financial assets through an effective asset and liability management strategy.

The activities done with foreign currency is recorded in accordance with TAS No:21 "Effects of Exchange Rate Changes". Related gain and loss occurred due to the changes in exchange rates resulted by the foreign currency transactions ended as of 31 December 2007 and 31 December 2006 are translated into YTL over the effective exchange rate prevailing at the date of the transaction and is recorded accordingly. At the end of the related periods, foreign currency assets and liability balances outstanding are translated into YTL over the Bank's exchange rates prevailing as of the period end and the resulting exchange rate differences are accounted as foreign exchange gains and losses. The parent Bank's related exchange rates as of the period end are as follows:

	31 December 2007	31 December 2006
US Dollar	YTL 1.1647	YTL 1.4131
Euro	YTL 1.7102	YTL 1.8586

III. Information on consolidated associates and subsidiaries

The parent Bank does not have any associate as of 31 December 2007 and 31 December 2006.

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

The parent Bank directly owns the shares of A&T Finansal Kiralama A.Ş. and this subsidiary is consolidated accordingly. The Bank, as the parent Bank and its subsidiary A&T Finansal Kiralama A.Ş that is included in consolidation are altogether referred to as "Group" in the disclosures and footnotes related to the consolidated financial statements.

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1. With respect to subsidiaries

"Full Consolidation" method has been applied in consolidating the financial statements of the Bank with the financial statements of its subsidiary. In accordance with this method, the financial statements of the parent Bank and its subsidiary are combined on a line-by-line basis by adding together the all items of assets, liabilities, income, expenses and off-balance sheet items, in preparing consolidated financial statements. Minority interests are presented separately in the consolidated balance sheet and consolidated income statement.

The major principles applied in the consolidation of Subsidiaries

1.1 The carrying amount of the parent Bank's net investment in the subsidiary and the Bank's portion of equity of the subsidiary are eliminated.

1.2 All intercompany transactions and intercompany balances between the consolidated subsidiary and the parent Bank are eliminated.

The financial statements which have been used in the consolidation are prepared as of 31 December 2007 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in similar circumstances.

IV. Information on forward transactions, options and derivative instruments

The Group's financial derivatives are classified as "Held for Trading" in accordance with TAS 39.

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

The derivative transactions are remeasured at fair value subsequent to initial recognition and if the fair value of a derivative financial instrument is positive, it is disclosed under the main account "Fair values of financial assets through profit or loss" in "Trading Derivative Financial Instruments" and if the fair value difference is negative, it is disclosed under "Trading Derivative Financial Liabilities Gains and losses arising from a change in fair value of trading derivatives after the remeasurement are accounted under "trading income/loss" in the income statement. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow model.

V. Information on interest income and expense

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

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

VI. Information on fees and commission

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

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VII. Information on financial assets

The Group categorizes and records its financial assets as "Financial assets at fair value through profit or loss", "Financial assets available-for-sale", "loans and receivables" or "financial assets held to maturity".

a. Financial Assets at Fair Value through Profit or Loss:

This category has two sub categories: "Financial assets for trading purposes" and those recorded as "Financial assets designated at fair value through profit or loss" at their initial recognition.

Financial assets held for trading are part of a portfolio aiming to generate a profit from short term fluctuations in prices or dealer's margin or in which a pattern of short term profit making exists.

The financial assets held for trading are initially recognized at cost which includes transaction costs. Subsequent to the initial recognition financial assets held for trading are remeasured at their fair value. The gains and losses arising from the change in fair value are recognized in the income statement. The interest income earned from financial assets held for trading is recorded in the interest income and share profit is recorded in the dividends account.

Financial derivative instruments are classified as financial assets held for trading unless they are stated as for hedging purposes. Accounting of derivative financial assets is explained in IV of Section Three.

The parent Bank has credit linked notes that are classified as financial assets designated at fair value through profit or loss.

b. Financial Assets Available-for-Sale:

Financial assets available for sale is financial assets other than those classified as "Loans and Receivables", "Financial Assets Held to Maturity" and "Financial assets at fair value through profit or loss".

Debt securities classified as financial assets available-for-sale are subsequently remeasured at their fair values. Unrealized gains and losses arising from changes in the fair value of securities classified as financial assets available for sale is reflected in the equity "Marketable securities value increase fund". When these financial assets available for sale are disposed of or collected the fair value differences accumulated under equity are transferred to the income statement.

Financial assets available for sale that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Financial assets available for sale that do not have a quoted market price and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

c. Loans and Receivables:

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

Based on the reviews and estimates of the parent Bank management, loans that are identified as being impaired are reclassified as non-performing loans under follow up accounts. Thereby, specific allowances are made against the carrying amounts of these loans in accordance with the "Regulation on Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside" published in the Official Gazette No: 26333 dated 1 November 2006. Specific provisions are recognized in the year's unconsolidated income statement. If there is a collection made on loans that have already provisioned in the previous years, the recovery amount is accounted under income statement accounts "Other Operating Income" if the provision was made in the current year otherwise such collections are credited to account "Provision for Loan Losses or Other Receivables". Uncollectible receivables are written off after legal procedures are finalized.

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d. Financial Assets Held-to-Maturity:

Held-to-Maturity securities are financial assets that are not classified as "loans and receivables" with fixed maturities and pre-determinable payments that the Bank has the intent and ability to hold until maturity. The financial assets held to maturity are initially recognized at cost and subsequently carried at amortized cost using discounting method with internal rate of return after deducting impairments, if any. Interest earned on financial assets held-to-maturity is recognized as interest income in the income statement.

There are no financial assets that were previously classified as held to maturity but cannot be subject to this classification for two years due to the violation of the tainting rule.

VIII. Information on impairment of Financial Assets

Where the estimated recoverable amount of the financial asset, being the present value of expected future cash flows of by using the "Effective interest (internal rate of return) rate method" or the fair value if one if exists, is lower than the carrying value the financial assets then it is concluded that the asset under consideration is impaired. A provision is made for the diminution in the value of the impaired financial asset and the provision is charged to the expense accounts.

IX. Information on offsetting financial instruments

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

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

Repurchase (repo) and resale (reverse repo) agreements of financial assets are followed at the consolidated balance sheet accounts. Financial assets which are sold to customers under repurchase agreements are categorized according to initial classification and are measured in accordance with the accounting policy of the related portfolio.

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

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

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

XI. Information on assets held for sale and discontinued operations

The parent Bank does not have any discontinued operations.

Assets held for sale are comprised of tangible assets acquired due to non performing receivables, and are accounted in the financial statements in accordance with the "Regulation On The Disposals of The Commodities and Properties Acquired Due to Receivables and The Purchase and Sale of Precious Metals by Banks" dated 1 November 2006 and published on the Official Gazette No.26333.

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XII. Information on goodwill and other intangible assets

There is no goodwill in the accompanying consolidated financial statements related to the acquisition of a subsidiary.

Software classified as other intangible assets acquired before 1 January 2005 are accounted at restated costs for the effects of inflation in YTL units until the end of 31 December 2004 and those acquired after 1 January 2005 are measured at cost less accumulated amortization. The useful life of software is determined as 5 years.

The subsequent expenditures incurred related to the software being used are capitalized, if they develop the original content or increase the useful life of such software otherwise they are expensed. Such costs capitalized are amortized on a straight line basis through the remaining useful life of the software.

XIII. Information on tangible assets

Tangible assets acquired before 1 January 2005 are reflected at their restated cost for the effects of inflation in YTL units current until the end of 31 December 2004 and those acquired after 1 January 2005 are measured at cost less accumulated depreciation and the impairment losses, if any.

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

	%
Buildings	2
Motor Vehicles	20
Furniture, Fixture and Office Equipment	2-20
Leasehold Improvements	Leasing Period (2 to 5 years)

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

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

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

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

There is 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.

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XIV. Information on leasing activities

Assets acquired under finance lease agreements are initially recognized at the "lower of the fair value of the leased asset or the present value of leasing payments". These leased assets are depreciated according to their useful lives and classified as tangible assets. In cases where leased assets are impaired provisions for impairment are recognized. The obligations under financial leases arising from lease contracts are included in "Financial Lease Payables" in the balance sheet.

Interest and exchange rate expenses related to financial leasing are recognized in the income statement. The Parent Bank does not provide financial leasing services as a "Lessor".

The gross amount of the lease payments including interest and capital payments of the financial leases done by the "lesser" A&T Finansal Kiralama that is included in the consolidation is recorded in the financial lease receivables account.

The difference between the total lease payments and the cost of the related tangibles is recorded in the "unearned income" account. The interest income is accounted by computing a constant period income rate over the net investment amount of the leaser on the leased asset.

Transactions regarding operational leases are accounted on an accrual basis in accordance with the term of the related contracts.

XV. Information on provisions, contingent liabilities and contingent assets

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

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate the amount of the obligation can be made.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in the financial statements since they may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the assets and related income are recognized in the consolidated financial statements in which the change occurs.

XVI. Information on liabilities regarding employee rights

Obligations related to employment termination and vacation rights are accounted in compliance with the "Turkish Accounting Standard on Employee Benefits" ("TAS 19"), in the accompanying financial statements.

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

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XVII. Information on tax applications

Current tax:

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

In accordance with 32nd clause of “Corporate Tax Law” No: 5520 which was published in the Official Gazette, No 26205 on 21 June 2006 corporate tax rate has been decreased from 30% to 20%. Accordingly, from the date 1 January 2006 corporate tax rate is 20%. Corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (gains from associates and investment incentives) and other allowances. No further tax is payable unless the profit is distributed.

The current tax rate for the Bank’s subsidiary A&T Finansal Kiralama A.Ş. is 30%.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decision no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, increased to 15% from 10%.

In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.

Tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. Tax losses cannot be carried back to offset profits from previous periods. In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax declarations and related accounting entries can be investigated by tax authorities for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Deferred taxes:

The Group calculates and accounts deferred tax assets and liabilities in accordance with the Turkish Accounting Standard 12 (TAS 12) “Income Taxes”; deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances used for taxation purposes except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

If transactions and events are recorded in the statement of income, then the related tax effects are also recognized in the statement of income. However, if transactions and events are recorded directly in the shareholders’ equity, the related tax effects are also recognized directly in the shareholders’ equity.

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

XVIII. Additional information on borrowings

Except for financial liabilities that are classified as held for trading derivatives which carried at fair values, all other financial liabilities are initially recognized at cost including transaction costs and re-measured at “amortized cost” using the “effective interest rate” method.

The Group did not issue any stocks convertible into bonds.

The Group Bank does not have borrowing instruments issued by itself.

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XIX. Information on share issuances

None.

XX. Information on bills of exchanges and acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as commitments in "Off-Balance Sheet" accounts.

There are no acceptances presented as liabilities against any assets.

XXI. Information on government incentives

There are no government incentives utilized by the parent Bank as of 31 December 2007 and 2006. The parent Bank's subsidiary A&T Finansal Kiralama A.Ş. has investment incentives that can be utilized until the end of 2008 in accordance with the current Corporate Tax Law.

XXII. Profit reserves and profit distribution

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to legal reserve requirement.

The Legal reserves are comprised of first and second reserves, in accordance with the Turkish Commercial Code ("TCC"). The first legal reserve is appropriated out of the profits at the rate of 5% until the total reserve reaches a maximum of 20% of the Bank's paid in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of the 5% of the Company's share capital; however holding companies are not subject to this application. First and second legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

XXIII. Related parties

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

XXIV. Cash and cash equivalents

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

XXV. Reclassifications

Except for certain reclassifications made in the consolidated financial statements as of 31 December 2006 to be consistent with the current year presentation there isn't any adjustment made to previous year financial statements.

In the prior year consolidated financial statements, a total amount of YTL 2,687 foreign exchange differences of foreign currency indexed loans have been reclassified from other operational expenses to foreign exchange gain loss and cash loan fee commissions amounting YTL 119 have been reclassified to interest income from loans for consistent presentation with the current year financial statements presentation.

In the prior year consolidated financial statements, a total amount of YTL 62 doubtful financial lease receivables and YTL 62 allowance for doubtful financial lease receivables have been reclassified from loans under follow up and specific provisions to lease receivables respectively.

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SECTION FOUR
INFORMATION ON THE FINANCIAL POSITION OF THE BANK

I. Information on consolidated capital adequacy ratio

The parent Bank’s capital adequacy ratio is 25.01% (31 December 2006: 31.85%).

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

Parent Bank’s interest rate risk is calculated and analyzed in consideration with various dimensions of the issue by the Risk Management Department,

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

Value at operational risk (VOR) is calculated in accordance with the “Basic Indicator Method” and is included in the capital adequacy ratio calculation.

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

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

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

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

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

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Information on consolidated and unconsolidated capital adequacy standard ratio:

	Weighted Risk							
	Parent Bank				Consolidated			
	0%	20%	50%	100%	0%	20%	50%	100%
Value at Credit Risk								
Balance Sheet items (Net)	68,503	18,404	2,388	179,062	70,825	40,720	2,388	210,018
Cash	1,000	-	-	-	1,001	-	-	-
Matured Marketable Securities	--	--	--	--	--	--	--	--
Banks	--	--	--	--	--	--	--	--
Central Bank of Turkey	7,287	-	-	-	7,287	-	-	-
Domestic, Foreign Banks and Foreign								
Headquarter, subsidiaries	-	7,912	-	718	-	29,973	-	718
Interbank Money Market	--	--	--	--	--	--	--	--
Receivables from Reverse Repurchase								
Transactions	--	--	--	--	--	--	--	--
Reserve Requirements	19,585	-	-	-	19,585	-	-	-
Loans	-	10,492	2,352	108,618	--	10,492	2,352	108,618
Loans under Follow-up (Net)	--	--	--	--	--	--	--	--
Lease Receivables	-	-	-	-	-	-	-	56,023
Financial Assets Available for Sale	-	-	-	802	-	-	-	802
Investments Held to Maturity	38,226	-	-	19,562	38,226	-	-	19,562
Receivables from Term Sale of Assets	--	--	--	--	--	--	--	--
Miscellaneous receivables	-	-	-	168	-	-	-	168
Interest and income accruals	1,060	-	36	1,447	1,060	255	36	2,008
Investments in Associates, Subsidiaries								
and Joint Ventures (Net)	-	-	-	26,454	-	-	-	-
Tangible Assets	-	-	-	19,932	-	-	-	20,052
Other Assets	1,345	-	-	1,361	3,666	-	-	2,067
Off balance sheet items	17,916	116,277	51,743	16,039	17,916	116,023	51,743	18,394
Non Cash Loans and Commitments	17,916	116,277	51,743	16,039	17,916	116,023	51,743	18,394
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Non risk weighted accounts	--	--	--	--	--	--	--	--
Total risk weighted assets	86,419	134,681	54,131	195,101	88,741	156,743	54,131	228,412

Summary information on consolidated and non-consolidated capital adequacy standard ratio:

	Parent Bank		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Value at Credit Risk (I)	249,102	230,536	286,826	274,054
Value at Market Risk (II)	25,825	24,300	26,250	22,950
Value at Operational Risk (III)*	56,758	-	64,841	-
Shareholders' Equity	89,455	89,513	94,532	94,595
Shareholders' Equity/(I+II+III)*100	26.97%	35.13%	25.01%	31.85%

(*) Value at operational risk in accordance with the "Computation of Value of Operational Risk" of the circular, "Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette dated 1 November 2006 started to be calculated at 30 June 2007.

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Information on Consolidated Shareholders' Equity

	Current Period	Prior Period (*)
CORE CAPITAL		
Paid-in Capital	41,000	41,000
Nominal capital	41,000	41,000
Capital Commitments (-)	--	--
Adjustment to paid-in capital	33,004	33,004
Share Premium	--	--
Share Cancellation profit	--	--
Legal reserves	2,156	1,833
First legal reserve (Turkish Commercial Code 466/1)	2,156	1,833
Second legal reserve (Turkish Commercial Code 466/2)	--	--
Other legal reserve per special legislation	--	--
Status reserves	--	--
Extraordinary reserves	147	967
Reserves allocated by the General Assembly	147	967
Retained earnings	--	--
Accumulated loss	--	--
Exchange rate differences on foreign currency capital	--	--
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	--	--
Profit	18,351	15,119
Current period profit	2,775	1,785
Prior period profit	15,576	13,334
Provisions for possible risks up to 25% of Core Capital	--	--
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	--	--
Primary Subordinated Debt (up to 15% of Core Capital)	--	--
Loss excess of Reserves (-)	--	--
Current Period Loss	--	--
Prior Periods Loss	--	--
Leasehold Improvements (-)	24	15
Prepaid Expenses (-)	364	335
Intangible Assets (-)	232	357
Deferred Tax Asset excess of 10% of Core Capital (-)	--	--
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	--	--
Total Core Capital	94,658	91,923

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	Current Period	Prior Period (*)
SUPPLEMENTARY CAPITAL		
General Provisions	1,259	1,221
45% of Revaluation Surplus on Movables	--	--
45% of Revaluation Surplus on Immovables	--	--
Bonus shares of Associates, Subsidiaries and Joint-Ventures	--	--
Primary Subordinated Debt excluding the Portion included in Core Capital	--	--
Secondary Subordinated Debt	--	2,938
45% of Securities Value Increase Fund	--	--
Associates and Subsidiaries	--	--
Investment Securities Available for Sale	--	--
Adjustment to Capital Reserves, Profit Reserves and prior years' P/L (excluding Legal Reserves, Statutory Reserves and Extraordinary Reserves)	--	--
Supplementary Capital Total	1,259	4,159
TIER III CAPITAL	--	--
CAPITAL	95,917	96,082
DEDUCTIONS FROM CAPITAL	1,385	1,487
Investments in Unconsolidated Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	--	--
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	--	--
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	--	--
Loans granted to Customers against the Articles 50 and 51 of the Banking Law	--	--
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 Of the Banking Law but Retained more than Five Years	765	780
Other	--	--
Total Shareholders' Equity	94,532	94,595

II. Information on consolidated credit risk

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

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

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

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

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

Loans and other receivables, are being followed periodically as per the "Regulation On The Principals And Procedures Related to the Determination of the Loans And Other Receivables For Which Provisions Shall Be Set Aside By Banks and to the Provisions To Be Set Aside".

Financial statements of the debtors are examined as per the regulation, loan limits are being updated in parallel to the economic conditions under the authorization of the Credit Evaluation Committee and the Top Management. The parent Bank obtains sufficient guarantees for the loans and the other receivables. Firms that the parent Bank works with credit is composed of the top level firms of Turkey, therefore most of the collaterals taken are "firm signature or guarantee". Beside from this third party guarantees, furthermore mortgage, other bank guarantees, cash blockage, customer or personal checks are also obtained. The guarantees obtained are in parallel with the market conditions and other banks collateral conditions.

For the management of credit risk the Bank's Credit Evaluation Committee performs the following:

- Determination of the credit risk management policies in coordination with other related departments.
- Determination and review of concentrations on geographical and credit type basis.
- Contributing for development of rating and scoring systems.
- Submission of various analysis reports to the Board of Directors and top management in addition to the Credit Risk Management reports which comprises of the distribution of credit portfolio (debtors, sector, geographic region basis), credit quality (problematic loans, credit risk ratings) and concentrations

The parent Bank Management has generated an internal rating system for the determination of firms' ratings and credit assessments. "Credit Rating" process is the analysis of client creditworthiness in accordance with the predetermined various "qualitative" (such as the position of the firm in its sector, the firm's competitiveness, customer and supplier portfolio, the certificates and documents issued by the independent institutions, organizational structure, relationship with the other financial institutions) and "quantitative" (such as current ratio, liquidity ratio, profitability and indebtedness) factors. Upon the conclusion of credit evaluation process the firms and loans are categorized as "Very good firm" (risk rating between 100%-85%), "Good firm" (risk rating between 84%-65%), "Average firm" (risk rating between 64%-50%), "Weak firm" (risk rating between 49%-25%) and "Very Weak firm" (risk rating between 24%-0%).

The distribution the loans according to credit ratings are as follows:

Cash Loans*	31 December 2007	31 December 2006
Very good firm	35.24%	24.57%
Good firm	62.42%	72.96%
Average firm	2.22%	2.47%
Weak firm	0.12%	--
Very weak firm	--	--
Total loans	100%	100%

* The rating distribution above does not include retail loans and loans granted to banks.

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The rating distribution of financial instruments is as follows:

Financial assets at fair value through Profit or Loss	Rating Agency	Government Bonds	Private sector bonds	Total
AAA		--	--	--
Between AA- AA+		--	--	--
Between A- A+		--	--	--
Ba3	Moody's		64,484	64,484
BB-	Fitch	--	4,896	4,896
A- and less		--	--	--
Not rated		--	17,755	17,755
Total		64,484	22,651	87,135

Investments held to maturity	Rating Agency	Government Bonds	Private sector bonds	Total
AAA		--	--	--
Between AA- AA+		--	--	--
Between A- A+		--	--	--
Baa2	Moody's	--	12,069	12,069
Ba3	Moody's	17,595	--	17,595
BB-	Fitch	21,562	7,664	29,226
A- and less		--	--	--
Not rated		--	--	--
Total		39,157	19,733	58,890

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

The parent Bank did not perform such kind of transaction in the current period.

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

The parent Bank did not perform such kind of transaction in the current period.

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

Indemnified non-cash loans are evaluated as having the same risk weight with cash loans which are collected upon maturity. These loans are classified according to their commitments and are recorded under the follow-up accounts.

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

The parent Bank does not have any structured or rescheduled loan. Loans that are structured and rescheduled are included in a new rating group as determined by bank's risk management system, other than the follow-up plan defined in the banking regulations. The parent Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk and periodical follow-up for these loans are performed.

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

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

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

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

6 Group's

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

The share of the top 100 cash loan customers comprise 99.85% of the total cash loans portfolio of the Bank.

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

The share of the top 100 non-cash loan customers comprise 99.84% of the total non-cash loans portfolio of the bank.

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

The Bank's total cash and non-cash loans from its top 100 loan customers comprise 58.13% of the total assets and off-balance sheet items.

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

The general provision amount provided by parent Bank for the credit risk is YTL 1,259 (31 December 2006: YTL 1,221).

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Customer and Regional Concentration of Credit Risk is as follows:

	Loans and Advances to customers		Loans and Advances to Banks and Other Financial Institutions		Securities*		Other Credits**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Customer Concentration	128,359	106,096	25,122	36,844	146,827	176,943	358,189	440,004
Private Sector	122,248	105,865	--	--	24,629	32,429	135,322	176,571
Public Sector	--	--	--	--	103,641	143,517	1,770	1,354
Banks	5,852	--	25,122	36,844	17,755	72	220,838	265,773
Individual Customers	259	231	--	--	--	--	259	306
Securities representing a share in Capital	--	--	--	--	802	925	--	--
Regional Concentration	128,359	106,096	25,122	36,844	146,827	176,943	358,189	440,004
Domestic	108,259	98,235	1,812	29,129	116,349	159,171	220,654	213,401
European Union countries	--	--	12,850	744	17,755	72	7,853	91,633
OECD Countries***	--	254	23	6,624	--	--	317	--
Off-shore regions	--	--	--	--	12,068	16,905	--	--
USA, Canada	--	--	601	54	--	--	--	--
Other Countries	20,100	7,607	9,836	293	655	795	129,365	138,970

* Includes financial assets at fair value through profit or loss, financial assets available-for-sale and investments held-to-maturity

** Includes transactions defined as credit as per the Article 48 of the Turkish Banking Law No 5411 and not covered in the first three columns above

*** OECD countries other than EU countries, USA and Canada

8 Geographical concentration:

Current Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	338,582	64,939	154,395	--	2,775
European Union Countries	30,605	8,823	7,411	--	--
OECD Countries*	23	15	317	--	--
Off-Shore Banking Regions	12,068	--	--	--	--
USA, Canada	601	29,587	--	--	--
Other Countries	30,591	213,847	126,868	--	--
Associates, subsidiaries and joint-ventures	--	--	--	--	--
Unallocated Assets/Liabilities**	--	601	--	--	--
Total	412,470	317,812	288,991	--	2,775

Prior Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	400,510	78,284	150,367	--	1,785
European Union Countries	816	20,069	2,433	--	--
OECD Countries*	6,878	366	--	--	--
Off-Shore Banking Regions	16,905	--	--	--	--
USA, Canada	54	37,080	--	--	--
Other Countries	8,695	204,783	125,733	--	--
Associates, subsidiaries and joint-ventures	--	--	--	--	--
Unallocated Assets/Liabilities**	--	1,353	--	--	--
Total	433,858	341,935	278,533	--	1,785

* OECD Countries excluding European countries, USA and Canada

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

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9 Sectoral concentrations for cash loans:

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	--	0.00	--	0.00	--	0.00	--	0.00
Farming and Raising								
Livestock	--	0.00	--	0.00	--	0.00	--	0.00
Forestry	--	0.00	--	0.00	--	0.00	--	0.00
Fishing	--	0.00	--	0.00	--	0.00	--	0.00
Manufacturing	--	0.00	4,663	8.81	--	0.00	--	0.00
Mining	--	0.00	4,663	8.81	--	0.00	--	0.00
Production	--	0.00	--	0.00	--	0.00	--	0.00
Electric, gas and water	--	0.00	--	0.00	--	0.00	--	0.00
Construction	5,116	6.78	2,327	4.40	3,200	4.15	3,002	10.35
Services	70,073	92.88	45,921	86.79	73,674	95.55	25,989	89.65
Wholesale and retail trade	12,899	17.10	23,763	44.91	13,621	17.67	18,277	63.05
Hotel, food and beverage								
Services	--	0.00	--	0.00	--	0.00	--	0.00
Transportation and								
Telecommunication	--	0.00	--	0.00	--	0.00	--	0.00
Financial institutions	57,174	75.78	22,158	41.88	60,053	77.88	7,712	26.60
Real estate and renting								
Services	--	0.00	--	0.00	--	0.00	--	0.00
"Self-employment"								
type services	--	0.00	--	0.00	--	0.00	--	0.00
Education services	--	0.00	--	0.00	--	0.00	--	0.00
Health and social services	--	0.00	--	0.00	--	0.00	--	0.00
Other	259	0.34	--	0.00	231	0.30	--	0.00
Total	75,448	100.00	52,911	100.00	77,105	100.00	28,991	100.00

The distribution of Standard Cash Loans and Non-cash Loans of parent Bank according to their collateral structure:

Cash Loans	31 December 2007	31 December 2006
Secured loans	129,583	105,298
Secured by cash collateral	-	-
Guaranties issued by financial institutions	-	-
Secured by Customer Cheque&act	49,576	36,113
Personal guarantees	58,511	60,760
Secured by mortgages	7,525	4,978
Secured by export LC	13,971	3,447
Secured loans	129,583	105,298
FX differences on the principals of FX indexed loans	(2,194)	(577)
Non-cash Accruals	970	1,375
Total Cash Loans	128,359	106,096

Non-Cash Loans	31 December 2007	31 December 2006
Secured loans	179,494	133,197
Secured by cash collateral	5,463	2,181
Guaranties issued by financial institutions	111,388	63,448
Secured by Customer Cheque&act	217	94
Personal guarantees	56,459	58,161
Secured by mortgages	5,779	8,017
Secured by export LC	188	1,296
Non-secured Non-cash Loans	109,497	145,336
Total Non-cash Loans	288,991	278,533

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III. Information on market risk

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

The parent Bank's market risk is calculated on a monthly basis using the "Standard Method". Interest rate risks and exchange rate risks, factors of the market risks, are periodically analyzed using different methods (ratio analysis, duration, Gap, sensitivity, etc.).

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

The Board of Directors has determined limits at the level of risk factors in order to restrain the market risk. The ratio of the Market Risk/Equity rate can be maximum 50% (+ 5% exception) and for limiting daily VAR results, the amount under daily risk/equity rate can be maximum 3% (+1% exception).

a) Information related to consolidated market risk

	Amount
(I) Capital Obligation against General Market Risk-Standard Method	289
(II) Capital Obligation against Specific Risks-Standard Method	676
(III) Capital Obligation against Currency Risk-Standard Method	1,135
(IV) Capital Obligation against Stocks Risks-Standard Method	--
(V) Capital Obligation against Exchange Risks-Standard Method	--
(VI) Capital Obligation against Market Risks of Options-Standard Method	--
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	--
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	2,100
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	26,250

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

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	6,791	12,063	3,788	13,403	16,700	7,088
Common Share Risk	--	--	--	--	--	--
Currency Risk	10,488	14,188	8,750	11,672	15,038	8,825
Commodity Risk	--	--	--	--	--	--
Exchange Risk	--	--	--	--	--	--
Options Risk	--	--	--	--	--	--
Total Value at Risk	17,279	26,251	12,538	25,075	31,738	15,913

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IV. Information related to value at operational risk

"Basic Indicator Method" is used to calculate Group's operational risk. Amount subject to operational risk is calculated according to "Regulation Regarding Measurement and Assessment of Capital Adequacy Ratio of Banks" that published at 1 November 2006 official gazette numbered 26333 and according to the 4th section "Computation of the Value at Operational Risk" which became valid at 1 June 2007 using the Bank's the last three years; 2006, 2005 and 2004 year end gross revenues.

	31 December 2006	31 December 2005	31 December 2004
1. Net Interest Incomes	20,585	22,486	29,952
2. Net Fee and Commissions Income	6,293	7,258	4,930
3. Dividend Income	51	40	47
4. Trading Gain/Loss (Net)	2,799	2,377	1,169
5. Other operating income	3,347	748	2,067
6. Gain/(Loss) on Securities Available-for-Sale and Held-to-Maturity	--	--	--
7. Extraordinary Incomes (Gain on sale of immovables and Gain on Sale Associate Subsidiary shares included also)	275	129	--
8. Insurance Claim Collections	--	--	--
9. Basic Indicator-Gross Income (1+2+3+4+5-6-7-8)	32,800	32,780	38,165
10. Basic Indicator-Capital Obligation (9 x%15)	4,920	4,917	5,725
11. Basic Indicator-Average Cap. Risk Lib.	5,187		
12. Basic Indicator-Amount subject to Operational Risk (11*12,5)	64,841		

IV Information on consolidated foreign currency exchange rate risk

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

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

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

The Board of Directors has defined a limit as the ratio of the Value at Currency Risk/ Equity can be maximum 18% (+ 5% exception) to limit the currency risk.

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

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

3. Foreign exchange risk management policy:

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

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

USD Foreign Exchange Buying Rate as of balance sheet date	YTL 1.1647
EUR Foreign Exchange Buying Rate as of balance sheet date	YTL 1.7102

Date	US Dollars	EUR
25 December 2007	YTL 1.1799	YTL 1.6986
26 December 2007	YTL 1.1746	YTL 1.6917
27 December 2007	YTL 1.1715	YTL 1.6912
28 December 2007	YTL 1.1708	YTL 1.6976
31 December 2007	YTL 1.1647	YTL 1.7102

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

The basic arithmetical average of the Bank's foreign exchange bid rate for December 2007 is YTL 1.1733 for USD and YTL 1.7096 for EUR.

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Information on Group's Currency Risk:

Current Period	Eur	US Dollars	JPY	Other	Total
Assets					
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	475	26,947	--	137	27,559
Banks	3,774	1,234	141	611	5,760
Financial Assets at Fair Value through Profit or Loss	4,853	72,528	--	--	77,381
Interbank Money Market Placements	--	--	--	--	--
Investment Securities Available-for-Sale	--	655	--	--	655
Loans (*)	31,867	47,953	--	--	79,820
Investments in Subsidiaries and Associates	--	--	--	--	--
Investment Securities Held-to-Maturity	3,487	37,807	--	--	41,294
Financial Derivatives (Assets)	--	--	--	--	--
Tangible Assets	--	--	--	--	--
Intangible Assets	--	--	--	--	--
Other Assets	40,949	6,176	--	--	47,125
Total Assets	85,405	193,300	141	748	279,594
Liabilities					
Bank Deposits	19,695	17,597	--	20	37,312
Foreign Currency Deposits	15,396	19,781	--	429	35,606
Inter bank Money Markets	--	--	--	--	--
Funds Borrowed from Other Financial Institutions	49,613	166,385	--	--	215,998
Marketable Securities Issued	--	--	--	--	--
Miscellaneous Payables	560	2,539	--	2	3,101
Financial Derivatives (Liabilities)	--	--	--	--	--
Other Liabilities	923	514	--	400	1,837
Total Liabilities	86,187	206,816	--	851	293,854
On Balance Sheet Position, net	(782)	(13,516)	141	(103)	(14,260)
Off-Balance Sheet Position, net	--	--	--	--	--
Financial Derivatives (Assets)	--	--	--	--	--
Financial Derivatives (Liabilities)	--	--	--	--	--
Non-Cash Loans	136,524	141,977	--	9,343	287,844
Prior Period					
Total Assets	85,537	195,166	2	787	281,492
Total Liabilities	84,809	194,795	--	591	280,195
Balance Sheet Position, net	728	371	2	196	1,297
Off-Balance Sheet Position, net	(929)	931	--	--	2
Financial Derivatives (Assets)	3,717	37,813	--	--	41,530
Financial Derivatives (Liabilities)	4,646	36,882	--	--	41,528
Non-cash Loans	70,472	194,579	--	10,843	275,894

* Loan balance includes foreign currency indexed loans amounting to TRY 26,909 (31 December 2006: 27,635) as of 31 December 2007.

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The possible increases or decreases in the shareholders' equity and the profit/loss as per an assumption of devaluation by 10% of YTL against currencies mentioned below as of 31 December 2007 and 2006 are presented in the below table. The other variables, especially the interest rates, are assumed to be fixed in this analysis.

	31 December 2007		31 December 2006	
	Income Statement	Shareholders' Equity (*)	Income Statement	Shareholders' Equity (*)
US Dollar	(1,352)	(1,352)	37	37
Euro	(78)	(78)	73	73
Other Currencies	4	4	20	20
Total	(1,426)	(1,426)	130	130

(*) The effect on shareholders' equity also includes profit/loss effects.

VI. Information on consolidated interest rate risk

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

Within the context of the market risk management of the Risk Management Department, the Bank's Exchange rate risk is calculated and analyzed taking different dimensions of the issue in consideration. The Exchange rate risk is measured according to market risk calculated using the Standard Method and is included in the capital adequacy ratio. To test the effect of the exchange rate fluctuations on the parent Bank monthly based stress test analysis are done.

In addition, by classifying the changes in risk factors different scenario analysis are done based on different exchange rate expectations. The sensitivity of assets, liabilities and off-balance sheets against exchange rate are measured by an analysis on a monthly basis.

In addition, scenario analyses are performed based on possible interest rate estimations obtained by changing expectations of risk factors. The sensitivity of assets, liabilities and off-balance sheets is measured by sensitivity analysis by using the maturity ladder prepared on a monthly basis.

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

The Board of Director has determined limits for the ratio of the interest rate risk/Equity; it can be maximum 32% (+5% exception) to limit interest rate risk in order to restrain interest rate risk by means of the VaR results.

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

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

The table below shows the effects of changes in interest rates on the financial statements of the bank. The sensitivity of the income statement is the effect of possible changes in the interest rates on the net interest income of floating rate financial assets and liabilities as of 31 December 2007. The sensitivity of the shareholders' equity as of 31 December 2007 is calculated through revaluating the financial assets available-for-sale taking into account the possible changes in interest rates. The other variables, especially exchanges rates, are assumed to be fixed in this analysis. The same method is applied for 31 December 2006. The sensitivity of trading portfolio is also included in the below table.

31 December 2007	Profit/Loss		Shareholders' Equity Effect (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets at fair value through profit loss	(131)	13	(131)	13
Investment securities available for sale	--	--	--	--
Financial assets with floating interest rates	104	16	104	16
Financial liabilities with floating interest rate	(73)	48	(73)	48
Total, net	(100)	77	(100)	77

31 December 2006	Profit/Loss		Shareholders' Equity Effect (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets at fair value through profit loss	(619)	611	(619)	611
Investment securities available for sale	--	--	--	--
Financial assets with floating interest rates	159	(160)	159	(160)
Financial liabilities with floating interest rate	(57)	79	(57)	79
Total, net	(517)	530	(517)	530

(*) The effect on shareholders' equity also includes the effect of 100 bps increase or decrease in interest rates on the profit/loss.

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

Current Period	Up to 1 Month	1 – 3 Months	3 –12 Months	1-5 Years	5 Year and Over	Non- Interest Bearing (*)	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	27,002	--	--	--	--	1,001	28,003
Banks	24,689	--	--	10	--	423	25,122
Financial assets at fair value through Profit or Loss	2,225	45,607	34,407	4,896	--	--	87,135
Interbank Money Market Placements	--	--	--	--	--	--	--
Financial assets available-for-sale	--	--	--	--	--	802	802
Loans	65,208	54,367	8,232	552	--	--	128,359
Investment securities held-to-maturity	--	29,712	--	25,739	3,439	--	58,890
Other assets	4,532	4,211	18,742	29,769	--	26,905	84,159
Total assets	123,656	133,897	61,381	60,966	3,439	29,131	412,470
Liabilities							
Bank deposits	40,614	--	--	--	--	--	40,614
Other deposits	15,139	4,892	2,469	--	--	22,263	44,763
Interbank money markets	4,109	--	--	--	--	--	4,109
Miscellaneous payables	--	--	--	--	--	3,177	3,177
Marketable securities issued	--	--	--	--	--	--	--
Funds Borrowed From Other Financial Institutions	41,010	158,664	16,913	294	--	--	216,881
Other liabilities	333	--	--	--	--	102,593	102,926
Total liabilities	101,205	163,556	19,382	294	--	128,033	412,470
Long Position in the Balance Sheet	22,451	--	41,999	60,672	3,439	--	128,561
Short Position in the Balance Sheet	--	(29,659)	--	--	--	(98,902)	(128,561)
Long Position in the Off-balance Sheet	--	--	--	--	--	--	--
Short Position in the Off-balance Sheet	--	--	--	--	--	--	--
Total position	22,451	(29,659)	41,999	60,672	3,439	(98,902)	--

(*) *Other Assets* : Non-Interest Bearing column YTL 26,905 is composed of Miscellaneous Receivables amounting to YTL 168, tangible assets amounting to YTL 19,699, Intangible Assets amounting to YTL 256, Current tax and deferred tax assets amounting to YTL 3,036, Assets Held for Resale amounting to YTL 1,118 and Other Assets amounting to YTL 2,628.

Other Liabilities: Non-Interest Bearing Column YTL 102,593 is composed of Shareholders' Equity amounting to 94,658, Provisions amounting to YTL 5,043, Tax, Duty and Premium Payable amounting to YTL 746 and Other Foreign Resources amounting to YTL 2,146.

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Prior Period	Up to 1 Month	1 - 3 Months	3 -12 Months	1-5 Years	5 Year and Over	Non- Interest Bearing (*)	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	6,685	17,405	--	--	--	986	25,076
Banks	36,310	--	--	12	--	522	36,844
Financial assets at fair value through Profit or Loss	5,421	37,400	41,838	5,987	3,738	--	94,384
Interbank Money Market Placements	--	--	--	--	--	--	--
Financial assets available-for-sale	--	--	--	--	--	925	925
Loans	52,683	40,621	12,681	111	--	--	106,096
Investment securities held-to-maturity	--	34,990	10,590	36,054	--	--	81,634
Other assets	2,915	4,130	20,818	30,455	--	30,581	88,899
Total assets	104,014	134,546	85,927	72,619	3,738	33,014	433,858
Liabilities							
Bank deposits	58,478	--	--	--	--	--	58,478
Other deposits	5,376	4,027	5,021	--	--	19,088	33,512
Interbank Money Markets	40,593	--	--	--	--	--	40,593
Miscellaneous payables	--	--	--	--	--	2,562	2,562
Marketable securities issued	--	--	--	--	--	--	--
Funds Borrowed From Other Financial Institutions	2,277	170,412	19,706	774	--	--	193,169
Other liabilities	186	2,037	2,499	--	--	100,822	105,544
Total liabilities	106,910	176,476	27,226	774	--	122,472	433,858
Balance Sheet Long Position	--	--	58,701	71,845	3,738	--	134,284
Balance Sheet Short Position	(2,896)	(41,930)	--	--	--	(89,458)	(134,284)
Off Balance Sheet Long Position	2	20,816	19,783	--	--	--	40,601
Off Balance Sheet Short Position	--	--	--	--	--	(40,599)	(40,599)
Total position	(2,894)	(21,114)	78,484	71,845	3,738	(130,057)	2

(*) *Other Assets* : Non-Interest Bearing YTL 30,581 column is composed of Miscellaneous Receivables amounting to YTL 190, Tangible Assets amounting to YTL 20,697, Intangible Assets amounting to YTL 372, Deferred Tax Assets amounting to YTL 5,343, Assets Held for Resale amounting to YTL 1,475 and Other Assets amounting to YTL 2,504.

Other Liabilities: Non-Interest Bearing Column YTL 100,822 is composed of Shareholders' Equity amounting to 91,923, Provisions amounting to YTL 4,381, Tax, Duty and Premium Payable amounting to YTL 1,620 and Other Foreign Resources amounting to YTL 2,898.

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

	EUR	USD	JPY	YTL
Current Period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	--	1.95	--	11.81
Banks	2.82	4.50	--	17.97
Financial assets at fair value through profit or loss	6.52	7.24	--	18.27
Money market placements	--	--	--	--
Investment securities available-for-sale	--	--	--	--
Loans	6.27	6.33	--	17.68
Investment securities held-to-maturity	5.50	9.84	--	20.78
Financial Lease Receivables	8.27	10.23	--	22.25
Liabilities				
Interbank deposits	4.50	--	--	16.88
Other deposits	2.05	2.18	--	15.64
Borrowings from money market	--	--	--	16.20
Miscellaneous payables	--	--	--	--
Marketable securities issued	--	--	--	--
Funds Borrowed From Other Financial Institutions	5.50	5.20	--	15.05
Prior Period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey,	--	2.52	--	13.12
Banks	2.49	5.26	--	20.14
Financial Assets at Fair Value through Profit or Loss	4.15	6.17	--	15.57
Money market placements	--	--	--	--
Investment securities available-for-sale	--	--	--	--
Loans	6.00	7.11	--	19.73
Investment securities held-to-maturity	7.65	6.68	--	21.63
Financial Lease Receivables	8.45	9.27	--	22.56
Liabilities				
Interbank deposits	--	--	--	18.52
Other deposits	2.19	2.24	--	16.48
Borrowings from money market	--	--	--	18.01
Miscellaneous payables	--	--	--	--
Marketable securities issued	--	--	--	--
Funds Borrowed From Other Financial Institutions	5.00	5.66	--	15.00

VI. Information on consolidated liquidity risk

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

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

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

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

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

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

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from 1 June 2007, "Measurement and Assessment of the Adequacy of Banks 'Liquidity", the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The liquidity ratios of parent Bank in 2007 are as follows:

31 December 2007

Average	241%
Highest	310%
Lowest	127%

Presentation of contractual liabilities based on their outstanding maturities:

	Book Value	Gross nominal Outflow	Demand Deposits	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over
31 December 2007								
Banks Deposits	40,614	40,617	33,890	6,727	--	--	--	--
Other Deposits	44,763	44,984	22,263	15,317	4,904	2,500	--	--
Funds provided from other financial institutions	216,881	224,555	--	41,605	130,008	15,567	37,375	--
Borrowings from money market	4,109	4,128	--	4,128	--	--	--	--
Marketable securities issued	--	--	--	--	--	--	--	--
Total	306,367	314,284	56,153	67,777	134,912	18,067	37,375	--

	Book Value	Gross nominal Outflow	Demand Deposits	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over
31 December 2006								
Banks Deposits	58,478	58,497	46,453	12,044	--	--	--	--
Other Deposits	35,512	33,589	19,088	5,413	4,037	5,051	--	--
Funds provided from other financial institutions	193,169	196,874	--	126,241	11,756	25,050	33,827	--
Borrowings from money market	40,593	40,684	--	40,684	--	--	--	--
Marketable securities issued	--	--	--	--	--	--	--	--
Total	327, 752	329,644	65,541	184,382	15,793	30,101	33,827	--

The table above represents the gross amount of un-discounted cash flows of financial liabilities to the nearest contract maturities. Expected cash flows of Bank's financial liabilities are significantly altered according to this analysis.

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Presentation of assets and liabilities based on their outstanding maturities:

Current Period	Demand Deposit	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Unallocated*	Total
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	1,263	26,740	--	--	--	--	--	28,003
Banks	3,219	21,893	--	--	10	--	--	25,122
Financial Assets at Fair Value through Profit or Loss	--	36	1,736	10,759	63,079	11,525	--	87,135
Money Market Placements	--	--	--	--	--	--	--	--
Investment securities available-for-sale	--	--	--	--	--	--	802	802
Loans	--	61,015	19,040	27,517	20,787	--	--	128,359
Investment securities held-to-maturity	--	--	1,102	--	54,349	3,439	--	58,890
Other assets	204	4,532	4,211	18,813	29,769	--	26,630	84,159
Total Assets	4,686	114,216	26,089	57,089	167,994	14,964	27,432	412,470
Liabilities								
Interbank Deposits	33,890	6,724	--	--	--	--	--	40,614
Other Deposits	22,116	15,286	4,892	2,469	--	--	--	44,763
Funds provided from other financial institutions	--	41,010	129,664	8,832	37,375	--	--	216,881
Borrowings from money market	--	4,109	--	--	--	--	--	4,109
Marketable securities issued	--	--	--	--	--	--	--	--
Miscellaneous payables	--	17	--	--	--	--	3,160	3,177
Other liabilities	2,802	333	--	--	--	--	99,791	102,926
Total Liabilities	58,808	67,479	134,556	11,301	37,375	--	102,951	412,470
Liquidity Gap	(54,122)	46,737	(108,467)	45,788	130,619	14,964	(75,519)	--
Prior Period								
Total Assets	6,435	113,423	22,558	70,694	187,304	3,738	29,706	433,858
Total Liabilities	68,999	62,358	144,295	28,782	33,120	--	96,304	433,858
Net Liquidity Gap	(62,564)	51,065	(121,737)	41,912	154,184	3,738	(66,598)	--

- Other assets amount YTL 26,630 at the unallocated part consists of Tangible Assets amounting YTL 19,699, Intangible Assets amounting to YTL 256, Office Supply Inventory amounting to YTL 77, Prepaid Expenses amounting to YTL 364 and Deferred Tax Asset amounting to YTL 2,965, Asset Held For Resale amounting to YTL 1,118 and Other amounting to YTL 2,151.
- Other liabilities amount YTL 99,791 at the unallocated part consists of Shareholders' Equity amounting to YTL 94,658 and Provisions amounting to YTL 5,133.

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VII. Information on fair values of financial assets and liabilities

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

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

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

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

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	269,756	283,504	270,075	283,715
Interbank Money market placements	--	--	--	--
Banks	25,122	36,844	25,122	36,844
Investment securities available-for-sale	802	925	802	925
Investment securities held-to-maturity	58,890	81,634	60,091	82,424
Loans	128,359	106,096	128,262	105,517
Financial Lease Receivables (Net)	56,583	58,005	55,798	58,005
Financial Liabilities	309,544	328,233	309,531	328,233
Interbank deposits	44,723	99,071	44,723	99,071
Other Deposits	44,763	33,512	44,763	33,512
Funds provided from other financial institutions	216,881	193,088	216,868	193,088
Marketable securities issued	--	--	--	--
Miscellaneous Payables	3,177	2,562	3,177	2,562

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

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

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

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

The Group does not have transactions based on assurance.

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X. Information on Business Segments:

Information on operational segments on 31 December 2007 are presented in the table below

	Retail Banking	Corporate Banking	Treasury	Private Banking	International Banking	Other	Total Operations
31 December 2007							
Operational Incomes	--	20,696	1,797	--	--	7,313	29,806
Other	--	--	--	--	--	--	--
Operational Income	--	20,696	1,797	--	--	7,313	29,806
Net Gain of the Division	--	--	--	--	--	--	--
Unallocated costs	--	--	--	--	--	--	--
Operational Profit	--	(1,103)	1,919	--	--	4,024	4,840
Income from Affiliates	--	137	--	--	--	--	137
Income before tax	--	(966)	1,919	--	--	4,024	4,977
Tax	--	208	--	--	--	1,994	2,202
Income after tax	--	(1,174)	1,919	--	--	2,030	2,775
Minority rights	--	--	--	--	--	--	--
Net Profit for the term	--	(1,174)	1,919	--	--	2,030	2,775
Division assets	--	114,861	215,374	--	--	82,235	412,470
Affiliates and Partnerships	--	--	--	--	--	--	--
Unallocated assets	--	--	--	--	--	--	--
Total assets	--	114,861	215,374	--	--	82,235	412,470
Division Liabilities	--	141,315	215,374	--	--	55,781	412,470
Unallocated Liabilities	--	--	--	--	--	--	--
Total Liabilities	--	141,315	215,374	--	--	55,781	412,470

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SECTION FIVE INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS

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

Information on cash equivalents:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash/Effective	171	830	121	860
Central Bank of Turkey	273	26,729	87	24,003
Other	--	--	--	5
Total	444	27,559	208	24,868

Information related to the account of Central Bank of Turkey

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	273	--	87	--
Unrestricted Time Deposits	--	7,058	--	6,598
Restricted Time Deposits	--	--	--	--
Reserve Deposits	--	19,671	--	17,405
Total	273	26,729	87	24,003

Information on Reserve Deposits:

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency liabilities in YTL and US Dollars or EUR at the rates of 6% and 11%, respectively as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey. As of 31 December 2007 interest rates applied for reserve requirements by the Central Bank of Turkey are 11.81% for YTL deposits and 1.80% for EUR and 1.950% US Dollar deposits.

The amount of YTL 835 in the T.C Central Bank account resulted from the penalty stated below;

Subordinated loan amounting USD 12 Million, which was provided from Bank's shareholders at 30 December 2002, was included in capital computation upon the approval of BRSA with the clause that the loan amount would be added to the paid in share capital at maturity. In the audit report prepared by Sworn in Bank Auditors dated 18 August 2006 it was pointed out that the shareholder's equity miscalculated due to fact that the subordinated loan amount included in the tier 2 capital should have been taken into account by decreasing the principal amount 60% and 80% in 2005 and 2006 respectively. Upon the above mentioned issues Central Bank on 8 August 2007 has obligated the Bank to keep reserve deposits amounting the three times of the reserve deposit amount not kept over subordinated loan starting from 31 December 2002 up to 31 December 2006. The Bank has to keep deposit amount between US Dollar 541 thousand and US Dollar 3,2 Million in Central Bank every 14 days period starting from 10 August 2007 up to 23 June 2011.

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

- a) Among financial assets at fair value through profit or loss as of 31 December 2007; YTL 1,062 is subjected to repurchase transactions (31 December 2006: YTL 256), and YTL 47,918 is provided as collateral /blocked. (31 December 2006: YTL 64,743)

The Bank has two bonds (Credit linked note) purchased from DZ Bank with the maturities 2012 and 2017 and at a total nominal amount 15,000,000 US Dollar in the financial assets at fair value through profit loss amounting YTL 17,755 which are classified under others securities.

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b) Positive differences on trading derivative instruments

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

3. Information on banks and other financial institutions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	19,362	5,760	25,651	11,193
Domestic banks	71	1,741	25,651	3,478
Foreign banks	--	2,779	--	7,715
Foreign head offices and branches	19,291	1,240	--	--
Total	19,362	5,760	25,651	11,193

3.1 Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current period	Prior period	Current period	Prior period
European Union Countries	1,439	744	--	--
USA, Canada	599	42	2	12
OECD Countries (*)	23	6,624	--	--
Off-Shore Banking Regions	--	--	--	--
Other	708	293	8	--
Total	2,769	7,703	10	12

* OECD countries except EU Countries, Canada and USA

4. Information on available for sale financial assets:

4.1 Major types of available for sale financial assets

Available for sale financial assets are comprised of shares that are not active in the stock market.

4.2 Information on available for sale financial assets

	Current Period	Prior Period
Debt Securities	--	--
Quoted in stock exchange	--	--
Not quoted in stock exchange	--	--
Share Certificates	802	925
Quoted in stock Exchange	--	--
Not quoted in stock Exchange	802	925
Impairment provision (-)	--	--
Total	802	925

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5. Information on Loans:

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

	Current period		Prior period	
	Cash	Non- Cash	Cash	Non- Cash
Direct Loans Granted to Shareholders	9,423	1,161	6,003	4,076
Corporate Shareholders	9,423	1,161	6,003	4,076
Individual Shareholders	--	--	--	--
Indirect Loans Granted to Shareholders	12,802	80,246	3,596	62,380
Loans Granted to Employees	276	7	220	7
Total (*)	22,501	81,414	9,819	66,463

* Financial lease receivables included

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Non-specialized loans	128,359	--	--	--
Discount Notes	13,971	--	--	--
Export loans	7,531	--	--	--
Import loans	--	--	--	--
Loans given to financial sector	63,026	--	--	--
International loans	6,129	--	--	--
Consumer loans	259	--	--	--
Credit cards	--	--	--	--
Precious metals loans	--	--	--	--
Other	37,443	--	--	--
Specialized loans	--	--	--	--
Other receivables	--	--	--	--
Total	128,359	--	--	--

5.3 Cash loans according to their maturity structure

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short Term Loans and Other Receivables	105,506	--	--	--
Non-specialized loans	105,506	--	--	--
Specialized loans	--	--	--	--
Other receivables	--	--	--	--
Medium and long-term loans and Other Receivables	22,853	--	--	--
Non-specialized loans	22,853	--	--	--
Specialized loans	--	--	--	--
Other receivables	--	--	--	--
Total	128,359	--	--	--

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5.4 Information on consumer loans, credit cards and loans given to employees:

	Short Term	Medium and Long Term	Total
Consumer Loans-YTL	--	--	--
Real estate loans	--	--	--
Automotive loans	--	--	--
Consumer loans	--	--	--
Other	--	--	--
Consumer Loans-Indexed to FC	--	--	--
Real estate loans	--	--	--
Automotive loans	--	--	--
Consumer loans	--	--	--
Other	--	--	--
Consumer Loans-Indexed to FC	--	--	--
Real estate loans	--	--	--
Automotive loans	--	--	--
Consumer loans	--	--	--
Other	--	--	--
Individual Credit Cards-YTL	--	--	--
Installment	--	--	--
Non-Installment	--	--	--
Individual Credit Cards-FC	--	--	--
Installment	--	--	--
Non-Installment	--	--	--
Personnel Loans- YTL	54	205	259
Real estate loans	--	--	--
Automotive loans	--	--	--
Consumer loans	--	--	--
Other	54	205	259
Personnel Loans- Indexed to FC	--	--	--
Real estate loans	--	--	--
Automotive loans	--	--	--
Consumer loans	--	--	--
Other	--	--	--
Personnel Loans-FC	--	--	--
Real estate loans	--	--	--
Automotive loans	--	--	--
Consumer loans	--	--	--
Other	--	--	--
Personnel Credit Cards-YTL	--	--	--
Installment	--	--	--
Non-Installment	--	--	--
Personnel Credit Cards-YP	--	--	--
Installment	--	--	--
Non-Installment	--	--	--
Deposits with Credit Limit-YTL (Individual)	--	--	--
Deposits with Credit Limit-FC (Individual)	--	--	--
Total	54	205	259

5.5 Information on installment corporate loans and corporate credit cards

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

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5.6 Allocation of loans by customers

	Current Period	Prior Period
Public	--	--
Private	128,359	106,096
Total	128,359	106,096

5.7 Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic loans	108,259	98,235
Foreign loans	20,100	7,861
Total	128,359	106,096

5.8 Loans granted to subsidiaries and associates

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

5.9 Specific provisions for loans

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibility	--	--
Loans and receivables with doubtful collectibility	--	--
Uncollectible loans and receivables	5,984	6,297
Total	5,984	6,297

5.10 Information on non-performing loans (Net)

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

5.10.2 Information on movement of total non-performing loans

	III. Group: Loans and receivables with limited collectibility	IV. Group: Loans and receivables with doubtful collectibility	V. Group: Non- performing loans and receivables
Balances at Beginning of Period	--	--	6,297
Additions (+)	--	--	12
Transfers from other categories of non performing loans (+)	--	--	--
Transfers to other categories of non performing loans (-)	--	--	--
Collections (-)	--	--	325
Write-offs (-)	--	--	--
Corporate and commercial loans			
Retail loans			
Credit cards			
Others			
Balances at End of the Period	--	--	5,984
Specific provisions (-)	--	--	5,984
Net Balance on Balance Sheet			--

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

There is YTL 2,030 of non-performing loan receivables in foreign currency which is followed in YTL accounts.

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5.11 Main points of liquidation policy for uncollectible loans and receivables

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

Information on gross and net loans under follow-up according to the borrowers:

	III. Group: Loans and receivables with limited collectibility	IV. Group: Loans and receivables with doubtful collectibility	V. Group: Non- performing loans and receivables
Current Year (Net)	--	--	--
Loans granted to real persons and legal entities (Gross)	--	--	5,884
Specific provisions (-)	--	--	5,884
Loans granted to real persons and legal entities (Net)	--	--	--
Banks (Gross)	--	--	100
Specific provisions (-)	--	--	100
Banks (Net)	--	--	--
Other Loans and receivables (Gross)	--	--	--
Specific provisions (-)	--	--	--
Other Loans and receivables (Net)	--	--	--
Prior Period (Net)	--	--	--
Loans granted to real persons and legal entities (Gross)	--	--	6,197
Specific provisions (-)	--	--	6,197
Loans granted to real persons and legal entities (Net)	--	--	--
Banks (Gross)*	--	--	100
Specific provisions (-)	--	--	100
Banks (Net)	--	--	--
Other Loans and receivables (Gross)	--	--	--
Specific provisions (-)	--	--	--
Other Loans and receivables (Net)	--	--	--

* Foreign bank

6. Information on held to maturity financial assets:

6.1 Information on repurchase transaction related to investment securities and provided as collateral/blocked for guarantee held to maturity (net):

There is no repurchase transaction related to investment securities held to maturity. As of 31 December 2007 YTL 17,596 is provided as collateral/blocked for guarantee (At 31 December 2006: YTL 18,042).

6.2 Government securities held-to-maturity

	Current Period	Prior Period
Government bonds	17,596	18,042
Treasury Bonds	--	--
Other Public Bonds	21,561	37,206
Other	--	--
Total	39,157	55,248

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6.3 Investments held-to-maturity

	Current Period	Prior Period
Debt Instruments	62,102	84,618
Quoted at stock exchange	17,596	18,042
Not-quoted at stock exchange	44,506	66,576
Impairment loss provision (-)	3,212	2,984
Total	58,890	81,634

6.4 Movement of investments held-to-maturity

	Current Period	Prior Period
Balances at the Beginning of the Period	81,634	79,595
Foreign Currency Gains/Losses on Monetary assets	(10,987)	4,987
Purchases during the Period	--	21,823
Disposals through sales and redemptions (*)	(11,529)	(23,828)
Impairment loss provision (**) (-)	228	943
Period end balance	58,890	81,634

(*) In the current period the bond amounting YTL 9,745 with the maturity 22.10.2007 has been redeemed. In the current period the bonds amounting YTL 1,784 has been sold. YTL 17,105 of the prior period purchase amount YTL 23,828 consisted of the US Dollar based government bonds maturing in 26.09.2016 issued by Turkish Treasury which was supplied by the Bank. BDDK has given permission to the swap transaction and reclassification of the new bonds in a different portfolio. Remaining YTL 6,723 belongs to redemption of investments held to maturity.

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

7. Information on Associates

The Group does not have an associate as of 31 December 2007 and 2006.

8. Information on subsidiaries (Net):

8.1 Information on consolidated subsidiaries

8.1.1 The parent Bank does not have a subsidiary that is not included in consolidation.

8.1.2 Summary information on consolidated subsidiaries

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

Important financial statements of the subsidiary:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair value (*)
1	82,389	31,725	144	9,864	-	2,030	2,203	26,454

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

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8.2 Movement related to subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	24,455	20,456
Movements during the Period	1,999	3,999
Purchases	--	--
Bonus Shares Received	1,999	3,999
Dividends from Current Year Profit	--	--
Sales	--	--
Revaluation Increase, Effect of Inflation and F/X Difference	--	--
Impairment Provision (+)	--	--
Balance at the End of the Period	26,454	24,455
Capital Commitments	--	--
Share Percentage at the end of Period (%)	99.98	99.98

8.2.1 Valuation methods of investments in subsidiaries

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

8.2.2 Sectoral Information on the subsidiaries and amounts related to these

Affiliates	Current Period	Prior Period
Banks		
Insurance Companies	--	--
Factoring Companies	--	--
Leasing Companies	26,454	24,455
Finance Companies	--	--
Other Affiliates	--	--

8.2.3 Quoted Subsidiaries

The parent Bank does not have any subsidiary that is quoted.

8.2.4 Subsidiaries sold in the current year

None.

8.2.5 Subsidiaries acquired in the current year.

None.

9. Information on jointly controlled subsidiaries

The parent Bank does not have a joint ventures.

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10. Information on financial lease receivables (Net):

10.1 Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	32,037	26,814	35,504	30,867
Between 1-4 years	33,919	29,769	30,295	27,138
Over 4 years	--	--	--	--
Total	65,956	56,583	65,799	58,005

10.2 Information on net financial lease investments

	Current Period	Prior Period
Gross Financial Lease Investment	65,956	65,799
Unearned Financial Lease income (-)	9,373	7,794
Cancelled Leasing Amounts	--	--
Net Investment on Leases	56,583	58,005

There is a provision amount of YTL 747 for doubtful financial lease receivables in net financial lease investment.

The movement in doubtful receivables is as follows:

	Current Period	Prior Period
Opening balance	62	62
Provisions	685	--
Collections	--	--
Ending balance	747	62

11. Information on financial derivatives for hedging:

The Group does not have any financial derivatives for hedging.

12. Information on tangible assets:

Current Period

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the End of the Prior Period: 31 December 2006					
Cost	27,303	3,933	981	2,812	35,029
Accumulated Depreciation (-)	7,756	3,660	770	2,146	14,332
Net Book Value	19,547	273	211	666	20,697
Balance at the End of the Current Period: 31 December 2007					
Net Book Value at the Beginning of the Current Period	27,303	3,933	981	2,812	35,029
Additions	--	--	77	93	170
Disposals (-)	--	--	25	2	27
Impairment (-)	--	--	--	--	--
Cost at the End of the Current Period	27,303	3,933	1,033	2,903	35,172
Depreciation expense and depreciation expense of disposal (-)	650	142	95	254	1,141
Accumulated Depreciation at the End of the					
Current Period (-)	8,406	3,802	865	2,400	15,473
Net Book Value at the End of the					
Current Period: 31 December 2007	18,897	131	168	503	19,699

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Prior Period

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the End of the Prior Period: 31 December 2005					
Cost	27,303	3,839	941	3,788	35,871
Accumulated Depreciation (-)	7,106	3,527	635	1,879	13,147
Net Book Value	20,197	312	306	1,909	22,724
Balance at the End of the Current Period: 31 December 2006					
Net Book Value at the Beginning of the Current Period	27,303	3,839	941	3,788	35,871
Additions	--	94	43	146	283
Disposals (-)	--	--	3	1,122	1,125
Impairment (-)	--	--	--	--	--
Cost at the End of the Current Period	27,303	3,933	981	2,812	35,029
Depreciation expense and depreciation expense of disposal (-)	650	133	135	267	1,185
Accumulated Depreciation at the End of the Current Period (-)	7,756	3,660	770	2,146	14,332
Net Book Value at the End of the Current Period: 31 December 2006	19,547	273	211	666	20,697

13. Information on intangible assets:

Current Period	Other	Lease hold Improvement	Total
Balance at the End of the Prior Period: 31 December 2006			
Cost	2,539	531	3,070
Accumulated Depreciation (-)	2,182	516	2,698
Net Book Value	357	15	372
Balance at the End of the Current Period 31.12.2007			
Net Book Value at the Beginning of the Current Period	2,539	531	3,070
Additions	5	17	22
Disposals (-)	--	--	--
Impairment(-)	-	--	--
Cost at the End of the Current Period	2,544	548	3,092
Depreciation expense and depreciation expense of disposal(-)	130	8	138
Accumulated Depreciation at the End of the Current Period (-)	2,312	524	2,836
Net Book Value at the End of the Current Period: 31 December 2007	232	24	256

Prior Period	Other	Lease hold Improvement	Total
Balance at the End of the Prior Period: 31December 2005			
Cost	2,493	531	3,024
Accumulated Depreciation (-)	2,051	470	2,521
Net Book Value	442	61	503
Balance at the End of the Current Period: 31.12.2006			
Net Book Value at the Beginning of the Current Period	2,493	531	3,024
Additions	46	--	46
Disposals (-)	--	--	--
Impairment(-)	-	--	--
Cost at the End of the Current Period	2,539	531	3,070
Depreciation expense and depreciation expense of disposals(-)	131	46	177
Accumulated Depreciation at the End of the Current Period (-)	2,182	516	2,698
Net Book Value at the End of the Current Period: 31 December 2006	357	15	372

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14. Information on deferred tax asset:

As of 31 December 2007 and 2006 the presentation of tax deductible or temporary differences subject to tax and the related deferred tax asset or liability as follows:

	Current Period 31 December 2007		Prior Period 31 December 2006	
	Accumulated temporary differences	Deferred tax asset/(liability)	Accumulated temporary differences	Deferred tax asset/(liability)
Tax advantage over unused investment incentives	3,147	944	7,396	2,219
Financial leasing	2,676	803	5,155	1,547
Provisions regarding employee rights	2,905	591	2,706	548
Tax losses	1,396	279	--	--
Marketable Securities Valuation difference	289	58	4,060	812
Depreciation difference of tangible and intangible assets with the tax base	171	34	--	--
Other Provisions	1,164	301	160	32
Other	841	168	318	64
Deferred tax asset	12,589	3,178	19,795	5,222
Tangible assets	--	--	(104)	(21)
Financial assets	--	--	(39)	(8)
Other	(709)	(213)	(86)	(26)
Deferred tax liability	(709)	(213)	(229)	(55)
Net Deferred tax asset	11,880	2,965	19,566	5,167

15. Information on tangibles held for resale:

	Current Period 31 December 2007	Prior Period 31 December 2006
Cost	1,551	1,842
Accumulated Depreciation	(76)	(94)
Net Book Value	1,475	1,748
Opening Balance	1,475	1,748
Acquired	--	--
Disposals (-), net	333	242
Depreciation Expense (-)	24	31
Closing Net Book Value	1,118	1,475

16. Information on other assets:

As of 31 December 2007 other assets account of consolidated balance sheet is YTL 3,467 (31 December 2006: YTL 3,007) and does not exceed 10% of total assets of consolidated balance sheet except consolidated off balance sheet commitments.

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I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES

1. Information on maturity profile of deposits:

Current Period

	Demand	7 Days Notice	Up to 1 month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Cumulative Demand	Total
Saving Deposits	99	--	4,951	1,220	15	24	--	--	6,309
Foreign Currency Deposits	21,068	--	4,055	5,700	2,011	2,772	--	--	35,606
Residents in Turkey	8,847	--	2,555	4,484	1,408	509	--	--	17,803
Residents Abroad	12,221	--	1,500	1,216	603	2,263	--	--	17,803
Public Sector Deposits	--	--	--	--	--	--	--	--	--
Commercial Deposits	605	--	1,816	83	--	--	--	--	2,504
Other Ins. Deposits	344	--	--	--	--	--	--	--	344
Precious Metal Deposits	--	--	--	--	--	--	--	--	--
Bank Deposits	33,890	--	6,724	--	--	--	--	--	40,614
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	--	--	6,724	--	--	--	--	--	6,724
Foreign Banks	33,890	--	--	--	--	--	--	--	33,890
Special Financial Institutions	--	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--	--
Total	56,006	--	17,546	7,003	2,026	2,796	--	--	85,377

Prior Period

	Demand	7 Days Notice	Up to 1 month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Cumulative Demand	Total
Saving Deposits	88	--	447	125	14	26	--	--	700
Foreign Currency Deposits	18,462	--	2,618	2,738	4,903	3,533	--	--	32,254
Residents in Turkey	6,784	--	1,389	1,801	3,644	533	--	--	14,151
Residents Abroad	11,678	--	1,229	937	1,259	3,000	--	--	18,103
Public Sector Deposits	--	--	--	--	--	--	--	--	--
Commercial Deposits	237	--	18	25	--	--	--	--	280
Other Ins. Deposits	273	--	2	3	--	--	--	--	278
Precious Metal Deposits	--	--	--	--	--	--	--	--	--
Bank Deposits	46,453	--	12,025	--	--	--	--	--	58,478
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	--	--	12,025	--	--	--	--	--	12,025
Foreign Banks	46,453	--	--	--	--	--	--	--	46,453
Special Financial Institutions	--	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--	--
Total	65,513	--	15,110	2,891	4,917	3,559	--	--	91,990

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

	Covered by Deposit Insurance Fund		Not covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	3,094	665	3,217	37
Foreign Currency Saving Deposits	7,190	8,573	5,032	6,334
Other Saving Deposits	--	--	--	--
Foreign Branches' Deposits Under Foreign Insurance Coverage	--	--	--	--
Off-Shore Deposits Under Foreign Insurance Coverage	--	--	--	--
Total	10,284	9,238	8,249	6,371

- 1.2 Saving deposits not covered by deposit insurance

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

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

Amounts out of Insurance:

Deposits of Natural Person out of Insurance:

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	--	--
Deposits and Other Accounts held by Shareholders and their Relatives	--	--
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	170	552
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	--	--
Deposits at Depositary Banks established for Off-Shore Banking Activities in Turkey	--	--

2. Information on financial derivatives through profit or loss:

The Group does not have only financial derivatives. (2006: None)

3. Information on funds borrowed:

- 3.1 Information on banks and other financial institutions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank	--	--	--	--
From Domestic Banks and Institutions	883	13,849	1,331	--
From Foreign Banks, Institutions and Funds	--	188,170	--	174,790
Total	883	202,019	1,331	174,790

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3.2 Presentation of funds borrowed based on maturity profile:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	883	164,070	1,331	159,701
Medium and Long-Term	--	37,949	--	15,089
Total	883	202,019	1,331	174,790

3.3 Additional information on concentration of the Group's liabilities

As of 31 December 2007, 20.69% (31 December 2006: 21.20%) and 52.58% (31 December 2006: 44.50) of the Group's liabilities consisted of deposits and funds borrowed respectively.

4. Information on other foreign resources:

The other foreign resources account of the consolidated balance sheet is YTL 2,479 (31 December 2006: YTL 7,701); and this amount does not exceed 10% of the total consolidated balance sheet.

5. Information on financial lease obligations:

The parent Bank performs its financial lease activities with its consolidated subsidiary A&T Finansal Kiralama A.Ş. The financial lease liability subject to the financial lease agreements between the parent Bank and its consolidated subsidiary is eliminated from the consolidated financial statements through the deduction from the consolidated subsidiary's financial lease receivable. As of the balance sheet date, the Group has no liability subject to financial lease agreements.

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

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

7. Information on provisions:

7.1 Information on general provisions

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	902	893
Provisions for Loans and Receivables in Group II	--	--
Provisions for Non-Cash Loans	357	328
Other	--	--
Total	1,259	1,221

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

	Current Period	Prior Period
Foreign Exchange Provisions for Foreign Currency Indexed Loans	2,297	577

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

7.3 Information on other provisions

7.3.1 Information on provisions for possible risks

The Bank has allocated YTL 117 for the on-going law suits at the time of the balance sheet and YTL 361 (31 December 2006: YTL 171) and YTL 401 for the uncompensated non cash loans (31 December 2006 YTL 429) for the payments that might be made other than the legal regulation foresees for the expatriate currently working for the bank.

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8. Information on tax payables:

8.1 Information on corporate tax liability:

As of 31 December 2007 there isn't any corporate tax payable (31 December 2006: YTL 751).

8.1.1 Information on tax payables

	Current Period	Prior Period
Corporate Taxes Payable	--	751
Banking Insurance Transaction Tax (BITT)	61	113
Taxation of Securities	49	25
Value Added Taxes Payable	24	31
Corporate Taxes Payable	10	12
Foreign Exchange Legislation Tax	15	4
Property tax	1	1
Other	371	351
Total	531	1,288

8.1.2 Information on premiums

	Current Period	Prior Period
Social Security Premiums- Employee	82	125
Social Security Premiums- Employer	116	180
Bank Social Aid Pension Fund Premium- Employee	--	--
Bank Social Aid Pension Fund Premium- Employer	--	--
Pension Fund Membership Fees and Provisions- Employee	--	--
Pension Fund Membership Fees and Provisions- Employer	--	--
Unemployment Insurance- Employee share	6	9
Unemployment Insurance- Employer share	11	18
Other	--	--
Total	215	332

8.2 Information on deferred tax liability

The Group does not have a net deferred tax liability as of 31 December 2007 and 31 December 2006.

The net value of assets liabilities that is calculated over the temporary differences between the applied accounting policies and tax regulation is recorded as net deferred tax asset with an amount of YTL 2,965 Detailed information on net deferred tax is presented in footnote I-14 in Section Five.

9. Information on liabilities for assets held for resale:

None.

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10. Information on Subordinated Loans:

At 30 December 2002 the Bank has used a subordinated loan amounting USD 12,000,000 from Libyan Foreign Bank with five years and one month maturity, with an interest rate of Libor+2. After the participation of T. İş Bank and TC Ziraat Bank to this subordinated loan; Libyan Foreign Bank takes part with USD 7,800,000, T. İş Bank takes part with USD 2,400,000 and TC. Ziraat Bank takes part with USD 1,800,000. Total amount of the subordinated loan has been added to the share capital as of 30 January 2008.

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Domestic Banks	--	4,893	--	--
From Other Domestic Institutions	--	--	--	--
From Foreign Banks	--	9,086	--	16,967
From Other Foreign Institutions	--	--	--	--
Total	--	13,979	--	16,967

11. Information on Shareholders' Equity:

11.1 Presentation of Paid-in Capital:

	Current Period	Prior Period
Common Stock	41,000	41,000
Preferred Stock	--	--

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

Registered share capital system is not implemented in the parent Bank.

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

There is no share capital increase in current period.

11.4 Information on share increases from capital reserves

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

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

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

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

None

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11.7 Information on the privileges given to stocks representing the capital

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

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

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

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

Fractional shares will be allocated by the Board of Directors.

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

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

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

11.8 Information on marketable securities value increase fund:

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

III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEETS

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

1.1 Type and amount of irrevocable commitments

The parent Bank has YTL 4,348 (31 December 2006: YTL 1,019) as irrevocable commitments.

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

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

The total amount of non-cash loans including guarantees, bills of exchange and acceptances and sureties on letters of credits and other guarantees is YTL 109,497 (31 December 2006: YTL 107,455).

1.2.2 Final guarantees, temporary guarantees, commitments and similar transactions

The total amounts of the Bank's guarantee letters are YTL 179,494 (31 December 2006: YTL 132,076).

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2. Total amount of Non-cash loans:

	Current Period	Prior Period
Non-Cash Loans granted for Cash Loan Assurance	3,261	--
Less Than or Equal to One Year with Original Maturity	3,261	--
More Than One Year with Original Maturity	--	--
Other Non-Cash Loans	285,730	278,533
Total	288,991	278,533

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

	Current Period				Prior Period			
	YTL	%	FC	%	YTL	%	FC	%
Agricultural	--	0.00	--	0.00	--	0.00	--	0.00
Farming and Raising livestock	--	0.00	--	0.00	--	0.00	--	0.00
Forestry	--	0.00	--	0.00	--	0.00	--	0.00
Fishing	--	0.00	--	0.00	--	0.00	--	0.00
Manufacturing	--	0.00	--	0.00	--	0.00	--	0.00
Mining	--	0.00	--	0.00	--	0.00	--	0.00
Production	--	0.00	--	0.00	--	0.00	--	0.00
Electric, gas and water	--	0.00	--	0.00	--	0.00	--	0.00
Construction	91	7.93	45,514	15.81	97	3.68	53,571	19.42
Services	1,003	87.45	242,330	84.19	2,477	93.86	222,323	80.58
Wholesale and Retail Trade	697	60.77	21,797	7.57	691	26.18	15,323	5.55
Hotel, Food and Beverage Services	--	0.00	--	0.00	--	0.00	--	0.00
Transportation and Telecommunication	--	0.00	--	0.00	--	0.00	--	0.00
Financial Institutions	306	26.68	220,533	76.62	1,786	67.68	207,000	75.03
Real Estate and Renting Services	--	0.00	--	0.00	--	0.00	--	0.00
Self-Employment Services	--	0.00	--	0.00	--	0.00	--	0.00
Education Services	--	0.00	--	0.00	--	0.00	--	0.00
Health and Social Services	--	0.00	--	0.00	--	0.00	--	0.00
Other	53	4.62	--	0.00	65	2.46	--	0.00
Total	1,147	100.00	287,844	100.00	2,639	100.00	275,894	100.00

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

	Group I		Group II	
	YTL	FC	YTL	FC
Letters of guarantee	1,147	178,347	--	--
Bank acceptances	--	--	--	--
Letters of credit	--	109,497	--	--
Endorsements	--	--	--	--
Underwriting commitments	--	--	--	--
Factoring commitments	--	--	--	--
Other commitments and contingencies	--	--	--	--
Non-Cash Loans	1,147	287,844	--	--

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5. Information on derivative transactions:

	Current Period 31 December 2007	Prior Period 31 December 2006
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	--	1,860
Currency Forward	--	--
Currency Swaps	--	1,860
Currency Futures	--	--
Currency Option	--	--
Interest Rate Related Derivative Transactions (II)	--	81,198
Interest Rate Forwards	--	--
Interest Rate Swaps	--	81,198
Interest Rate Options	--	--
Interest Rate Futures	--	--
Other Trading Derivatives (III)	--	--
A.Total Trading Derivatives (I+II+III)	--	83,058
Hedging Derivatives		
Fair Value Hedges	--	--
Cash Flow Hedges	--	--
Hedges for Foreign Currency Investments	--	--
B.Total Hedging Derivatives	--	--
Total Derivative Transactions (A+B)	--	83,058

6. Contingent assets and liabilities:

Pursuant to the transitory Article 4 of the obsolete Banking Law numbered 4389 with the decree numbered 4743 lapsed at 1 November 2005, losses incurred of the legal and general reserves would be considered tax deductible according to the Clause numbered 14/7 of the obsolete Corporate Tax Law numbered 5422. However, the mentioned losses were not deducted from the tax base in 2001, 2002 and 2003 in compliance with the recommendation of the Ministry of Finance. The bank has 13 law suits against the Turkish Ministry of Finance ("Ministry") amounting to YTL 18,262 regarding the amendment of corporate taxes paid in 2001, 2002 and 2003.

IV. INFORMATION AND FOOTNOTES RELATED TO THE CONSOLIDATED INCOME STATEMENT

1. Information on interest income:

1.1 Information on interest income received from loans

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short- Term Loans	7,772	1,271	7,065	1,414
Medium and Long- Term Loans	427	1,058	639	113
Interest Received From Non Performing Loans	290	2	673	--
Premiums Received From Resource Utilization Support Fund	--	--	--	--
Total	8,489	2,331	8,377	1,527

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1.2 Information on interest income received from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Central Bank	--	152	--	175
From Domestic Banks	2,042	108	2,988	788
From Foreign Banks	--	437	--	739
From Foreign Headquarter and Branches	1,356	44	--	--
Total	3,398	741	2,988	1,702

1.3 Information on interest income from securities

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Trading Financial Assets	3,550	3,693	5,201	6,118
From Financial Assets Through Profit or Loss	--	406	--	--
From Investments Available for Sale	--	--	--	--
From Investments Held to Maturity	3,120	4,521	1,774	7,112
Total	6,670	8,620	6,975	13,230

1.4 Information on interest income received from associates and subsidiaries

None.

2. Interest Expense:

2.1 Information on interest paid for funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	132	10,481	137	11,769
Central Bank	--	--	--	--
Domestic Banks	132	377	137	73
Foreign Banks	--	9,647	--	11,696
Foreign Headquarter and Branches	--	457	--	--
Other Institutions	--	--	--	--
Total	132	10,481	137	11,769

2.2 Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Affiliates and Subsidiaries	--	--

2.3 Information on interest expenses paid to issued stocks

None.

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2.4 Maturity structure of the interest expense on deposits

Account Name

Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Time Deposits			Cumulative Deposits	Total
				Up to 6 Months	Up to 1 Year	1 year and over		
YTL								
Bank Deposits	--	826	--	--	--	--	--	826
Saving Deposits	--	284	109	3	4	--	--	400
Public Sector Deposits	--	--	--	--	--	--	--	--
Commercial Deposits	--	8	6	--	--	--	--	14
Other Deposits	--	--	--	--	--	--	--	--
"7 Days Notice Deposits"	--	--	--	--	--	--	--	--
Total YTL	--	1,118	115	3	4	--	--	1,240
FC	--	--	--	--	--	--	--	--
Foreign Currency Deposits	--	63	84	59	79	--	--	285
Bank Deposits	--	1,341	--	--	--	--	--	1,341
"7 Days Notice Deposits"	--	--	--	--	--	--	--	--
Precious Metal Deposits	--	--	--	--	--	--	--	--
Total FC	--	1,404	84	59	79	--	--	1,626
Total	--	2,522	199	62	83	--	--	2,866

3. Information on dividend income:

	Current Period	Prior Period
Trading Financial Assets	--	--
Financial Assets through profit or loss	--	--
Financial Assets available for sale	137	51
Other	--	--
Total	137	51

4. Information on trading gain/loss:

	Current Period	Prior Period
Gain	304,356	607,877
Gain from money market transactions	287	1,732
Derivative and financial transactions	--	193
Other	287	1,539
Gain from exchange transactions	304,069	606,145
Loss (-)	(303,155)	(605,078)
Loss from money market transactions	--	(697)
Derivative and financial transactions	--	--
Other	--	(697)
Loss from exchange transactions	(303,155)	(604,381)
Net Trading Gain/Loss	1,201	2,799

5. Information on income from other operations:

	Current Period	Prior Period
From Sale of Assets	241	385
From Reversal of Provisions of Prior Year	562	1,715
From Communication Income	524	980
Other	238	267
Total	1,565	3,347

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6. Information on impairment of loans and other receivables:

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	--	13
Loans and Receivables in Group III	--	--
Loans and Receivables in Group IV	--	--
Loans and Receivables in Group V	--	13
Doubtful Receivables	--	--
General Provision Expenses	217	414
Provision for Possible Losses	--	--
Foreign Exchange Losses on Foreign Currency Indexed Loans	--	--
Impairment Losses on Securities	125	62
Financial Assets through Profit or Loss	125	62
Investment Securities Available-for-Sale	--	--
Other Impairment Losses	228	943
Subsidiaries	--	--
Subsidiaries	--	--
Joint Ventures	--	--
Investment Securities Held-to-Maturity	228	943
Other	875	227
Total	1,445	1,659

7. Information on loss from other operations:

	Current Period	Prior Period
Personnel Expenses	16,381	16,780
Employee Termination Benefits Expense	587	222
Amortization Expenses of Tangible Assets	1,141	1,185
Amortization Expenses of Intangible Assets	138	177
Amortization Expense of Assets Held for Resale	24	31
Other Operating Expenses	3,731	3,317
Operating Lease Expenses	454	468
Maintenance Expenses	170	135
Advertisement Expenses	47	38
Other Expenses	3,060	2,676
Loss on Sales of Assets	--	2
Other	1,382	3,118
Total	23,384	24,832

8. Information on profit/loss before taxes including profit/loss from discontinued operations

The profit before taxes from continuing operations for the year 2007 is YTL 4,977 (31 December 2006: YTL 6,584)

9. Information on provision for taxes including taxes from continued and discontinued operations

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

As of 31 December 2007 none of the taxation charge and deferred tax charge is YTL 2,202 (31 December 2006: YTL 751 taxation charge and deferred tax charge was YTL 4,048).

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

The Group has YTL 2,481 as deferred tax charge arising from origination.

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

The Bank has YTL 2,202 as deferred tax liability represented in the income statement within the context of temporary difference, financial loss and tax reduction (31 December 2006: YTL 4,048)

10. Information on net profit or loss of the period including profit/loss from continuing and discontinued operations:

Current period profit from continued operations is YTL 2,775 (31 December 2006: YTL 1,785)

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

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

The Group has recorded interest income amounting to YTL 37,026, interest expense amounting to YTL 16,693, net fee and commission income amounting to YTL 6,570 from its ordinary banking transactions.

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

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

11.3 Profit/loss regarding minority rights:

There is no profit/loss regarding minority rights in the accompanying consolidated financial statements since the parent Bank owns 99,98% of the consolidated subsidiary.

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

There is no other accounts which exceed the 10% of the income statement other than other operating income and other operating loss that are explained above

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

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

None.

2. Confirmation on exchange rate differences between period beginning and ending

None.

3. Increases due to cash flow hedges:

None.

4. Information on dividend:

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

None.

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

None.

5. Amounts transferred to retained earnings:

In the current year YTL 323 has been transferred to the legal reserves.

6. Information on issuance of common stock:

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

None.

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

Information on inflation restatement differences of shareholders equity accounts:

In BRSA's Circular on 28 April 2005 and in accordance with the decision dated 21 April 2005 and numbered 1623, it was stated that as of January 2005, the majority of the criteria's confirming the existence of a hyperinflationary economy are not valid anymore. Accordingly, the inflation accounting had been ceased beginning from 1 January 2005.

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

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VI. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED CASH FLOW STATEMENT

1. Information on cash and cash equivalent assets:

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

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

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

	Current Period 31 December 2007	Prior Period 31 December 2006
Cash	981	1.151
Interbank Money Market Placements	--	--
Financial Assets through Profit or Loss (net)	--	--
Banks and other financial institutions	43,274	39,853
Cash equivalents	44,255	41,004

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

	Current Period 31 December 2007	Prior Period 31 December 2006
Cash	1,001	981
Interbank Money Market Placements	--	--
Financial Assets through Profit or Loss (net)	--	--
Banks and other financial institutions	32,291	43,274
Cash equivalents	33,292	44,255

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

The amount of YTL 835 kept in T.C. Central Bank is due to penalty explained in 5th section note 1. The amount changing between USD 541 thousand and USD 3.2 million USD will be blocked under TCMB account starting from 10 August 2007 to 23 June 2011 in every 14 days period.

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

The YTL (-) 8,999 (31 December 2006: YTL (-) 13,253) in the "Other" account that is under the "Operational Profit Before Operations of Banking on Assets and Liabilities" account is comprised of other operating income excluding collections from non performing loans, other operating expense excluding personnel expenses, exchange rate profit/loss.

The "Net increase/decrease in other debts" account under the "Changes in assets and liabilities subject to banking activities" amounting to YTL 4,203 (31 December 2006: YTL 3,254) is composed of changes in miscellaneous debts, other foreign resources and tax, duty, fees and premiums payable.

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

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VII. INFORMATION ON THE GROUP'S RISK GROUP

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

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

Current Period:

Bank's Risk Group (*)	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	--	--	9,599	66,456	--	--
Balance at the end of the period	--	--	22,225	81,407	--	--
Interest and Commission Income received	--	--	61	--	--	--

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

Prior Period:

Bank's Risk Group (*)	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	--	--	403	17,118	--	--
Balance at the end of the period	--	--	9,599	66,456	--	--
Interest and Commission Income received	--	--	22	--	--	--

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

1.2 Information on deposits of the Group's risk group

Bank's Risk Group (*)	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Deposits						
Balance at the beginning of the period	--	--	3,779	699	523	347
Balance at the end of the period	--	--	7,748	3,779	128	523
Interest expense of deposits	--	--	244	54	6	--

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

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

None.

1.4. Information on benefits provided for top level management:

For the period ended 31 December 2007, YTL 2,113 (31 December 2006: YTL 1,964) has been paid to the top level management of the Group.

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VIII. DOMESTIC, FOREIGN AND OFF SHORE BRANCHES or INVESTMENTS AND FOREIGN REPRESENTATIVE OFFICES

	Number of branches	Number of employees			
Domestic Branch	3	175			
			Country		
Foreign representative office	--	--	--		
			--		
Foreign branch	--	--	--	Total assets	Legal capital
	--	--	--	--	--
	--	--	--	--	--
Off shore branches	--	--	--	--	--

ARAP TÜRK BANKASI A.Ş. AND ITS SUBSIDIARY

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SECTION SIX OTHER DISCLOSURES AND FOOTNOTES

I. OTHER DISCLOSURES AND FOOTNOTES ON THE PARENT BANK'S ACTIVITIES

Bank decided to increase its paid in capital from YTL 41,000 to YTL Y 89,000 in accordance with the decision made in the extraordinary general meeting on 3 December 2007. YTL 14,126 amount of the capital increase has been provided from subordinated loan, YTL 9,966 amount of the capital increase was transferred from retained earnings, YTL 23,908 amount of the capital increase was transferred from other capital reserves. Total capital increase amounting YTL 48,000 was reflected financial statements at 30 January 2008 in accordance with the approval of BRSA dated 11 January 2008 numbered 51.1- 562. Furthermore, Board of Directors decided to increase paid in capital from YTL 89,000 to YTL 240,000 on 22 January 2008. The increase amount will be committed by the shareholders in cash.

Al-Amin Ashour Shallouf, Deputy Chairman of Board, has passed away on 11 January 2008. There is no any assignment made for open position in Board of Directors.

SECTION SEVEN INFORMATION ON INDEPENDENT AUDITORS' REPORT

I. INFORMATION ON INDEPENDENT AUDITORS' REPORT

The consolidated financial statements as of and for the year ended 31 December 2007 has been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş (a member firm of KPMG International) and the independent auditor's report dated 1 Şubat 2008 is presented in the first section of this report.

II. INFORMATION AND FOOTNOTES RELATED TO INDEPENDENT AUDITORS' REPORT

None.



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

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Annual Report Compliance Opinion

TO THE SHAREHOLDERS OF ARAP TÜRK BANKASI ANONİM ŞİRKETİ:

We have been engaged to audit the annual report of Arap Türk Bankası Anonim Şirketi (the Bank) as of 31 December 2007. The annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on the consistency of the financial information represented in the annual report with the audited financial statements and explanatory notes.

Our audit was conducted in accordance with the regulations on preparation and insurance of annual report in (Turkish) Banking Law No 5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance regarding whether the consistency of financial information represented in the annual report with the audited financial statements and explanatory notes is free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial information represented in the accompanying annual report represents fairly, in all material respects, the information regarding the financial position of Arab Türk Bankası Anonim Şirketi as of 31 December 2007 in accordance with the effective regulations described in article 40 of (Turkish) Banking Law No 5411 and includes Independent Auditors' Report issued by us and Summary of Board of Directors' Report and is consistent with the audited financial statements and explanatory notes.

İstanbul,
5 March 2008

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

MURAT ALSAN
ENGAGEMENT PARTNER

Addresses

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ARAP TÜRK BANKASI

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