

**Our vision** is to be a highly-competitive international settlement institution with strong financial structure, which is regarded as the “central bank” of capital markets while strictly adhering to the principles of corporate governance, performing settlement of all transactions in the market at full automation standards as central counter party and offering institutional custody and related banking services to international markets, an institution whose products, services and practices are accepted as market references.

**ANNUAL REPORT 2007**



**TAKASBANK**

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## TAKASBANK IN BRIEF

Settlements of securities traded on the Istanbul Stock Exchange (ISE) were first performed in 1988 by a department formed within the ISE. In January 1992, the settlement and custody task was transferred to the company, İMKB Takas ve Saklama A.Ş. (ISE Settlement and Custody, Inc), which was founded as a partnership between the ISE and its members. This company was converted into a sector-specific bank named Takasbank İMKB Takas ve Saklama Bankası A.Ş. (ISE Settlement and Custody Bank, Inc) on January 2, 1996 and has been operating as an investment bank since that time.

A partnership established by capital market participants, Takasbank serves as a bridge between money and capital markets and is one of the most important financial institutions of Turkey. Since it undertakes settlement, custody and transfer services under the roof of a bank, Takasbank is unique among similar institutions around the world. Takasbank was among the founding shareholders and undertook the completion of the infrastructure of the Central Registry Agency (CRA), an institution whose establishment in 2005 meant the completion of the dematerialization of the stocks traded on the ISE.

Following the December 10, 2004 authorization by the Capital Markets Board, settlement and collateralization transactions for sales and purchases on the Turkish Derivatives Exchange (TURKDEX), launched on February 4, 2005, have been performed by the TURKDEX Clearing House of Takasbank since February 2005.

Takasbank also monitors the portfolio assets of investment funds and investment trusts. The Bank assumed various responsibilities regarding private pension funds, introduced in 2003 within the framework of the Private Pension Savings and Investment System. Takasbank performs custody, settlement and other related transactions of these funds' assets. The Bank makes a significant contribution to the functioning of the private pension system, which in turn plays a significant role in the development of Turkish capital markets.

Through its correspondent banking relationship with the international clearing and custody institution Euroclear Bank, Takasbank provides correspondent services for the settlement and custody of foreign securities traded on international markets such as Eurobonds, foreign bonds, depository receipts and similar foreign securities. Carrying its local expertise in settlement and custody to international markets with these services, Takasbank aims to make post-trade services accessible to all financial institutions in terms of technical expertise, operational experience and cost. At the end of 2007, 74 institutions were receiving international securities correspondent services from Takasbank.

Offering short-term cash facilities to brokerage houses through cash loans, Takasbank ensures, with the money market it has established, that fund transfers between brokerage houses are conducted in a fast, transparent and reliable environment. Takasbank has been ranked among the top two banks in terms of electronic fund transfer (EFT) volume for the past ten years and is one of the largest corporate taxpayers in Turkey.

IN 2007, CAPITAL MARKETS CONTINUED TO GROW RAPIDLY PARALLEL TO THE OVERALL ECONOMIC PERFORMANCE. LAST YEAR, THE ISE NATIONAL-100 INDEX ROSE 42%, MAKING ISTANBUL THE 11TH BEST-PERFORMING STOCK EXCHANGE IN THE WORLD. IN 2007, FOREIGN INVESTORS AT THE ISE BROKE TWO RECORDS SIMULTANEOUSLY; THE TRADING VOLUME REACHED US\$ 144.1 BILLION, WITH NET PURCHASES TOTALING US\$ 4.5 BILLION.

# 42

(%) INCREASE IN THE ISE NATIONAL-100 INDEX BETWEEN JANUARY 1-DECEMBER 31, 2007

## ■ SUMMARY OF FINANCIAL RESULTS

As the result of its activities between January 1 - December 31, 2007, Takasbank earned a pre-tax profit of TRY 47,948,000. Deducting TRY 8,928,000 for 20% corporate tax from the commercial profit for year 2007, the Bank's after-tax profit was TRY 39,020,000.

In 2007, Takasbank earned an interest income of TRY 44,727,000. Most of this came from TRY 22,924,000 interest income earned from banks and TRY 13,342,000 interest income earned from investments held to maturity. During the reporting period, domestic banks were paid TRY 2,831,000 interest, TRY 1,608,000 was collected in fees and commissions on non-cash loans and TRY 1,220,000 commission was paid out for Turkish lira and foreign currency transactions. The balance of the Other Operating Income item was TRY 25,533,000 and includes, among other things, fees collected by Takasbank for settlement and custody services, its core business. During the year, provisions for loss of value in loans and other receivables amounted to TRY 864,000.

### **Amendments made to the Articles of Association in 2007 and their Causes Thereof**

No amendments were made to the Articles of Association of Takasbank in 2007.

### **Shareholder Structure, Changes in Capital and Shareholding Structure during the Accounting Period; Titles and Shares of Natural and Legal Persons Holding Qualified Shares**

The nominal paid-in capital of Takasbank is TRY 60,000,000. All Class-A and Class-B shares are registered; the transfer of these shares is permitted only between the ISE and its members and among existing and future Gold, Foreign Currency, Derivatives and Securities Exchanges and their members. No single shareholder, except the ISE, may directly or indirectly own shares that exceed 5% of the Bank's capital. The 2,000 Class-A shares of Takasbank are exclusively owned by the ISE and are non-transferable. No other Class-A shares can be issued as part of a capital increase and the ownership of Class-A shares, which have a nominal value of TRY 200 each, entitles the ISE to have additional seats on the Board of Directors of the Bank.

### **Titles and Shares of Real and Corporate Persons Holding more than 10% of the Capital**

Takasbank had 87 shareholders as of December 31, 2007. The ISE, the only shareholder with more than a 10% interest in the Bank, holds 32.63% of the shares, corresponding to TRY 19,575,080 of the capital. Of the capital of Takasbank, 34.48% is shared among 19 banks and the remaining 32.89% belongs to 67 brokerage houses.

### **Information on Shares Held by the Chairman and Members of the Board of Directors, Members of the Board of Auditors, General Manager and Assistant General Managers**

The Chairman and members of the Board of Directors of Takasbank, members of the Audit Board, the General Manager and Assistant General Managers do not own any shares in the Bank.

AS THE RESULT OF ITS ACTIVITIES BETWEEN JANUARY 1-DECEMBER 31, 2007, TAKASBANK EARNED A PRE-TAX PROFIT OF TRY 47,948,000. DEDUCTING TRY 8,928,000 FOR 20% CORPORATE TAX FROM THE COMMERCIAL PROFIT FOR THE YEAR 2007, THE BANK'S AFTER-TAX PROFIT WAS TRY 39,020,000.

# 19

**(%) INCREASE IN TAKASBANK'S PRE-TAX INCOME FOR JANUARY 1-DECEMBER 31, 2007**

## MESSAGE FROM THE CHAIRMAN

Today, as we hold our 13th Ordinary General Meeting of Shareholders, I would like to share with you the great satisfaction we, as Takasbank, have had during the past year, a year filled with great achievements and great progress albeit in a world dominated by financial instability.

The world economy, which has been growing rapidly since 2002, entered a downtrend in 2007. This reversal was mainly caused by the liquidity crunch in the financial markets of developed economies, which in turn was caused by the remarkable depreciation of the US dollar, high increases in the price of oil and other raw materials and troubles originating in the US housing industry.

The effect of the global crisis on the Turkish economy has been relatively limited due to the fact that mortgages and derivative products are not, as of yet, widespread. Consequently, the Turkish economy maintained the strong growth trend that started in 2001, despite all the hardships and two consecutive elections, parliamentary and presidential.

This was a good year for the banking industry. Foreign capital continued to flow into the banking system throughout the year. The total share of 37 foreign-capital banks in total assets of the industry rose to 80% and the share of assets corresponding to foreign shares increased up to 39.4%. Participation by foreign investors further strengthened the capital structure of the banking industry and turned it into one of the strongholds of the economy. After climbing temporarily due to the liquidity crunch caused by the global crisis, interest rates were kept at 15.75% at the end of the year thanks to the intervention by the Central Bank. All of these positive developments made it possible for annual inflation to stay at the single-digit level, however still above expectations.

The current account deficit constitutes one of the most serious problems our economy is facing. Enjoying substantial foreign direct investment inflows in recent years, Turkey managed to close 2007 without any problems in financing its current account deficit. However, for the medium to long term, it is now more important to take the required measures to reduce or sustainably manage the deficit.

Turkey currently ranks 16<sup>th</sup> in the world in terms of foreign capital inflow. Although it has offered several opportunities for the national economy so far, this situation has also become the source of future concerns. Considering that global growth will fall seriously in 2008, countries like Turkey, which depend on foreign capital inflow to finance their deficits, will have to take measures and define their action plans.

In 2007, capital markets continued to grow rapidly parallel to the overall economic performance. Last year, the ISE National-100 index rose 42%, making Istanbul the 11<sup>th</sup> best-performing stock exchange in the world. In 2007, foreign investors at the ISE broke two records at once; the trading volume reached US\$ 144.1 billion with net purchases totaling US\$ 4.5 billion.

Maintaining its operational success during the year, Takasbank began to accept payment instructions for the Takasbank Real Time Gross Settlement (RTGS) Delivery-versus-Payment Transfer System directly through the SWIFT system in November. This was the first time in Turkey that SWIFT messages were integrated into a national payment and securities transfer system.

International bonds issued by the Turkish Treasury on international markets began to be traded on the International Bonds Market of the ISE Foreign Securities Market on April 16, 2007. Takasbank finalizes the settlement transactions of these instruments.

In 2007, Takasbank continued, on behalf of the Central Registry Agency (CRA), to physically take over the stocks and investment fund certificates traded on the ISE, which are monitored in a dematerialized system by the CRA. At the end of the year, 26,561,617 share certificates and 8,787,955 investment fund certificates with a nominal value of TRY 29,086,605,902, monitored by the CRA on record, were under the custody of Takasbank on behalf of CRA.

The total value of transactions performed in the Outright Sales and Purchases Market of the ISE Bonds and Bills Market and in the Repo-Reverse Repo Market was TRY 2,934.88 billion during 2007. As a result of multi-lateral netting, cash settlement of TRY 467.60 billion and securities settlement of TRY 1,779.75 billion, at market value, were achieved within the Takasbank system. At the same time, as a result of the netting of outright sales and purchase transactions worth EUR 8.47 million and US\$ 135.88 million on the foreign-currency-denominated government internal debt securities market, cash settlements of EUR 7.15 million and US\$ 124.45 million were performed through correspondent banks.

WITH A STRONG PRESENCE IN INTERNATIONAL MARKETS, TAKASBANK HAS A DISTINGUISHED AND PRESTIGIOUS PLACE IN TURKEY AND IN GLOBAL FINANCIAL MARKETS TODAY. ITS QUALIFIED EMPLOYEES, INNOVATIVE APPLICATIONS AND SOLID TECHNOLOGICAL INFRASTRUCTURE HAVE BEEN THE MOST VALUABLE ASSETS OF THE BANK IN ACHIEVING ITS TARGETS. PLAYING A CRUCIAL ROLE IN THE DEVELOPMENT OF TURKEY'S CAPITAL MARKETS WITH ITS CONTINUOUS GROWTH PERSPECTIVE, OUR BANK REMAINS COMMITTED TO EXCELLENT PERFORMANCE.

With the admission of 17 new institutions as settlement members in the Turkish Derivatives Exchange in 2007, total membership reached 79. In 2007, there was an increase in the number of open positions at TURKDEX, parallel to a growing transaction volume. As of December 31, 2007, the number of open positions was 234,717, with a total market value of TRY 1,018 million.

From the beginning of 2007, Takasbank's cash loans grew at an increasing pace, parallel to increases in the volumes and index figures of the ISE Stock Market. Actively used by 36 brokerage houses, daily average loan volume increased 9.3%, to TRY 21.7 million.

In 2007, number of transactions on the Securities Lending/Borrowing Market ascended by a remarkable increase of 83%, to 233 million and the corresponding transaction volume went up 82%, to TRY 1,401 million.

With a strong presence in international markets, Takasbank has a distinguished and prestigious place in Turkey and in global financial markets today. Its qualified employees, innovative applications and solid technological infrastructure have been the most valuable assets of the Bank in achieving its targets. Playing a crucial role in the development of Turkey's capital markets with its continuous growth perspective, our Bank remains committed to excellent performance. On behalf of the Board of Directors and myself, I would like to take this opportunity to thank our managers and employees, who have made it possible for Takasbank to attain this distinguished and prestigious position.



**HÜSEYİN ERKAN**  
CHAIRMAN OF THE BOARD OF DIRECTORS



## MESSAGE FROM THE GENERAL MANAGER

Studying to contribute to the development of capital markets in Turkey and their permanent and sustainable integration with global capital movements, Takasbank is increasing its international presence every passing day and is on its way to become a global player among other international capital market institutions.

Especially in the last few months of 2007, large numbers of share certificates that were being monitored in a dematerialized system by the CRA were taken over in accordance with Provisional Article No. 6 of the Capital Market Law. The number of share certificates taken over during the year reached 2,634,934, with a nominal value of TRY 9,018,830,387. As of the beginning of 2008, six million share certificates with a nominal value of approximately TRY 2,400 million were waiting to be dematerialized.

In 2007, integration of the RTGS delivery-versus-payment system with the SWIFT system was completed. Responding to members' requests, we will be working to introduce other transactions to the SWIFT system as well. With this system, which involves preliminary electronic confirmation, we expect to limit the number of confirmation-related defaults in foreign corporate investors' transactions and to reduce the operational workload of brokerage houses and settlement banks. The new system will also increase automation in communication between SWIFT users and Takasbank and allow these users to provide services that are more efficient to the customers. We are also planning to expand the scope of transactions that can be performed through the SWIFT system in 2008 while introducing new applications for the RTGS delivery-versus-payment system, in line with members' requirements.

For transactions in exchange-traded funds, which totaled nine at the end of 2007, the commission calculation system was changed as demanded by the members. Work has begun on a software application that will enable those portions of the share certificates in the fund portfolio, already transferred to the fund account during dividend payments, to be distributed to owners of participation certificates upon the request by the founder of the fund. Implementation will commence in the first quarter of 2008.

As of December 31, 2007, total assets of 104 private pension funds established by ten private pension companies stood at TRY 4,571.3 million, representing a 61.9% growth over the previous year. During the same period, total assets of 304 investment funds increased 18.4%, to TRY 25,920.7 million and total assets of 34 investment trusts increased 24.3%, to TRY 691.9 million. In 2008, the Corporate Investors Data Transfer System is planned to be revised in order to eliminate valuation differences in unit share values of private pension funds and investment funds.

Preparation and internal testing of the software application was completed for the position transfer (give-up) project, which will enable brokerage houses active on the Turkish Derivatives Exchange, particularly those dealing with foreign investors, to transfer their positions at the exchange to custodian banks. With the completion of the necessary infrastructure by brokerage houses and custodian banks, we are planning to launch the project in early 2008.

During 2007, we continued to facilitate the use of the Securities Lending/Borrowing Market, making it possible to enter batch orders, to change pending orders and in cases of matching, to modify the maturity component of orders. Responding to the demands of brokerage houses, work also commenced on forward transactions; this project will be ready by 2008.

The transaction volume in the Takasbank Money Market stood at TRY 40 billion (US\$ 30.9 billion) in 2007. The average daily transaction volume was TRY 159.5 million and the average transaction amount was TRY 0.86 million, with a total of 46,705 transactions annually.

Takasbank ranks among the top three banks in the Central Bank's Interbank Money Market in terms of the number of transactions. In 2007, higher returns were targeted through greater emphasis on long-term holdings making use of existing resources; 54.2% of Takasbank's total revenue came from treasury management transactions.

In 2007, the average value of securities in international custody (Eurobonds, depository receipts and foreign stocks) reached EUR 969.25 million. Consequently, the total value of securities, whose settlement was finalized during the year, stood at EUR 3.64 billion.

The third meeting of the FEAS Affiliate Member Working Group was held under the convenorship of Takasbank in Belgrade in September 2007. At this meeting, Takasbank made presentations about Corporate Governance Principles and European Code of Conduct - Accessibility and Interoperability.



AS OF DECEMBER 31, 2007, THE TOTAL ASSETS OF 104 PRIVATE PENSION FUNDS ESTABLISHED BY TEN PRIVATE PENSION COMPANIES STOOD AT TRY 4,571.3 MILLION, REPRESENTING A 61.9% GROWTH OVER THE PREVIOUS YEAR. DURING THE SAME PERIOD, TOTAL ASSETS OF 304 INVESTMENT FUNDS INCREASED 18.4%, TO TRY 25,920.7 MILLION AND TOTAL ASSETS OF 34 INVESTMENT TRUSTS INCREASED 24.3%, TO TRY 691.9 MILLION. IN 2008, THE CORPORATE INVESTORS DATA TRANSFER SYSTEM WILL BE REVISED TO ELIMINATE VALUATION DIFFERENCES IN UNIT SHARE VALUES OF PRIVATE PENSION FUNDS AND INVESTMENT FUNDS.

In May 2007, we participated in the Board of Directors meeting of the European Central Securities Depositories Association (ECSDA). We will co-host the ECSDA Board of Directors Meeting, which will be held on May 22-23, 2008 in Antalya, together with the Central Registry Agency.

As part of efforts to harmonize Turkish legislation with the EU Directive on Settlement Finality in Payment and Securities Settlement Systems, Takasbank actively took part in the Twinning Project concluded in December 2007 with the participants of German capital markets, together with coordination by the Capital Markets Board.

Takasbank is the national numbering agency of Turkey and, for the last two years, has been chairing the Board of Directors of the ANNA Service Bureau (ASB), a body that aims to collect ISIN codes and basic securities information worldwide through the Internet and, in turn, offer these to financial institutions.

Our employees have obviously played a crucial role in bringing Takasbank to its current position nationally and globally in just twelve years. As I conclude my message, I would like to express my gratitude to all of our employees, who are the real heroes of this success story. I would also like to thank the management of the CMB, the ISE and TURKDEX, our shareholders and customers for their unfailing support, interest and confidence. Finally, special thanks go to our close business partner and sister organization, the Central Registry Agency.



**EMİN ÇATANA, PhD**  
GENERAL MANAGER AND MEMBER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, consisting of several loops and a final flourish, positioned below the printed name and title.

## **Our Mission:**

**Takasbank is committed to improve the competitiveness of Turkish capital markets as a principle and within this context, Takasbank effectively meets the cash and non-cash securities financing needs of market participants through the market and loan mechanisms it established...**



ATA ORKAN GENÇ, SENIOR ASSISTANT MANAGER

ÖZLEM KURTULAN, SPECIALIST

EMİN ÇATANA, PhD GENERAL MANAGER

CENGİZ ÖZÜBEK, MANAGER, ACCOUNTING DEPARTMENT

NILAY GÜR, SYSTEM DEVELOPMENT SPECIALIST

TOLGA SOMUNCUOĞLU, MANAGING DIRECTOR

SEMRA ARAR, ASSISTANT MANAGER



## 2007 ACTIVITIES

### Custody

During 2007, as a part of its dematerialization activities, Takasbank continued to act on behalf of the Central Registry Agency (CRA) to physically take over the share certificates and investment fund certificates that are traded on the ISE; this data is monitored in a dematerialized system by the CRA. Especially in the second half of 2007, large numbers of such share certificates were taken over in accordance with Provisional Article 6 of the Capital Market Law. During the year, 2,634,934 share certificates nominally valued at TRY 9,018,830,387 and 1,724 investment fund certificates nominally valued at TRY 106,435 were physically taken over. As of December 31, 2007, 8,787,955 investment fund certificates and 26,561,617 stocks with a nominal value of TRY 29,086,605,902 which were being monitored in the dematerialized system of the CRA are kept under custody at Takasbank on behalf of the CRA. At the beginning of 2008, stocks made up of six million share certificates with a nominal value of around TRY 2,400 million were waiting to be dematerialized.

In 2007, non-fungible custody services continued to be provided to institutional investors. As of December 31, 2007, there were 130,708,129 stocks made up of 2,092,531 certificates held in non-fungible custody by Takasbank. Total market value of these securities was TRY 656,282,129.

Since 2003, Takasbank has been providing services for pension fund companies in its capacity as a custodian bank. Within this context, participants of private pension funds are offered the opportunity to monitor their fund shares in Takasbank accounts opened in their name. They can also learn the quantity and value of their fund portfolio assets by entering the TakasNET system on Takasbank's website. As of December 31, 2007, there were 1,556,342 open private pension fund accounts. In 2007, two representatives of the industry merged under a new company and this merger was seamlessly performed using Takasbank's system. There is great public interest for the private pension system, which results in new entries to the industry. It is known that some companies are about to finalize their licensing process, which will allow them to launch private pension operations in 2008. As of December 31, 2007, 104 pension funds owned by ten private pension companies were registered within Takasbank accounts.

The number of accounts opened for the clients of the Turkish Derivatives Exchange within the Takasbank system reached 25,000 as of December 31, 2007. TURKDEX clients can access reports on the position, portfolio value and profit-and-loss position of their accounts by entering the TakasNET system through Takasbank's website.

### Stock Settlement Operations

There are 97 brokerage houses performing organized market settlement within the ISE Stock Market settlement system. In addition to these, 16 banks, ten pension companies, 104 private pension funds, 338 investment funds/investment trusts, 22 asset management companies and nine Exchange Traded funds actively participate in the settlement system within the context of organized market settlement.

In 2007, total trading volume on the ISE Stock Market was TRY 388.21 billion. As a result of multi-lateral netting, one of the most important elements of an efficient settlement system, cash settlements of TRY 43.31 billion (11.16%) and securities settlements with a market value of TRY 130.68 billion (33.66%), were achieved.

As for Real-Time Gross Settlement Delivery-versus-Payment (DvP) transactions, a market value of TRY 215.35 billion was achieved in securities and TRY 214.27 billion in cash transactions. TRY 4.47 billion of these transactions were linked to settlement defined RTGS DvP transactions. Institutional investors carried out transfers with a total market value of TRY 17.16 billion.

Integration of the RTGS DvP system with the SWIFT system was completed and the service became operational in November 2007. To ensure greater compliance with

### TRANSFER TRANSACTIONS IN 2007 (TRY BILLIONS)

Months	Total Transfers	Transfers Free of Payment	RTGS Delivery versus Payment	RTGS Delivery versus Payment / Total Transfers
January-February	31,059	2,633	28,426	91.52
March-April	30,597	2,803	27,795	90.84
May-June	38,072	2,791	35,281	92.67
July-August	50,340	3,603	46,738	92.84
September-October	45,364	2,909	42,455	93.59
November-December	37,071	2,419	34,652	93.48
Total	232,500	17,160	215,350	92.62



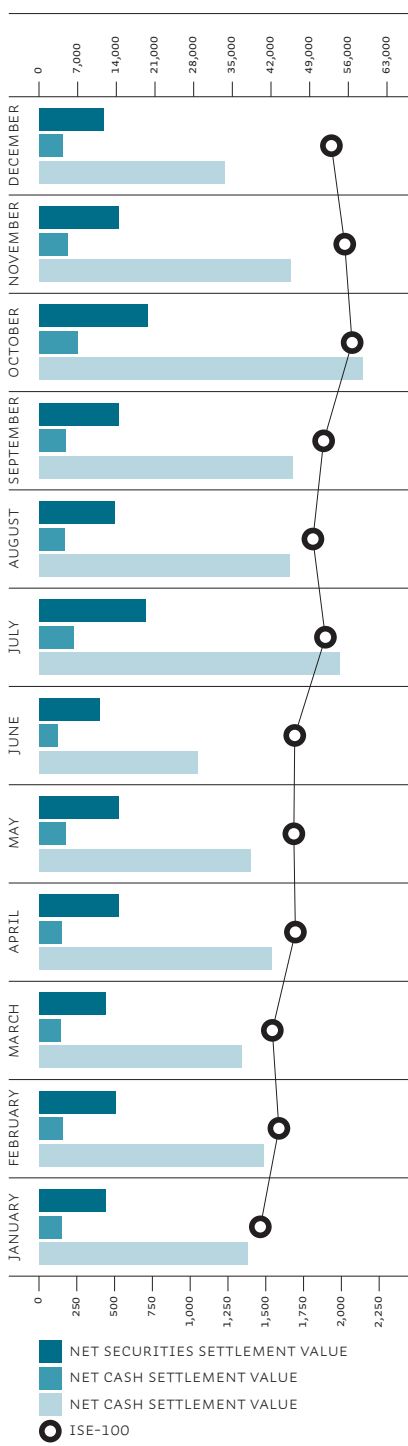
international settlement systems, members using the RTGS DvP system (Takasbank screens or SWIFT) will enter their delivery-versus-payment orders with forward value on day T for pre-matching purpose and complete the pre-matching transaction on T+1 day afternoon at the latest. This system, which involves preliminary electronic confirmation, is expected to limit the number of confirmation-related defaults in foreign institutional investor transactions and reduce the operational workload of brokerage houses and settlement banks. It will also improve automation in the communication between SWIFT users and Takasbank and allow members to offer services that are more efficient to their customers.

Responding to feedback from members, efforts are being made to add new transactions to the SWIFT integrated RTGS DvP-system. In 2008, additional transactions will be available on this system.

Furthermore, responding to members' demands, new RTGS DvP applications will be introduced in 2008.

The system launched in 2004 for trading exchange-traded funds indexed to stock certificates was improved in 2006 with the addition of exchange-traded funds indexed to precious metals and in 2007 with the addition of exchange-traded funds indexed to government domestic debt instruments. For transactions in exchange-traded funds, of which there were nine as of the end of 2007, the commission calculation system was changed in accordance with members' requests. Work has begun on a software application that will enable those portions of stock share certificates in the fund portfolio that have been transferred to the fund account during dividend payments to be distributed to owners of participation certificates upon the request by the founder of the fund. Implementation will commence in the first quarter of 2008.

**STOCK TRANSACTION VOLUMES**  
(TRY MILLIONS)



IN 2007, TOTAL TRADING VOLUME ON THE ISE STOCK MARKET WAS TRY 388.21 BILLION. AS A RESULT OF MULTI-LATERAL NETTING, ONE OF THE MOST IMPORTANT ELEMENTS OF AN EFFICIENT SETTLEMENT SYSTEM, CASH SETTLEMENTS OF TRY 43.31 BILLION (11.16%) AND SECURITIES SETTLEMENTS WITH A MARKET VALUE OF TRY 130.68 BILLION (33.66%) WERE ACHIEVED.

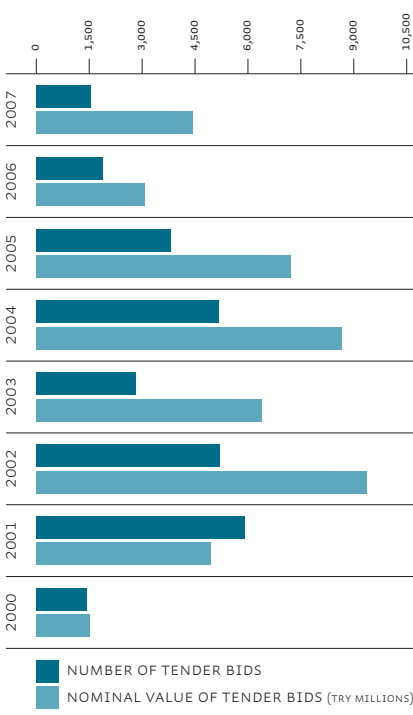
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BETWEEN JANUARY 1.2007-DECEMBER 31.2007 TOTAL TRADING VOLUME ON THE ISE STOCK MARKET.  
(TRY MILLIONS)

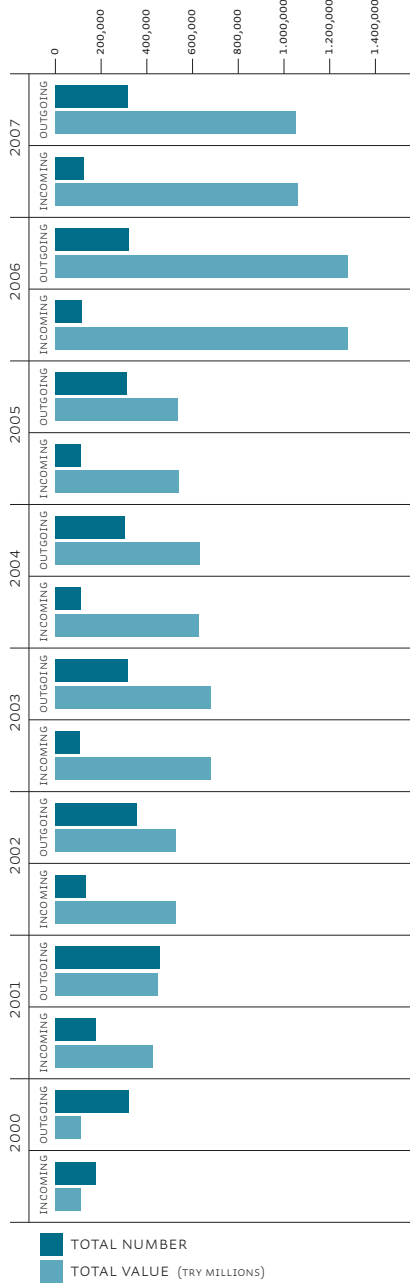
▶ 2007 ACTIVITIES

CASH OPERATIONS

NUMBER AND NOMINAL VALUE OF TENDER BIDS EFFECTED THROUGH TAKASBANK BETWEEN 2000 AND 2007



TOTAL NUMBER AND AMOUNT OF INCOMING / OUTGOING CASH MESSAGES BETWEEN 2000 AND 2007



Bonds and Bills Settlement Operations

In 2007, the total value of transactions performed in the Outright Sales and Purchases Market of the ISE Bonds and Bills Market and in the Repo-Reverse Repo Market was TRY 2,934.88 billion. Due to multi-lateral netting, cash settlements of TRY 467.60 billion and securities settlement with a market value of TRY 1,779.75 billion were achieved within the Takasbank system. At the same time, as a result of the netting of outright sale and purchase transactions worth EUR 8.47 million and US\$ 135.88 million on the foreign-currency-denominated government bonds market, cash settlements of EUR 7.15 million and US\$ 124.45 million were performed through correspondent banks.

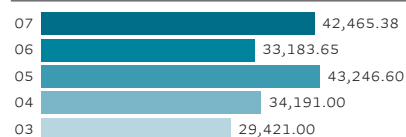
International bonds issued by the Turkish Treasury and quoted on the Stock Exchange have been traded on the International Bonds Market of the ISE Foreign Securities Market since April 16, 2007. In this context, necessary revisions were made with regard to netting and settlement transactions in the bond automation system and as of the same date, settlement transactions were first performed by Takasbank. As a result of the netting of final trading transactions of EUR 18.40 million and US\$ 46.32 million in the market, cash settlements of EUR 7.81 million and US\$ 33.77 million, securities settlements of EUR 7.44 million (nominal) and US\$ 27.37 million (nominal) were finalized through Takasbank's correspondent banks.

Bond system automation for the redemption and coupon payments of foreign-currency securities and corporate bond coupon payments was completed and put into practice at the end of January 2007.

**GOVERNMENT DOMESTIC DEBT SECURITIES  
(GDDS) CUSTODY BALANCES OVER THE YEARS**

	GDDS (TRY millions)		US\$
	Nominal	Market Value	Market Value (US\$ millions)
2003	29,421.00	24,215.00	17,348.04
2004	34,191.00	29,094.00	21,677.97
2005	43,246.60	35,030.80	26,083.99
2006	33,183.65	29,196.22	20,661.12
2007	42,465.38	37,495.82	32,193.55
Average	36,501.53	31,006.37	23,592.93

Central Bank US\$ purchasing rate as of December 31, 2007: 1.1647

**GDDS CUSTODY BALANCES  
(NOMINAL)**

**REDEMPTION AND COUPON PAYMENT  
TRANSACTIONS IN 2007**

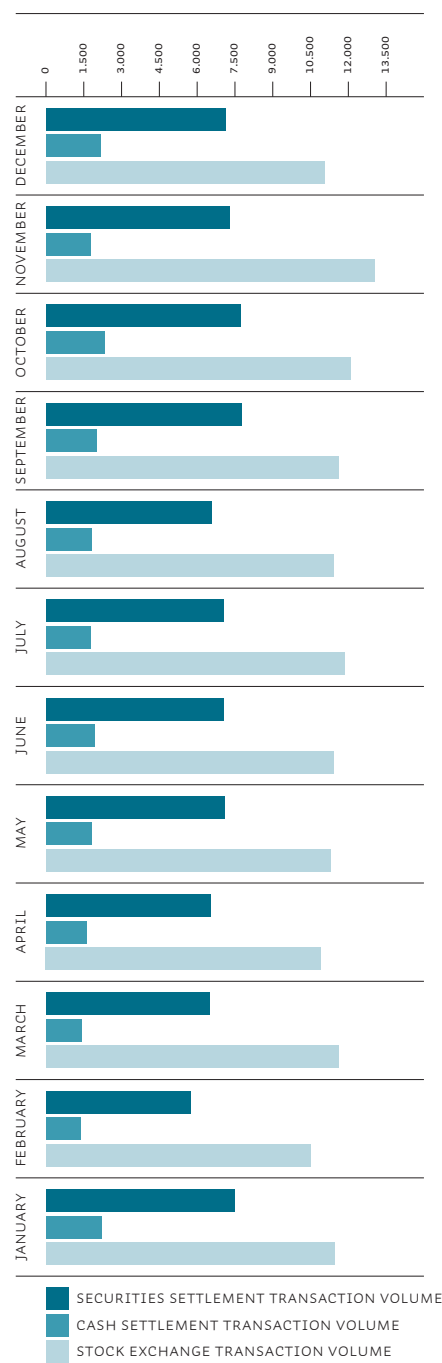
	Redemption	Coupons
TRY (millions)	15,392.28	611.09
US\$ (millions)	83.21	10.48
EUR (millions)	-	0.30

**BONDS AND BILLS MARKET SECURITIES SETTLEMENT TRANSACTIONS IN 2007**

	Stock Exchange Transaction Volume	TVS Cash Settlement	TVS Securities Settlement
TRY (billions)	2,934.88	467.60	1,779.75
US\$ (millions)	135.88	124.45	125.03
EUR (millions)	8.47	7.15	6.89

**ISE FOREIGN SECURITIES MARKET INTERNATIONAL BONDS  
SETTLEMENT TRANSACTIONS IN 2007**

	Stock Exchange Transaction Volume	TVS Cash Settlement	TVS Securities Settlement
US\$ (millions)	46.32	33.77	27.37
EUR (millions)	18.40	7.81	7.44

**2007 MONTHLY AVERAGE STOCK EXCHANGE  
AND SETTLEMENT TRANSACTION VOLUMES  
OF GDDS (TRY MILLIONS)**




... enabling our capital markets accessing to national and international payment systems through the payment subsystems it established and operates...



MURAT KOÇ, RISK MANAGEMENT MANAGER

ENGIN BOZ, SPECIALIST

Z. MEHMET GÜNAL, MANAGING DIRECTOR

ÖZDEN YÜKSEL, ASSISTANT CHIEF

UĞUR KARAGÖZ, SYSTEM DEVELOPMENT SPECIALIST

MEHMET SADIK ÇAKICI, SYSTEM SPECIALIST

H. NEZİR BAKIR, ASSISTANT GENERAL MANAGER

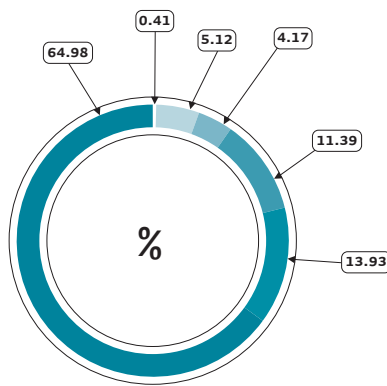
FİLİZ KAYA, INTERNATIONALL RELATIONS MANAGER



▶ 2007 ACTIVITIES

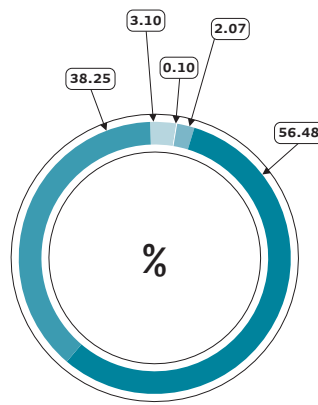
**Institutional Investor Operations**

**BREAKDOWN OF PRIVATE PENSION FUND PORTFOLIOS**



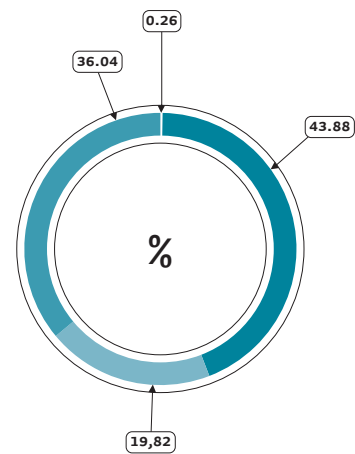
- TAKASBANK MONEY MARKET
- TIME DEPOSITS
- EUROBONDS - FOREIGN SECURITIES
- STOCKS
- REVERSE REPO
- BONDS AND BILLS

**BREAKDOWN OF INVESTMENT FUND PORTFOLIOS**



- TAKASBANK MONEY MARKET
- EUROBONDS - FOREIGN SECURITIES
- STOCKS
- REVERSE REPO
- BONDS AND BILLS

**BREAKDOWN OF INVESTMENT TRUST PORTFOLIOS**



- TAKASBANK MONEY MARKET
- STOCKS
- REVERSE REPO
- BONDS AND BILLS

As of December 31, 2007, total assets of 104 private pension funds established by ten private pension companies stood at TRY 4,571.3 million, representing a 61.9% growth over the previous year.

As of December 31, 2007, total assets of 304 investment funds increased 18.4% when compared to last year and reached to TRY 25,920.7 million.

As of December 31, 2007, total assets of 34 securities investment trusts increased 24.3%, when compared to last year and reached to TRY 691.9 million.

The following were achieved as part of the effort to eliminate valuation differences for unit share values of private pension funds and investment funds:

- Automatic calculation of prices for floating rate-interest domestic bonds, except for Consumer Price-indexed government bonds,
- Entering balance information of stocks purchased by funds in public offerings into the Takasbank system and
- Automatically adding cash Turkish lira balances in free current accounts at Takasbank without the need for notification.

The Institutional Investors Data Transfer System will undergo further revision in 2008 in order to eliminate valuation differences for unit share values of the private pension funds and investment funds. In this context, efforts will be exerted in several areas, particularly in notification and valuation transactions of reverse repo contracts realized outside the Stock Exchange concluded by capital-protected and guaranteed investment funds.

### TURKDEX Clearing House

With the addition of 17 new settlement members in 2007, the number of settlement participants at the Turkish Derivatives Exchange reached to 79.

The TURKDEX Clearing House performed such activities as the opening of accounts to be traded on TURKDEX, management of transaction and guarantee fund collaterals, interest accumulation on cash collaterals, daily updating of accounts, completion of profit and loss payments and monitoring of margin calls. There were 25,160 open accounts as of December 31, 2007.

In 2007, there was an increase in the number of open positions, parallel to the growing transaction volume of TURKDEX. As of December 31, 2007, there were 234,717 open positions, with a total market value of TRY 1,018 million.

In 2007, as in 2006, trading volume in index contracts continued to increase, reaching 90% of the total trading volume. As of December 31, 2007, the breakdown of open positions was as follows:

- **Foreign currency:** 111,637 (of which 111,535 are in US\$/TRY and 102 in EUR/TRY)
- **Index:** 123,076 (of which 123,066 are in ISE-30 and ten in ISE-100)
- **Gold:** 4

At the year's end, the Guarantee Fund Contribution Shares of 79 Direct Settlement and Clearing Members totaled TRY 57,353,552, out of which TRY 11,913,991 was composed of Turkish lira cash contribution shares.

As of December 31, 2007, TURKDEX transaction collaterals held at the TURKDEX Clearing House totaled TRY 846,088,486. Of this, TRY 789,931,071 came from cash transaction collaterals.

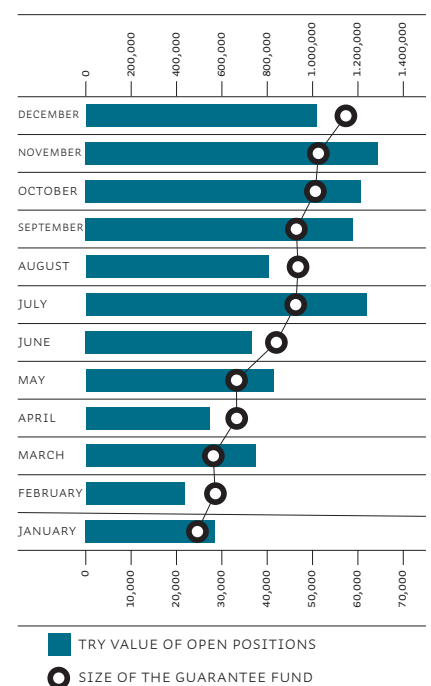
In addition to the above-mentioned developments, new projects and system revisions were designed in accordance with members' suggestions. Revisions were made to account opening, account updating and collateralization procedures in response to the new session hours of TURKDEX, which were changed to 9:30-12:00; 13:00-17:10 as of September 7, 2007 in accordance with the requests of market participants.

Preparation and internal testing of the software application was completed for the position transfer (give-up) project, which will allow brokerage houses active on the Turkish Derivatives Exchange, particularly those dealing with foreign investors, to transfer their positions at the exchange to custodian banks. The project is planned to be put into practice in early 2008, with the completion of the necessary infrastructure work by brokerage houses and custodian banks.

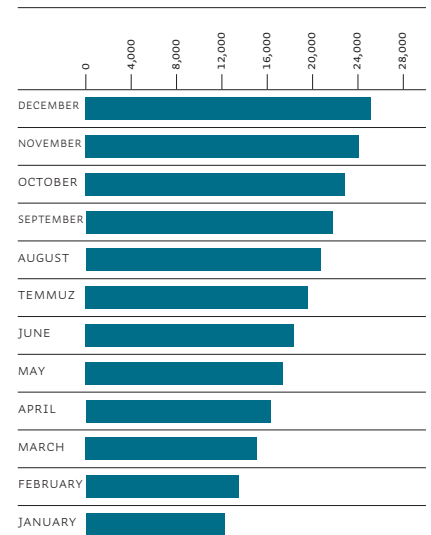
Following the approval of the Capital Markets Board, settlement of single-stock futures to be traded on TURKDEX will also be performed by Takasbank. Technical preparations in this regard have already been completed.

Efforts continued to centralize collateral and risk management and to switch to risk-based collateralization in collaboration with the ISE. In the first phase of the project, market collaterals kept by the ISE, as well as the related valuation and follow-up transactions are planned to be transferred to Takasbank.

**MONTHLY TURKDEX CLEARING HOUSE DATA FOR 2007 (TRY THOUSANDS)**



**NUMBER OF ACCOUNTS AS OF MONTH'S END**



▶ 2007 ACTIVITIES

**Loans**

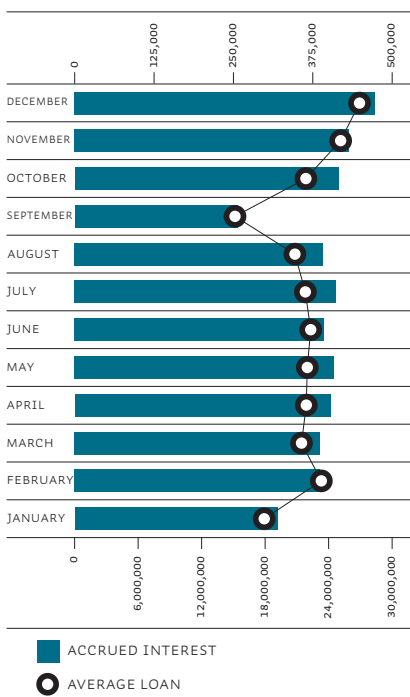
Takasbank revised the existing cash loan and Takasbank Money Market limits of 24 brokerage firms and banks in 2007. Meanwhile, scoring of banks was completed by the end of August 2007 and the results were used to extend Takasbank treasury and cash loan limits.

**Cash Loans**

Parallel to the rise in the trading volume and index of the ISE Stock Market, which began in early 2007, Takasbank's cash loans grew at an accelerating pace. Actively used by 36 brokerage houses, daily average cash loan volume rose 9.3%, to TRY 21.7 million.

The average overnight loan interest rate, which was 19.8% in 2006, went up to 21.3% in 2007. Takasbank's interest income from cash loans increased 21% over the previous year, reaching TRY 4.7 million as a result of the increase in the interest rate and volume of the loans extended.

**CASH LOAN AVERAGES AND ACCRUED INTEREST (TRY THOUSANDS)**



**SECURITIES LENDING/BORROWING MARKET DATA IN 2007**

	Total	Daily Average
Number of Orders	28,210	112
Number of Contracts	10,723	43
Number of Transactions	232,749,184	923,608
Volume of Transactions	1,401,168,287	5,560,192

**Securities Lending/Borrowing Market**

Constant improvements based on feedback from participants were made in 2007 to facilitate the use of the Securities Lending/Borrowing Market and to increase its efficiency.

There was an emphasis on improvements and changes related to pending orders. Analyses and tests were completed in this regard and implementation commenced.

These changes allow representatives of brokerage houses to improve the commission rate of their pending orders and give them the option to change the commission rate of either the portion of the order that was entered as an asset and matched, or change the commission rate of the entire order, including the pending portion. Similarly, daily orders were switched to session orders and vice versa, throughout the first session.

Currently, the maturity component of the order can also be changed, provided that matching can be made.

In another important change, orders that were being entered individually by brokerage houses can now be entered in batches. This arrangement was made in response to the requirements of brokerage houses that have large numbers of customer and branches.

Again responding to the demands of brokerage houses, studies started in 2007 on forward transactions. This project will be implemented in 2008.

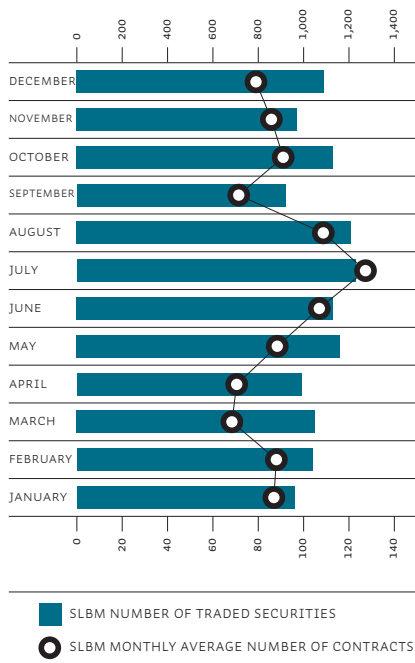
An examination of transaction volume on the Securities Lending/Borrowing Market in 2007 shows that fluctuations in transaction volume and index figures on the ISE Stock Market had a parallel impact on the Securities Lending/Borrowing Market.

Compared to the previous year, the number of transactions on this market ascended by a significant increase of 83%, to 233 million in 2007 and the corresponding trading volume went up 82%, to TRY 1,401 million. Daily average transactions and average trading volume reached to 924,000 and TRY 5.6 million, respectively. In 2007, a total of 256 different stocks were traded on the Securities Lending/Borrowing Market, a 16% increase over the previous year.

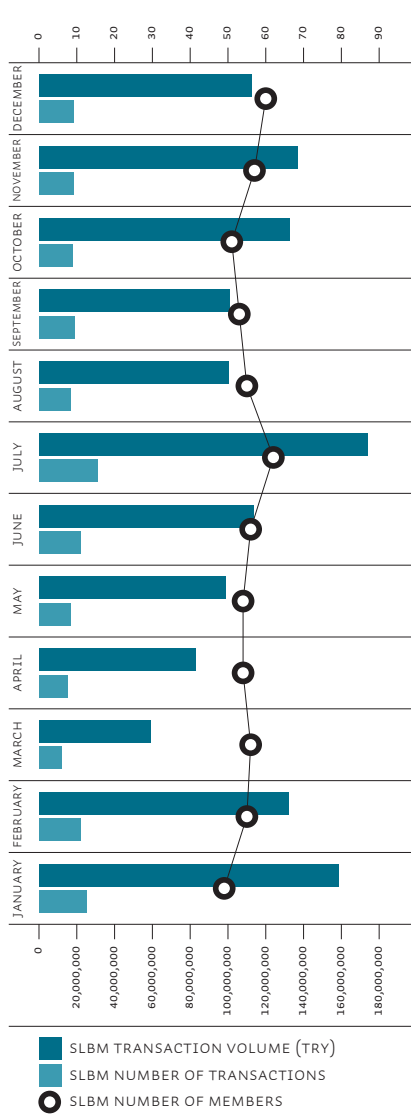
As of the end of 2007, 98 brokerage firms were authorized to trade on the market and there were 253 representatives. Corresponding to a 20% increase over the previous year, 10,723 contracts were signed with the participation of 87 houses in 2007. Average number of daily contracts was 43.



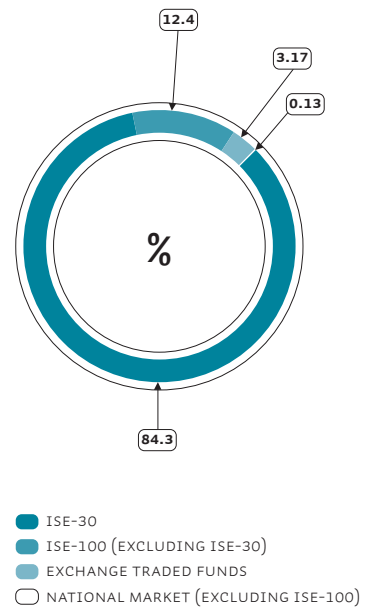
**NUMBER OF SECURITIES LENDING/BORROWING MARKET (SLBM) CONTRACTS AND TYPES OF SHARE CERTIFICATES TRADED**



**MONTHLY VOLUME AND NUMBER OF SECURITIES LENDING/BORROWING MARKET TRANSACTIONS AND NUMBER OF TRADING MEMBERS**



**BREAKDOWN OF TRANSACTIONS ON THE SECURITIES LENDING/ BORROWING MARKET BY INDICES (2007)**



...contributing to the strengthening of market risk management structure as well as decreasing brokerage costs by developing an efficient collateral and risk management system...





ERSİN BALIK, ASSISTANT MANAGER

YUSUF ÇİÇEK, ASSISTANT GENERAL MANAGER

E. AYLİN KÖKSALOĞLU SUMRU, ASSISTANT MANAGER

MUSTAFA ŞENTÜRK, PERSONNEL AND TRAINING MANAGER

HASAN ESENKÖYLÜ, ATTORNEY

ARZU ÖZTÜRK, MANAGING DIRECTOR

EMİN COŞKUNER, ASSISTANT SPECIALIST



## ▶ 2007 ACTIVITIES

### Takasbank Money Market

In 2007, 91 institutions were trading on the Takasbank Money Market. Of these, 72 were brokerage houses, 15 were commercial banks and four were development and investment banks.

Transaction volume of the Takasbank Money Market stood at TRY 40 billion (US\$ 30.9 billion) in 2007. The average daily transaction volume was TRY 159.5 million and the average transaction amount was TRY 0.86 million, with 46,705 transactions annually.

With the remote access project which allows members to perform their transactions faster and more efficiently, the number of members who perform transactions from their own offices rose to 45; corresponding to 53% of all orders and 47% of the trading volume. In 2007, 75 members were authorized for remote access.

All stocks listed on the ISE National Market began to be accepted as collateral. Allowing Turkish lira-denominated domestic government bonds in collateral accounts to

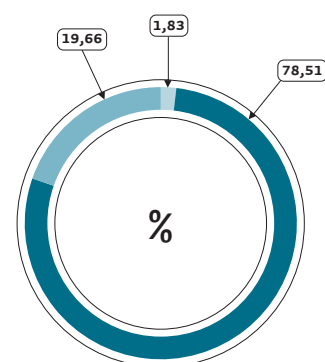
be redeemed in the same account, has eliminated the need to remove them five days before maturity. This arrangement has introduced a more efficient collateral management for institutions.

In line with feedback from members, purchase and sale orders of the same participant can now be matched with each other after a waiting time of five minutes, which allows institutions to manage their funds more effectively.

Considering the demand for longer term borrowing, maturity structures were diversified, making 45-day, two-month and three-month additions to maturities between 1-30 days.

In 2008, studies will be finalized in order to enable order entries to be made on behalf of the customer in the Takasbank Money Market and allow reports to be monitored in detail for each customer, which will eventually facilitate operational transactions of customers and strengthen control mechanisms.

### BREAKDOWN OF TAKASBANK MONEY MARKET TRANSACTION VOLUMES



DEVELOPMENT AND INVESTMENT BANKS  
BROKERAGE HOUSES  
COMMERCIAL BANKS

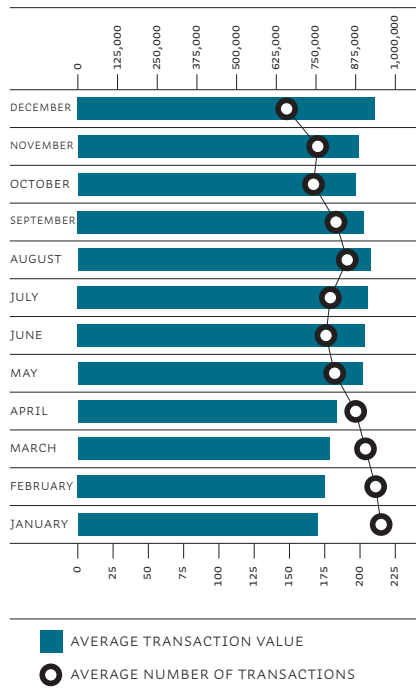
### TAKASBANK MONEY MARKET LOWEST AND HIGHEST VALUES

Year	Transaction Volume (TRY)				Number of Transactions			
	Lowest	Date	Highest	Date	Lowest	Date	Highest	Date
2003	32,689,000	10/02/2003	806,243,000	15/04/2003	54	24/11/2003	423	03/01/2003
2004	84,584,000	28/10/2004	573,387,000	20/05/2004	162	28/10/2004	352	07/05/2004
2005	175,192,000	27/12/2005	577,642,000	09/03/2005	169	28/10/2005	335	23/02/2005
2006	33,493,000	09/01/2006	358,779,000	29/09/2006	72	09/01/2006	289	29/12/2006
2007	54,011,000	11/10/2007	344,779,000	22/06/2007	69	19/12/2007	246	05/01/2007

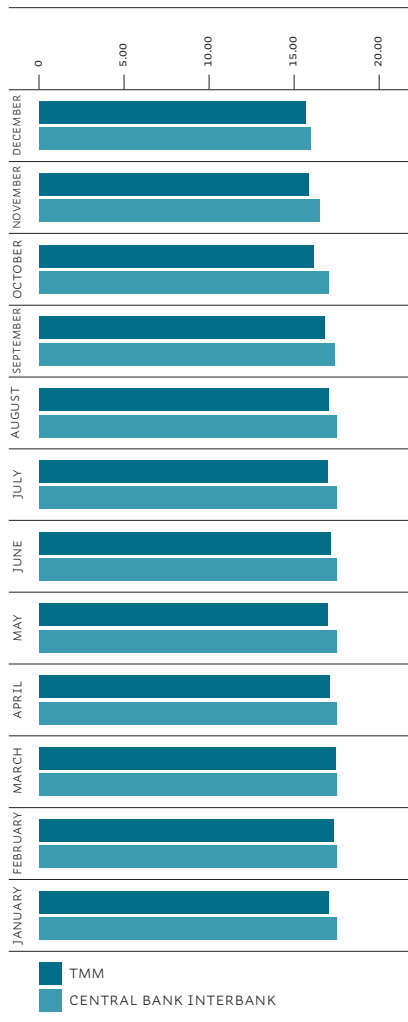
### TAKASBANK MONEY MARKET TRANSACTION VOLUME

Year	Number of Business Days	Total Transaction Volume				Number of Transactions	
		Total		Daily Average		Total	Daily Average
		TRY	US\$ millions	TRY	US\$ millions		
2003	250	133,016,800,000	88,271.99	532,067,200	353.09	80,356	321
2004	252	94,441,992,000	66,759.98	374,769,810	264.92	70,920	281
2005	254	90,215,307,000	67,359.59	355,178,374	265.20	66,599	262
2006	251	44,982,536,000	31,673.64	179,213,291	126.19	49,055	195
2007	252	40,196,433,000	30,928.18	159,509,655	122.73	46,705	185

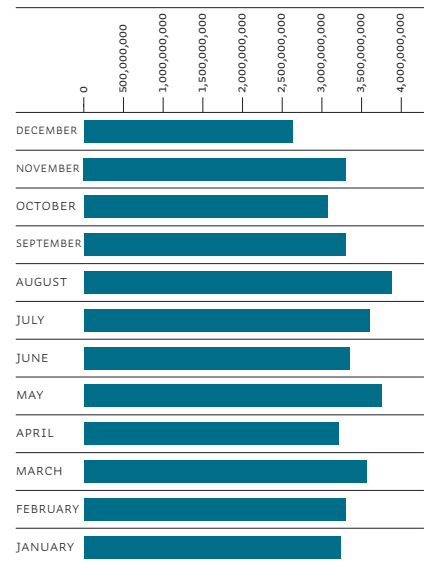
**TAKASBANK MONEY MARKET TRANSACTION AVERAGES**



**DAILY AVERAGE INTEREST RATES (%)**



**TAKASBANK MONEY MARKET TRANSACTION VOLUME**



▶ 2007 ACTIVITIES

**Treasury Management**

Global developments such as the increase in food prices caused by global warming, the increase in oil prices due to geographical problems and regional conflicts, the international turbulence caused by fluctuations in the US mortgage market, the slowdown in loan markets, the probability of a recession in the US economy and the depreciation of the US dollar against other major currencies show that the uni-polar structure of the world economy is changing. Although attempts were made to overcome these negative developments through the joint efforts of central banks by injecting liquidity into the system, losses caused by the turbulence have not been fully felt in balance sheets yet.

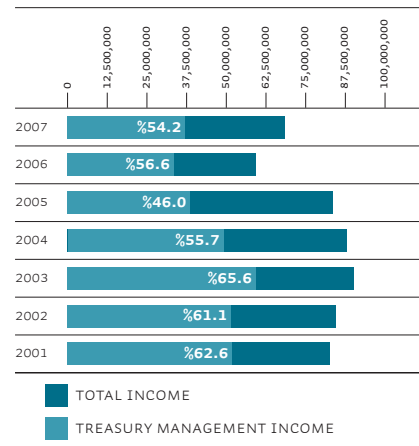
The referendum held after two elections and the operation in northern Iraq, which topped the agenda during the last months of the year, were among the most important developments leaving their mark on the Turkish economy in 2007. Under the influence of several domestic and foreign factors, the economy closed the year with a lower growth rate, a high current account deficit and inflation rate well above expectations, although still at single-digit levels. The Turkish economy was not very vulnerable during the year, thanks to economic and political stability, public-private partnership and dialogue. However, alarming indicators for 2008 are growth and unemployment rates, the budget deficit, current account deficit and the inflation rate.

In line with the overall positive outlook for inflation, the Turkish Central Bank initiated a process of gradual interest rate cuts in September 2007, lowering the overnight borrowing rate by a total of 175 basis points by the end of the year, from 17.50% to 15.75%.

As a result of increasing guarantee fund and transaction collaterals within the framework of its collateral management function, Takasbank ranked among the top three banks that performed the highest number of transactions on the Central Bank's Interbank Money Market.

Using existing resources, higher returns were targeted through a greater emphasis on long-term holdings; 54.2% of Takasbank's total income in 2007 came from treasury management transactions. The main pillars of the strategy are eliminating liquidity risk and ensuring risk-return optimization.

**TOTAL INCOME AND TREASURY MANAGEMENT INCOME (TRY)**



## International Services

### International Settlement and Custody Services for Domestic Financial Institutions

Through its correspondent relationship with Citibank and Euroclear Bank, an international settlement and custody institution and as a SWIFT member, Takasbank was able to offer correspondent services for all securities accepted by Euroclear Bank and for all national markets linked to it.

Takasbank provides international settlement and custody services to both domestic and foreign institutions through its overseas securities and cash correspondent accounts and its SWIFT membership.

### Number of Service Receivers as of the End of 2007:

Brokerage Houses	14
Banks	15
Private Pension Companies	1
Asset Management Companies	2
Private Pension Funds	29
Investment funds	20
Other (Institutional investors)	1
<b>Total</b>	<b>82</b>

In 2007, the average value of securities in international custody (Eurobonds, depository receipts and foreign securities) reached EUR 969.25 million.

Total value of securities whose settlement was finalized was EUR 3.64 billion.

International settlement and custody services include the handling of corporate actions related to securities. Services are provided in dividend payments for stocks, principal and interest payments for Eurobonds, foreign bills and bonds, as well as proxy voting at shareholder meetings, reporting the meeting agenda and resolutions to the relevant institution.

### Domestic Settlement and Custody Services for Foreign Financial Institutions

Takasbank provides domestic settlement and custody services for foreign financial institutions as well.

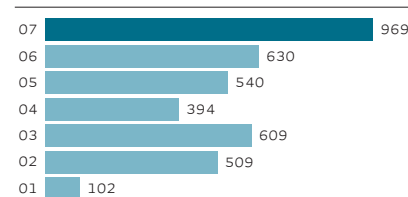
At the end of 2007, monthly average nominal value of fixed-income securities that foreign institutions had deposited with Takasbank was EUR 13.7 million, while the total market value of shares reached EUR 15.8 million.

USING EXISTING RESOURCES, HIGHER RETURNS WERE TARGETED THROUGH A GREATER EMPHASIS ON LONG-TERM HOLDINGS; 54.2% OF TAKASBANK'S TOTAL INCOME IN 2007 CAME FROM TREASURY MANAGEMENT TRANSACTIONS. THE MAIN PILLARS OF THE STRATEGY ARE ELIMINATING LIQUIDITY RISK AND ENSURING RISK-RETURN OPTIMIZATION.

# 54

SHARE OF TREASURY MANAGEMENT TRANSACTIONS IN TAKASBANK'S INCOME (%)

### INTERNATIONAL SECURITIES CORRESPONDENT SERVICES AVERAGE ANNUAL CUSTODY BALANCES (EUR MILLIONS)





...defining the identification codes of financial instruments in accordance with international standards and contributing to the use of these definitions in local and international payment systems, in its capacity as a national numbering agency...



ELİF AKŞİT, **SYSTEM DEVELOPMENT SPECIALIST**  
EŞREF HATİPOĞLU, **SECURITY MANAGER**  
TANJU GÜNEL, **MANAGING DIRECTOR**  
DUYGU CANDAN, **SECRETARY**  
ÖZGE GÜNAY, **OFFICER**  
SEZAİ BEKGÖZ, **ASSISTANT GENERAL MANAGER**  
SERKAN KABA, **SOFTWARE SPECIALIST**





## ▶ 2007 ACTIVITIES

### International Relations

#### Relations with Regional Capital Markets

Takasbank is in close cooperation with settlement and custody institutions in the region, actively sharing its know-how and experience with them.

In September 2007, a memorandum of understanding was signed with the National Depository Center of the Republic of Azerbaijan for the purpose of increasing international competition and performance by sharing information and know-how and cooperating in the field of training.

Within the framework of the above-mentioned memorandum, a delegation consisting of the representatives of the National Depository Center of the Republic of Azerbaijan, the Baku Stock Exchange and some brokerage houses were given a seminar by Takasbank in November 2007, where they were informed of the functioning of Turkish Capital Market institutions.

#### Federation of Euro-Asian Stock Exchanges (FEAS) Activities

Takasbank is an affiliate member of the Federation of Euro-Asian Stock Exchanges (FEAS). This membership allows the Bank to further improve its existing relations and cooperation with other FEAS-member settlement and custody institutions.

Through the working group it chairs, Takasbank has the opportunity to share its international expertise and experience within FEAS.

The third meeting of the FEAS Affiliate Member Working Group was held under the convenorship of Takasbank in Belgrade in September 2007. At this meeting, Takasbank made presentations about Corporate Governance Principles and European Code of Conduct - Accessibility and Interoperability, and gave updated information to the audience on latest developments in European capital markets.

#### European Central Securities Depositories Association (ECSDA) Membership

In 2006, Takasbank became a member of ECSDA, an association established to develop joint projects based on mutual interests and to exchange views between central settlement and custody organizations. ECSDA has 39 members, most of which are EU member states. Following its admission to ECSDA, Takasbank attended the Board of Directors meeting held in May 2007, obtaining information about ongoing settlement and custody studies in the EU, stating its own opinion on these issues and also having the opportunity to develop relationships and cooperate with the settlement and custody institutions of EU members.

Takasbank will co-host the ECSDA Board of Directors Meeting, which will be held on May 22-23, 2008 in Antalya, together with the Central Registry Agency.

#### Harmonization with the European Union (Twinning Project)

As in 2006, also in 2007, Takasbank continued to participate in the Twinning Project conducted together with officials from German capital markets under the coordination of the Capital Market Board within the framework of efforts to harmonize Turkish legislation with the EU Directive on Settlement Finality in Payment and Securities Settlement Systems. This project made significant contributions to shaping Turkish legislation on settlement and custody in capital markets and was completed in December 2007.

#### Activities Related to International Standards

##### Activities for the Implementation of International Standards in Turkey

On behalf of the Turkish Standards Institute (TSI), Takasbank represents Turkey at the International Standards Organization's (ISO) TC68/SC4 Committee, which develops international standards for securities and related financial instruments. The 2007 meeting of the ISO TC68/SC4 Committee was held on November 5-6, 2007 in Johannesburg.

The international standard used to define securities, ISIN codes (ISO 6166), are used in Turkey for stocks, government bonds, treasury bills, derivative contracts, investment funds and corporate bonds.

In 2007, Takasbank contributed to the efforts to implement the ISO 18773 standard on abbreviations of securities and the FISN standard (ISO 18774), a short definition code for securities that use the abbreviations of ISO 18773, as well as the ISO 16372 (IBEI) standard, which is planned to be the definition code for non-bank institutions. Takasbank also continued to work on the applicability of these codes in Turkish capital markets.

Furthermore, in 2007 Takasbank cooperated with the Central Bank and the Capital Markets Board on the assignment of Risk Monitoring Codes (RMC) for financial institutions operating in capital markets. Within this framework, these codes will be assigned by the Central Bank, following the sending of the relevant information by Takasbank and announced on the website of the Central Bank. This application is planned to commence during the first quarter of 2008.

#### Activities of the National Numbering Agency

##### National Numbering Agency

Takasbank is the national numbering agency authorized by the Capital Markets Board to assign ISIN and CFI codes to securities and other financial instruments issued in Turkey.

##### ISIN Codes Allocated in 2007

Type of Securities	Number
Stocks	94
Government Bonds and Treasury Bills	84
Total Funds	21
Investment funds	20
Pension Investment Funds	-
Exchange-Traded Funds	1
TURKDEX Contracts	62
Corporate Bonds	1
Commercial Papers	4
<b>Total</b>	<b>266</b>

#### Association of National Numbering Agencies (ANNA) Activities

ANNA is an international organization that has members from 74 countries around the world. National numbering agencies that are authorized to assign ISIN codes to securities in their home country are entitled to become a member of this organization.

As an active member of ANNA since 1995 in its capacity as the national numbering agency of Turkey, Takasbank has been chairing the Board of Directors of the ANNA Service Bureau (ASB), for the last three years, which aims to collect ISIN codes and basic securities information worldwide through the Internet and to offer them as a product to financial institutions. The ASB database, the largest ISIN database in the world, is a valuable resource for international financial markets. At the Board of Directors Meeting of ASB, held in Berlin on July 4, 2007, problems related to the database were discussed and solutions were offered, which during the course of 2007 were being implemented.

Takasbank participated in ANNA Ordinary General Assembly, which coincided with the 15th anniversary of the organization, held on May 31 - June 1, 2007 in Vienna, making important contributions to securities standards. These contributions were crucial both with respect to accomplishing the Bank's own mission and enhancing its credibility and reliability vis-à-vis the other member countries.

IN 2007, THE AVERAGE VALUE OF SECURITIES IN INTERNATIONAL CUSTODY (EUROBONDS, DEPOSITORY RECEIPTS AND FOREIGN SECURITIES) REACHED EUR 969.25 MILLION.

THE TOTAL VALUE OF SECURITIES, WHOSE SETTLEMENT WAS FINALIZED, STOOD AT EUR 3.64 BILLION.

3,6

SECURITIES SETTLEMENT TRANSACTION VOLUMES BETWEEN JANUARY 1-DECEMBER 31, 2007 (EUR BILLIONS)

## ▶ 2007 ACTIVITIES

### Domestic Relations

#### Takasbank Settlement-Custody and Banking Services Evaluation Survey

Takasbank prepared the Settlement-Custody and Banking Services Evaluation Survey in an attempt to measure the efficiency and quality of its settlement, custody and banking services, to assess the satisfaction and expectations of participants using the system and to examine the benefits of having a settlement-custody institution organized as a bank.

The survey was responded to by Takasbank member banks, brokerage houses, private pension companies and asset management companies and enjoyed a high participation rate (86.7%). This survey showed that the members were highly satisfied with the quality of Takasbank's services. Study is in progress to meet the needs identified throughout the survey.

The results of this survey, carried out with market participants active in Turkish capital markets and users of the settlement-custody system, confirm that there is indeed a highly effective settlement-custody system in Turkey. Its effectiveness is further strengthened by the fact that Takasbank as the central settlement agency is organized as a bank.

#### Restructuring of Takasbank Website

As the central settlement agency in the Turkish capital markets, Takasbank restructured its website for two languages-Turkish and English. Its content has been updated to allow domestic and foreign institutions to access correct and current information about its services.

### International Transactions Automation Project

#### Completed Integration of SWIFT and the RTGS Delivery-versus-Payment (DvP) System

Financial markets are enjoying strong growth in cross-border transactions. There is a similar trend in Turkey and transactions by foreign institutional investors in Turkish capital markets have reached significant levels. Several settlement and custody institutions in developed countries are using SWIFT, the world's most widely used electronic payment and transfer system, in addition to their internal systems. Thus, considering the growth in the volume of transactions performed by foreign institutional investors in Turkey, Takasbank decided to integrate its own payment and transfer systems with SWIFT.

The integration of the RTGS DvP system with SWIFT was completed in November 2007 and local custodian banks were the first to use this new system.

This project allowed SWIFT member institutions to submit delivery-versus-payment settlement orders to Takasbank through SWIFT. These orders are entered directly into the RTGS Delivery-versus-Payment System of Takasbank and preliminary confirmation is made electronically. The current status of transactions and movements during the settlement day are reported to the institutions through SWIFT and these reports can be submitted to foreign investors as well. This was the first time in Turkey that SWIFT messages were integrated into a national payment and securities transfer system, which is a very important step towards straight-through processing in settlement transactions.

### Enabling Brokerage Houses to Join SWIFT through Takasbank

Studies were undertaken in 2007 to enable brokerage houses that are not SWIFT members to use the system through Takasbank at lower costs. Within this framework, brokerage houses can use their existing technical infrastructure with Takasbank to access SWIFT and submit all kinds of orders related to cash and securities transactions through SWIFT. Takasbank will be ensuring reliable and uninterrupted delivery of SWIFT messages and the technical management of the system for brokerage houses that wish to use SWIFT. Furthermore, technical support will be provided with regard to issues such as SWIFT user training. The project will be implemented during 2008.

### IT Center

In 2007, the IT Center continued to successfully protect and improve its technological investments and service quality.

Requirements of the market and other regulatory and supervisory bodies were met in a timely fashion, without any problems and in compliance with legislation.

### Projects in 2007

- On October 30, 2007, the new ITANIUM-based HP Unix server systems were introduced, replacing the RISC-based HP Unix database servers that have been in use since 2001. After this transition there was a remarkable increase in system performance, which contributed positively to the efficiency of both internal and external users.
- Sybase ASE version 12.0.0.6, the relational database system that has been used by Takasbank for the automation of operational transactions, was decommissioned in 2006. To prevent a loss of support for Takasbank software and to benefit from the features of new versions, a project was initiated on April 15, 2007 with the purpose of upgrading the database operating system to ASE 15.0.2. The project was successfully completed and launched on October 30, 2007.
- RISC-based HP Unix servers installed at the emergency centers in Istanbul and Ankara were replaced by new ITANIUM-based HP Unix servers, Sybase versions were updated and the emergency center in Ankara became operational.
- The firewall infrastructure used by Takasbank since 2005 was also renewed. Higher performance and security were achieved with the newly established Checkpoint structure. Application servers used for security were transferred to a different secure zone during the process and higher security was achieved in this way.
- Network infrastructure was strengthened with a view to increasing members' connection capacities. Consequently, 29 members were provided with a connection speed of one Mbps each.
- Activities in 2007 also included testing of the Emergency Center, which is regularly updated and kept ready at all times.
- Systems maintaining 15 units of Windows-based servers were replaced with higher-performance up-to-date systems.
- Radia SDH infrastructure was installed to diversify and back up member connections, which provided greater capacity for reserve member connections.
- Studies on local and international systems such as EFT, SWIFT, etc. were completed on time, in line with the plans and arrangements of the respective external institutions.
- Hardware Security Module units included in SWIFT Phase-2 migration were installed, enabling a smooth transition to the obligatory version 6.0.
- A project was completed and launched to submit senders' cash account numbers as IBAN account numbers in EFT messages sent by Takasbank.
- Further progress was made in Takasbank's action plan that resulted from the COBIT evaluation.
- Takasbank's EFT system was harmonized with KRED-BANK messages revised by the EFT Center of the Central Bank and KRED-SWIFT messages that were newly included in the system.
- The Help Desk Service for members continued successfully and documentation activities for Takasbank projects were performed without any problems.
- Service desk software was purchased to ensure that transactions such as help desk services, project management, change management, configuration management, etc. can be offered in a faster, more reliable and easily monitored way, within an automated environment.

IT Center's principal aim is to provide reliable, problem-free and high performance services in line with Takasbank's targets and strategies at all times.

...keeping a close eye on developments in information technologies, being in effective and lasting cooperation with capital market institutions, prioritizing the satisfaction of our shareholders and employees and offering national and international custody and all related banking services at international standards...





TAŞKIN ÖKER, SYSTEM SPECIALIST

ENDER AYBULUS, MANAGING DIRECTOR

HASAN AYKIN, INTERNAL CONTROL MANAGER

N. ZEHRA TAŞ, ADMINISTRATIVE AFFAIRS AND PROCUREMENT MANAGER

BİNNUR OKUR, SOFTWARE SPECIALIST

ŞEVKET YAŞÖZ, CHAIRMAN OF THE INSPECTION BOARD

SİBAR KAAAN MANGA, SOFTWARE SPECIALIST



## CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS MEMBERS OF THE AUDIT COMMITTEE

### HÜSEYİN ERKAN

**Term:** 1 month (November 20, 2007)

**Title:** Chairman

**Education:** New York University-Economics; New York University-International Business and Finance, Graduate Degree.

**Job Experience:**

1984-1988: Konya Endüstri ve Ticaret A.Ş., Burak İnşaat ve Madencilik A.Ş.-Manager and Board Member

1988-1990: Plaş Plastik A.Ş.-Assistant General Manager

1990-1991: Değer Menkul Değerler A.Ş.-

International Capital Markets Expert

1991-1992: Delphi Securities-Research Expert

1992-1993: Bankers Trust-Research Expert

1992-1994: Tezal Menkul Değerler A.Ş.-Manager, Board Member; Konya Çimento Sanayi A.Ş.-Member of the Audit Committee

1994-1995: ISE-Director of External Relations, Research and International Market Units

1995-2006: ISE-Deputy Chairman; Takasbank-Board Member

2006-2006: Ticaret Menkul Değerler A.Ş.-General Manager, Deputy Chairman of the Board of Directors

2007-2007: Konya Şeker Sanayi ve Tic. A.Ş.-Chief Advisor to the Board of Directors

2007-present: ISE-Chairman; Federation of Euro-Asian Stock Exchanges (FEAS)-Chairman

### ABDULLAH CENGİZ MAKAS

**Term:** 3 years, 9 months (March 18, 2004)

**Title:** Deputy Chairman

**Education:** METU (Middle East Technical University) Faculty of Economics and Administrative Sciences-Economics; Hacettepe University Social Sciences Institute-Economics, Graduate Degree.

**Job Experience:**

1993-1994: PRD Ltd.-Founder and Manager

1994-1996: Turkish Parliament-active advisory services in legislative issues

1996-1997: Ministry of Finance-Advisor to the Minister

1997-1998: Mining Research and Exploration Agency (MTA)-Member of the Audit Committee

1998-2002: Turkish Parliament-active advisory services in legislative issues

2001-2002: Advisory services for the Samsun

Waterworks and Sewage Establishment

Wastewater Treatment Project sponsored by the World Bank

2002-present: Prime Minister's Office-Advisor to the Minister; CMB-Advisor to the Chairman.

### İBRAHİM KURBAN

**Term:** 1 year, 5 months (January 30 2006-May 28, 2007; November 20, 2007-present)

**Title:** Member

**Education:** METU (Middle East Technical University)-Political Science and Public Administration

**Job Experience:**

1983-1994: CMB-Expert

1994-1999: CMB-Division Head

1999-present: ISE-Chairman of the Inspection and Supervision Board

### EMİN ALİ GÜNDEZ

**Term:** 7 months (May 28, 2007)

**Title:** Member

**Education:** Ankara University Faculty of Political Sciences

**Job Experience:**

1985-1990: Central Bank-Inspector

1990-present: ISE-Deputy Chairman

### CAVİT SAVCI

**Term:** 7 months (May 28, 2007)

**Title:** Member

**Education:** ITU Faculty of Mechanical Engineering-General Machinery

**Job Experience:**

1973-1975: ERNA Koll. Şti.-Construction Supervisor, Engineer

1976-1977: Yıldız Technical University-Instructor

1978-1989: Gübre Fabrikası A.Ş.-Director of Planning and Investment

1990-1991: İGDAŞ San ve Tic. A.Ş.-Advisor to the General Manager

1994-present: ISE-Deputy Chairman

### BEDİİ ENSARİ

**Term:** 9 years, 9 months (March 27, 1998)

**Title:** Member (Member of the Credit Committee)

**Education:** Ankara University School of Law

**Job Experience:**

1961-1966: Mardin Bar Association-Lawyer

1966-1974: Mardin Çimento A.Ş.-Founding Partner and Attorney

1974-1976: İstanbul Bar Association-Lawyer

1976-1977: Trakya Döküm Sanayi A.Ş.-Founding Member and Managing Director

1977-1991: Soyak İnşaat ve Tic. A.Ş.-General Coordinator

1991-present: Marbaş Menkul Değerler A.Ş. and ABC Danışmanlık A.Ş.-Chairman of the Board of Directors

### EKREM NEVZAT ÖZTANGUT

**Term:** 7 years, 9 months (March 30, 2000)

**Title:** Member (Chairman of the Audit Committee)

**Education:** Hacettepe University Faculty of Economics and Administrative Sciences-Economics

**Job Experience:**

1984-1994: CMB-Deputy Auditor, Auditor, Chief Auditor.

1994-1995: Garanti Investment Bank-Advisor

1995-1995: Garanti Men. Değ. A.Ş.-Deputy General Manager

1996-present: Garanti Yatırım Menkul Kıymetler A.Ş.-General Manager

2003-2006: Enformasyon Rek. ve Film San. ve Tic. A.Ş.-Director

### EKREM KEREM KORUR

**Term:** 5 years, 9 months (March 22, 2002)

**Title:** Member (Member of the Audit Committee)

**Education:** İstanbul University-Economics (English); Colorado University-Economics Institute

**Job Experience:**

1991-present: Hak Men. Değ. A.Ş.-Assistant Expert, Assistant General Manager, General Manager and Deputy Chairman of the Board of Directors

### EMİN ÇATANA, PhD

**Term:** 10 years, 7 months (May 29, 1997)

**Title:** General Manager and Member (Chairman of the Credit Committee)

**Education:** İstanbul Academy of Economic and Commercial Sciences-Business Administration; İstanbul Academy of Economic and Commercial Sciences Institute of Commercial Sciences-Production, Graduate Degree; İstanbul University Institute of Social Sciences-Economics, Ph. D.

**Job Experience:**

1979-1985: Deva Holding A.Ş.-Planning Expert

1985-1991: ISE-Stock Exchange Transactions Manager

1991-1994: Brokerage House-General Manager

1994-present: Takasbank A.Ş.-Assistant General Manager, Deputy General Manager, General Manager, Board Member.

### YASEMİN ÖNEY CANKURTARAN

**Term:** 1 year, 1 month (December 18, 2006)

**Title:** Member

**Education:** Ankara University Faculty of Political Sciences-Business Administration

**Job Experience:**

1992-1994: Şekerbank A.Ş.-Head of Branch Operations

1994-1996: Gedik Menkul Değ. A.Ş.-Marketing Manager

1996-1997: Finans Yatırım Menkul Değ. A.Ş.-Deputy Manager for Domestic Capital Markets

1998-1999: Yurt Menkul Değ. A.Ş.-Group Manager for Capital Markets

1999-present: Değer Men. Değ. A.Ş.-General Manager and Chairwoman of the Board of Directors.

### GÜZİDE MELTEM KÖKDEN

**Term:** 7 months (May 28, 2007)

**Title:** Member (Member of the Credit Committee)

**Education:** Ankara University Faculty of Political Sciences-International Relations; Ankara University Institute of Social Sciences-European Law, Graduate Degree

**Job Experience:**

1991-present: T. İş Bankası A.Ş.-Assistant Investment Expert, Expert, Deputy Manager, Group Manager, Manager.





**HÜSEYİN ERKAN**  
CHAIRMAN OF THE BOARD OF DIRECTORS



**ABDULLAH CENGİZ MAKAS**  
DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS



**İBRAHİM KURBAN**  
MEMBER OF THE BOARD OF DIRECTORS



**EMİN ALİ GÜNDEZ**  
MEMBER OF THE BOARD OF DIRECTORS



**CAVİT SAVCI**  
MEMBER OF THE BOARD OF DIRECTORS



**BEDİİ ENSARİ**  
MEMBER OF THE BOARD OF DIRECTORS-  
MEMBER OF THE CREDIT COMMITTEE



**EKREM NEVZAT ÖZTANGUT**  
MEMBER OF THE BOARD OF DIRECTORS-  
CHAIRMAN OF THE AUDIT COMMITTEE



**EKREM KEREM KORUR**  
MEMBER OF THE BOARD OF DIRECTORS-  
MEMBER OF THE AUDIT COMMITTEE



**EMİN ÇATANA, PhD**  
GENERAL MANAGER-MEMBER OF THE BOARD OF  
DIRECTORS CHAIRMAN OF THE CREDIT COMMITTEE



**YASEMİN ÖNEY CANKURTARAN**  
MEMBER OF THE BOARD OF DIRECTORS



**GÜZİDE MELTEM KÖKDEN**  
MEMBER OF THE BOARD OF DIRECTORS-  
MEMBER OF THE CREDIT COMMITTEE

## GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS, HEADS OF DEPARTMENTS COMPRISING THE INTERNAL SYSTEMS, MEMBERS OF THE BOARD OF AUDITORS

### GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS

#### EMİN ÇATANA, PhD

**Term:** 10 years, 7 months (May 29, 1997)

**Title:** General Manager and Board Member  
(Chairman of the Credit Committee)

**Education:** Istanbul Academy of Economic  
and Commercial Sciences-Business

Administration; Istanbul Academy of  
Economic and Commercial Sciences-Institute  
of Commercial Sciences-Production,  
Graduate Degree; Istanbul University  
Institute of Social Sciences-Economics, Ph.D.

**Job Experience:**

1979-1985: Deva Holding A.Ş.-Planning  
Expert

1985-1991: ISE Stock Exchange Transactions  
Manager

1991-1994: Brokerage House-General Manager

1994-present: Takasbank A.Ş.-Assistant  
General Manager, Deputy General Manager,  
General Manager, Board Member.

#### H. NEZİR BAKIR

**Term:** 12 years, 11 months (January 6, 1995)

**Title:** Assistant General Manager in charge  
of Treasury Department, Loans and Markets  
Department, Custody Department,  
Personnel and Training Department,  
Administrative Affairs and Procurement  
Department, Security and Protection  
Department

**Education:** Istanbul University Faculty of  
Economics-Statistics/Public Finance

**Job Experience:**

1976-1984: Meban Men. Değ. Bank. ve Fin.  
A.Ş.-Expert, Manager, Assistant General  
Manager

1984-1994: Pamukbank T.A.Ş.-Manager of  
Securities Department, Assistant General  
Manager

1994-1995: ISE-Advisor to the Chairman

1995-present: Takasbank A.Ş.-Assistant  
General Manager

#### SEZAİ BEKGÖZ, PhD

**Term:** 8 months (April 13, 2007)

**Title:** Assistant General Manager in charge  
of Operations Department, International  
Relations and Operations Department, Legal  
Affairs Department, Accounting Department

**Education:** Ankara University Faculty of  
Political Sciences-Economics; Istanbul  
University Institute of Social Sciences-Capital  
Markets and Stock Exchange, Graduate  
Degree; Marmara University Institute of  
Banking and Insurance-Banking, Ph. D.

**Job Experience:**

1983-1992: CMB-Deputy Auditor, Auditor

1992-2007: ISE-Chairman of the Inspection  
Board, Deputy Chairman

2007-present: Takasbank A.Ş.-Assistant  
General Manager

#### YUSUF ÇİÇEK

**Term:** 8 years, 5 months (July 1, 1998)

**Title:** Assistant General Manager in charge  
of Software and Operations Department,  
System Development Department

**Education:** Ankara Gazi University-  
Mathematics

**Job Experience:**

1981-1983: Mining Research and Exploration  
Agency (MTA)-Programmer

1983-1994: Central Bank-Programmer,  
Expert, Analyst, Project Officer, Assistant  
Manager

1994-1995: Intertech-Group Manager

1995-present: Takasbank A.Ş.-Group  
Manager, Assistant General Manager

## HEADS OF DEPARTMENTS WITHIN INTERNAL SYSTEMS

### ŞEVKET YAŞÖZ

**Term:** 12 years, 7 months (May 24, 1995)

**Responsibility:** Inspection Board

**Education:** Ankara University Faculty of Political Sciences-Economics and Public Finance

**Job Experience:**

1971-1972: Ministry of Finance-Tax Official, Contoller

1975-1976: Güven Sigorta-Assistant Inspector

1976-1988: Denizcilik Bankası T.A.O.-Assistant Inspector, Chief Inspector

1988-1992: Vakıflar Bankası T.A.O.-Assistant Manager in charge of Credits for the Istanbul Region

1992-1994: KOSGEB-Fund Manager

1994-present: Takasbank A.Ş.-Chief Inspector, Chairman of the Inspection Board.

### HASAN AYKIN

**Term:** 1 year, 6 months (July 1, 2006)

**Responsibility:** Internal Control

**Education:** Boğaziçi University-Economics; Marmara University Institute of Banking and Insurance-Graduate Degree

**Job Experience:**

1994-1995: Medya Holding-Assistant Coordinator for Capital Markets

1995-present: Takasbank A.Ş.-Assistant Inspector, Inspector, Project Manager, Head of Division, Chief Inspector, Manager

### MURAT KOÇ

**Term:** 2 years (January 1, 2006)

**Responsibility:** Risk Management

**Education:** Istanbul University-Economics (English); Marmara University Institute of Social Sciences-Banking and Insurance, Graduate Degree

**Job Experience:**

1994-1995: Değer DYMM A.Ş.-Apprentice Assistant Auditor

1995-present: Takasbank A.Ş.-Assistant Inspector, Inspector, Head of Division, Manager

## MEMBERS OF THE BOARD OF AUDITORS

### ARIL SEREN

**Term:** 1 year, 9 months (March 31, 2006)

**Title:** Member of the Board of Auditors, Auditor

**Education:** METU (Middle East Technical University)-Economics; University of Chicago-Econometrics and Mathematics, Graduate Degree

**Job Experience:**

1966-1989: Teaching at METU; senior management positions in financial and industrial companies at home and abroad

1989-present: ISE-Secretary General, Deputy Chairman

### MİNE BERRA KILIÇ, PhD

**Term:** 11 years, 9 months (March 22, 1996)

**Title:** Member of the Board of Auditors, Auditor

**Education:** Marmara University Faculty of Economics and Administrative Sciences-Business Administration; Ankara University Faculty of Political Sciences-Business Administration, Graduate Degree; Ankara University Faculty of Political Sciences-Business Administration, Ph. D.

**Job Experience:**

1983-1991: CMB-Assistant Expert, Authorized Assistant Expert, Expert

1991-1997: Ata Menkul Kıymetler A.Ş.-Assistant General Manager, Board Member

1997-1999: Meksa Menkul Değerler A.Ş.-General Manager, Board Member

1999-2000: Esbank T.A.Ş.-Member of the Board of Directors representing the Savings Deposit Insurance Fund (SDIF)

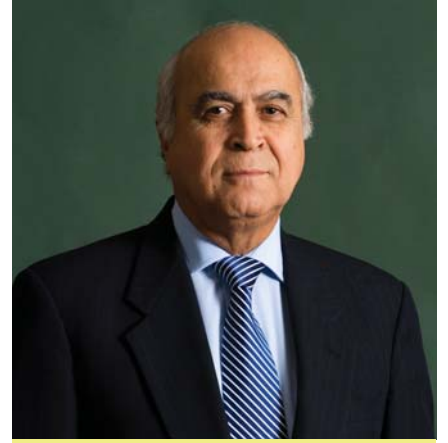
1999-2002: Es Menkul Değerler ve Yatırım A.Ş.-Chairwoman of the Board of Directors;

Esfacto Factoring Hizmetleri A.Ş.-Chairwoman of the Board of Directors, both as SDIF Representative

2002-2004: Es Menkul Değ. Yat. A.Ş.-General Manager and Board Member

2004-2005: Marbaş Men. Değ. A.Ş.-General Manager

2005-present: Turkish Yatırım ve Menkul Değerler A.Ş.-General Manager



ARIL SEREN  
MEMBER OF THE BOARD OF AUDITORS, AUDITOR



DR. MİNE BERRA KILIÇ  
MEMBER OF THE BOARD OF AUDITORS, AUDITOR

### **Names and Duties of the Chairman and Members of the Credit Committee and the Audit Committee**

#### **Credit Committee:**

**Emin Server Çatana, PhD** Chairman (General Manager and Board Member)  
**Bedii Ensari**, Member (Board Member)  
**Güzide Meltem Kökden**, Member (Board Member)

#### **Audit Committee:**

**Ekrem Nevzat Öztangut**, Chairman (Board Member)  
**Ekrem Kerem Korur**, Member (Board Member)

### **Activities of the Board of Directors, the Audit Committee and the Credit Committee and Attendance of the Members in Meetings Held during the Accounting Period**

#### **A- Board of Directors**

The Board of Directors of Takasbank has four members elected at the General Meeting of Shareholders, among candidates nominated by the ISE representing Class-A shares and candidates for five seats are nominated by banks and brokerage houses that own Class-B shares. In accordance with Article 275 of the Turkish Commercial Code, the Capital Markets Board appoints one member of the Board of Directors. As required by the Banking Law, the General Manager is a natural member of the Board of Directors. The composition of Takasbank's Board of Directors indicates that the Bank is owned and managed by and is at the service of the sector.

Takasbank's Board of Directors manages the Bank through the decisions it takes in accordance with the Turkish Commercial Code, the Banking Law, the Capital Market Law and related legislation, as well as the Bank's Articles of Association and resolutions of the General Assembly. The Board of Directors of Takasbank holds meetings and makes decisions in accordance with relevant legislation and the provisions of its Articles of Association.

Takasbank's Board of Directors continuously and effectively evaluates the Bank's activities and performance and to what extent the Bank has achieved its goals, also controlling the compliance of the Bank's activities with applicable legislation, the Articles of Association and policies defined through internal arrangements.

The Board of Directors of Takasbank, which is required to meet at least once a month according to the Articles of Association, met 17 times in 2007. One member did not attend the meeting in January, one member did not attend the meeting in February, one member did not attend the meeting in March, one member did not attend the meeting in May and again one member did not attend the meeting in June. The Chairman, the Deputy Chairman and Board members are required to be present at all meetings.

#### **B- Audit Committee**

The Audit Committee was established pursuant to Article 24 of the Banking Law. It was created to assist the Board of Directors in developing internal control, risk management and internal audit systems of the Bank in accordance with applicable legislation, ensuring the functionality, appropriateness and adequacy of these systems, safeguarding the soundness of financial reporting systems and determining the division of powers and responsibilities within the Bank, as well as carrying out activities related to auditing and supervision. The internal control system is made up of the Audit Board Department, the Risk Management Department and the Internal Control Department and all of these departments directly report to the Audit Committee.

The Banking Regulation and Supervision Agency (BRSA) has issued a Regulation on Banks' Internal Systems, which was published in the Official Gazette on

November 1, 2006. The organizational structure of the Audit Committee and internal system units, their powers and responsibilities have been devised and the Bank's risk policies, risk evaluations, internal audit plans and annual audit reports have been prepared in accordance with this regulation. These reports were eventually presented to the Board of Directors and the BRSA.

In line with the Regulation on Banks' Internal Systems, Takasbank Audit Committee held regular meetings with the representatives of the independent auditor of the Bank, the Bank's own inspectors and other internal system units.

Independent audit reports presented to the Audit Committee, as well as the risk evaluations, internal audit reports, internal audit plans, internal control reports and other related documents were assessed at committee meetings, controlled, evaluated and eventually presented to the Board of Directors together with the opinion of the Audit Committee.

Takasbank's Audit Committee held 17 meetings in 2007, at which all committee members were present.

#### **C- Credit Committee**

Although the authority to extend loans belongs to the Board of Directors of a bank, this power can be delegated to the Credit Committee or the General Manager, according to banking legislation.

Pursuant to the principle adopted and implemented by Takasbank management, the Board of Directors determines all cash and non-cash credit limits in accordance with applicable legislation.

Takasbank Credit Committee, chaired by General Manager. Emin Çatana, PhD and composed of members Bedii Ensari and Güzide Meltem Kökden, did not hold any meetings in 2007 and Takasbank's Board of Directors fulfilled all duties assigned to the Credit Committee.

## SUMMARY REPORT OF THE BOARD OF DIRECTORS

**Istanbul, January 28, 2008**

**To the General Assembly of İMKB Takas ve Saklama Bankası A.Ş. Summary Report of the Board of Directors**

Esteemed Shareholders,

Welcome to the 13th Ordinary Meeting of Shareholders of Takasbank.

We respectfully greet all of our esteemed shareholders, representatives and guests as we present for your evaluation and approval, the reports of the Board of Directors and the Auditors as well as the Profit-and-Loss Statement for the accounting period 2007.

A brief overview of 2007 from our country's viewpoint suggests that Turkey benefited from the favorable conjuncture that resulted from high levels of global liquidity that continued until the mid-year in the form of larger foreign capital inflow and investments.

The environment created by the credit crisis during the last quarter of 2007, caused by payment problems in the US housing industry, eventually spread to all financial markets and particularly those of developed countries. It strengthened expectations of a slowdown in global demand and a liquidity crunch in 2008. The slowdown in global demand that is expected to occur as the result of the worldwide turbulence is anticipated to affect our foreign trade deficit and growth rate adversely and to make the financing of the current account deficit more difficult.

Among the markets hosted by Takasbank, the Money Market achieved a transaction volume of TRY 40 billion, with the daily average transaction volume standing at TRY 159.5 million; concurrently, the Securities Lending/Borrowing Market, where all shares quoted on the National Market can be traded, grew 82% over the previous year, with 233 million shares exchanged and transaction volume totaling TRY 1,401 million.

Takasbank began finalizing the settlement of bonds issued by the Turkish Treasury on international markets, which started to be traded in the International Bonds Market of the ISE Foreign Securities Market on April 16, 2007.

In 2007, Takasbank continued its operational success and began to accept payment instructions to the Real Time Gross Settlement (RTGS) Delivery-versus-Payment (DvP) System directly through the SWIFT system as of the end of the year. This is the first time in Turkey that SWIFT messages have been integrated into a national payment and securities transfer system.

For 2008 and beyond, Takasbank aims to become a highly competitive international settlement institution with strong financial background, an institution that strictly adheres to the principles of corporate governance and an institution whose products, services and practices determine market standards in the ever-growing global finance industry.

Takasbank's paid-in capital is TRY 60 million and as of the end of the year, had 87 shareholders. The largest shareholder of the Bank is the ISE, with 32.63% of the shares. The remaining shares belong to 86 shareholders, of which 19 are banks and 67 are brokerage houses.

In 2007, total assets of Takasbank increased 111.22% compared to the previous year, reaching TRY 1,256,680,000, while its shareholders' equity increased 7.28%, to TRY 253,524,000. Return on assets was 3.82% and return on equity was 18.91% at the end of the year. Pre-tax profit for the year stood at TRY 47,948,000, while after-tax net profit increased 19.84%, to TRY 39,020,000.

Takasbank continues its operations in accordance with applicable legislation and the Bank's Articles of Association. As we present our Annual Report, which contains our operational results and financial statements for the accounting period ending on December 31, 2007, we would like to extend our gratitude to our esteemed shareholders and representatives for attending our General Meeting of Shareholders.

İMKB Takas ve Saklama Bankası A.Ş.

On behalf of the Board of Directors

Hüseyin ERKAN  
Chairman of the Board of Directors

Emin ÇATANA, PhD  
General Manager  
Member of the Board of Directors






### Human Resources Practices

At the end of 2007, the total number of employees of Takasbank was 184. Of these employees, 117 employees are university graduates and 20% hold a graduate degree or a Ph.D.

#### Recruitment

As stipulated in Article 11 of the Personnel Regulations, the Personnel Committee makes appointments to positions that are vacant or where reinforcement is needed due to workload.

Existing employees of the Bank whose career development plans and performance evaluations suit open positions are given priority in the appointment process. For new recruitments, applications are examined and interviews are held with those whose job descriptions are similar to those of the vacant position. Advertisements are published in newspapers if necessary.

Candidates are required to meet the conditions specified in the Bank's Personnel Regulations. These are:

- To be a Turkish citizen,
- To be at least 18 years of age,
- For male candidates, having completed or being granted respite from military service,
- For operational staff positions, being at least a high school graduate for tellers' positions, being a graduate of a two-year university program (vocational school) or a distance learning program, for officers' positions, possessing at least a two-year university degree, for specialist positions, at least a four-year university degree,
- Have no physical disability that may prevent the employee from working anywhere around the country,
- NOT have been deprived of public rights,

- Not have been sentenced to imprisonment for infamous crimes such as fraud, forgery or abuse of power,
- Having passed the written and oral examination which are held when deemed necessary depending on the nature of the position and
- Not being under obligation to provide mandatory services to government agencies, institutions or organizations.

Amendments and/or additions to these conditions may be made depending on the requirements of the relevant responsibilities.

#### Examination

The Personnel Committee decides whether the employees to be recruited by the Bank will be required to take an exam. These exams can be held for one or more persons and can have different forms depending on the purpose of recruitment. Assistant Inspectors, Inspectors, Assistant Specialists and Specialists are chosen by interviewing candidates who have already passed the written/oral competitive exams held by the ISE or banks and by giving them the proficiency exam from the Examination Board of Takasbank.

Candidates whose applications are approved by both the managers in the respective departments and by the relevant Assistant General Manager and eventually confirmed by the offices authorized to recruit employees (General Manager, Assistant General Manager in charge of the Personnel and Training Department, Personnel and Training Manager), sign their employment contracts after the required paperwork is completed. These people begin working when the relevant directive is issued, as of the date stated in the directive.

### Appointments and Promotions

The Board of Directors is authorized to appoint Assistant General Managers. For all positions below Assistant General Managers, the authority to appoint and rotate personnel belongs to the General Manager.

Decisions regarding the appointment, promotion and dismissal of the chairman and members of the Audit Board and the managers and members of the Risk Management Department and the Internal Control Department are taken by the Board of Directors.

Promotion is defined as the upgrading of the position or title of an employee in terms of authority and responsibility, with a corresponding increase in compensation. Decisions on promotions are subject to the approval of the General Manager and the relevant procedure is completed by the Personnel and Training Department.

As a general principle, the following requirements must be met for promotions:

- The employee must have conducted his/her current duties in accordance with the job description and must have obtained a positive performance evaluation rating.
- There must be a vacant position for the superior post.
- The General Manager must approve the filling of this vacant position.
- The employee must possess the skills and qualifications required for the new position and must be equipped with relevant competencies.
- The employee must have completed the minimum waiting period in his/her current position.
- The employee must have passed the relevant exam -if deemed necessary- and successfully completed the relevant trainings.

The minimum waiting period may be shortened upon the approval of the General Manager, if there is a vacant position that has to be filled quickly and the candidate's supervisors believe that he/she has proven capable of filling the higher position.

Upon the written proposal of the head of the relevant department, the Personnel and Training Department evaluates the eligible employee for promotion. Promotions approved by the Personnel Committee are submitted to the approval of the General Manager or the Board of Directors, depending on the title involved. Notification to promote is sent to the employee in question by the Personnel and Training Department.

### Training

Training and development plans organized along the lines of the Bank's strategies and career plans aim for the following:

- Improving the level of both the skill and knowledge of employees, to equip them with the capability to apply the latest industry practices and to offer cutting-edges service levels,
- Focusing on and developing the mental abilities of employees to make them more productive, creative, solution-oriented and open-minded,
- Improving the general organizational knowledge of employees, ensuring that they understand the importance of human relations and teamwork,
- Providing employees with the knowledge and skills required for management in line with their career plans and with a view to help further promotion.

When deemed necessary, employees are offered training and internship opportunities, in Turkey or abroad. They are also encouraged to attend courses, seminars, on-the-job training sessions, job rotation schemes, orientation activities and training programs both at home and abroad, organized by experts or specialized organizations in areas that contribute to the development of employees.

Due to the services it offers, Takasbank provides intensive training to its newly-recruited personnel and to employees who need to specialize in certain areas. New recruits first undergo theoretical training, after which they work at different departments and are offered practical on-the-job training.

In 2007, 120 training programs were carried out with an average of eight hours of training per person.

Social activities for 2008 have been planned to encourage participation and teamwork, to make appropriate and effective use of communication channels and improve motivation. Employees will be encouraged to take part in personal development programs. Meanwhile, those employees who have completed five years at Takasbank will continue to receive Fifth Year Commemoration Badges, as a part of the efforts for creating a strong corporate identity in the Bank.

### Performance Evaluation

The purpose of performance evaluation is to fairly and impartially determine the achievements, capabilities, attitudes, behaviors, strengths, weaknesses, training needs, pecuniary compensation, promotion and assignments of employees. This is actualized by taking their current duties and responsibilities into consideration. Another aim is to enhance communication between superiors and subordinates through open evaluation interviews.

The results of the evaluation process are a prioritized and effective source of reference in all kinds of decisions made with respect to employees.

### Related-Party Transactions

Transactions with the ISE, the largest shareholder of the Bank, are considered within the framework of transactions with the risk group. Takasbank carries out the settlement of transactions on the ISE Stock Market and Bonds and Bills Market.

In transactions on the ISE Stock and Bonds and Bills Markets, default provisions apply to those members who fail to fulfill their settlement obligations on time and a corresponding default penalty is charged; these penalties are transferred to the ISE's guarantee fund. Moreover, ISE Stock and Bonds Guarantee Funds were established to ensure that members' settlement obligations vis-à-vis transactions on ISE markets are fulfilled in a timely manner and without aggrieving members in case of a default. As of December 31, 2007, the Other External Sources item in Takasbank's balance sheet included Stock Guarantee Funds worth TRY 43,420,000 and Bonds Guarantee Funds of TRY 52,264,000. In accordance with the protocol between Takasbank and the ISE, Takasbank charges interest on ISE Stock and Bonds Guarantee Funds on interbank money and secondary markets, earning interest commission.

### Support Services and Service Providers

Takasbank does not receive any support services that extend or complement its banking operations, as defined in the BRSA's Regulations on Banks Receiving Support Services and the Authorization of Organizations Providing these Services.

## ANNUAL ACTIVITY REPORT

### Compliance Opinion

To the General Assembly of İMKB Takas ve Saklama Bankası A.Ş.:

We have audited the accuracy and compliance of the financial information in the accompanying annual activity report of İMKB Takas ve Saklama Bankası A.Ş. (the "Bank") with the audit report issued as of December 31, 2007. The Board of Directors of the Bank is responsible for the annual activity report. As independent auditors, our responsibility is to express an opinion on the audited annual activity report based on the compliance of financial information provided in the annual activity report with the audited financial statements and explanatory notes.

Our audit was performed in accordance with the accounting standards and principles and procedures of preparing and issuing annual activity reports as set out by the Banking Act No: 5411. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the compliance of financial information provided in the annual activity report with the audited financial statements and explanatory notes is free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual activity report presents fairly, in all material respects, the financial position of İMKB Takas ve Saklama Bankası A.Ş. as of December 31, 2007 in accordance with the prevailing accounting principles and standards set out as per the Article 40 of the Banking Act No: 5411. The financial information provided in the annual activity report is in compliance with the audited financial statements and explanatory notes, and it includes the Management's summary report and our audit opinion on these financial statements.

**DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.**  
Member of DELOITTE TOUCHE TOHMATSU



Murat Aytoğu  
Partner

İstanbul, February 28, 2008

■ İMKB TAKAS VE SAKLAMA BANKASI A.Ş.  
INDEPENDENT AUDITOR'S REPORT,  
FINANCIAL STATEMENTS AND NOTES  
TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2007

*Translated into English from the  
Original Turkish Report*

**STATUTORY AUDITORS' REPORT**

**2007 STATUTORY AUDITORS' REPORT  
TO THE GENERAL ASSEMBLY OF  
İMKB TAKAS VE SAKLAMA BANKASI A.Ş.**

Title of Partnership : İ.M.K.B. TAKAS VE SAKLAMA BANKASI A.Ş.  
Headquartered in : Istanbul  
Capital Stock : TRY 60,000,000.-  
Paid-in Capital : TRY 60,000,000.-  
Number of Shares : 600,000,000  
Number of Shareholders : 87  
Field of Activity: Providing settlement and custody services and conducting investment banking transactions for securities traded on the Istanbul Stock Exchange and other securities deemed appropriate by the CMB.

**Auditors**

Berra KILIÇ March 31, 2006  
Representing Class-B Shares for 2 years  
Arıl SEREN March 31, 2006  
Representing Class-A Shares for 2 years

**According to Article 353, clause 1, sub-clause 4 of the Turkish Commercial Code:**

As a result of the audit carried out as of December 31, 2007, it has been concluded that the Bank's records have been kept in compliance with relevant laws, transactions have been conducted with due concern, the Bank's cash balance as of December 31, 2007 corresponded to the figures in the accounting books and all securities delivered to the Bank have been recorded properly.

**According to Article 353, clause 1, sub-clause 3 of the Turkish Commercial Code:**

The Bank's cash balances were counted and documented in writing and bank records were found to comply with these documents on 12/01/2007, 15/02/2007, 20/03/2007, 24/04/2007, 17/05/2007, 21/06/2007, 31/07/2007, 23/08/2007, 25/09/2007, 11/10/2007, 16/11/2007 and 31/12/2007.

**Complaints and Malpractices Reported and Relevant Action Taken:**

No complaints or malpractices have been reported.

We have audited the accounts and transactions of İMKB Takas ve Saklama Bankası A.Ş. for the period 01/01/2007 and 12/31/2007 according to the Turkish Commercial Code, the Articles of Association of the Bank and other legislation and generally accepted accounting principles and standards. The Bank's balance sheet as of 12/31/2007, audited and deemed appropriate on our behalf, reflects the actual financial position of the Bank as of the specified date, the income statement for the period 01/01/2007 and 12/31/2007 reflects the actual operational results for the period.

We submit the balance sheet and the income statement, as well as the acquittal of the Board of Directors, for your approval.

**STATUTORY AUDITORS**

Arıl SEREN



Berra KILIÇ, PhD





## THE EVALUATIONS OF THE AUDIT COMMITTEE ON THE OPERATION OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS AND INFORMATION ON ACTIVITIES DURING THE ACCOUNTING PERIOD

**İMKB Takas ve Saklama Bankası A.Ş.,**

**Evaluations of the Audit Committee on the Activities of the Board of Internal Auditors, the Internal Control Department and the Risk Management Department in 2007**

Takasbank's activities under the scope of internal control, internal audit and risk management are conducted by the Board of Directors, Executive Management and the personnel on all levels as well as the Board of Internal Auditors, the Internal Control Department and the Risk Management Department in compliance with the provisions of the Regulation on Internal Audit and Risk Management Systems of Banks within the framework of the Board of Internal Auditors Regulation accepted by the Board of Directors' decision in meeting no: 155 on December 28, 2006 as well as the Risk Management Regulation, Risk Management Policy and Implementation Methods, Internal Audit Regulation and Procedure Regulations accepted by the Board of Directors' decision in meeting no:156 on January 30, 2007.

The Board of Internal Auditors performed a risk-based audit of all the regular activities of the Bank without any limitations and assured the Executive Management of the Bank that all activities were in compliance with the legislation in effect and the Bank's strategies, policies, principles and goals and concluded that the internal audit and risk management systems were effective and satisfactory.

The risk evaluations, internal audit plans, internal audit activity reports, internal control reports and other documentation submitted in 2007 to the Audit Committee by the Board of Internal Auditors, the Internal Control Department and the Risk Management Department, established as administratively independent control units in compliance with the provisions of the Regulation on Internal Audit and Risk Management Systems of Banks and supervised by the Audit Committee, were evaluated in monthly meetings and reports on Committee decisions were submitted to the Board of Directors thereby informing Takasbank's Executive Management and Board of Directors and fulfilling the requirements of the reports.

The general risk level of Takasbank's operations affects not only individuals and institutions active on a domestic level, but also international investors conducting portfolio investments in our capital markets as well as the brokerage houses and custody institutions taking part in these transactions. In this respect, Takasbank is compelled with the mission of providing services at international standards and utilizing an effective internal audit and risk management mechanism.

Committed to maintaining service quality in accordance with developments in financial markets, Takasbank adopts a global risk policy requiring our operations to be carried out prudently and at minimum risk. Regarding risk that must be taken or carried, an optimum balance is sought between any loss or damage that may be incurred if such risk arises and the cost of restricting, mitigating and controlling such risk.

Takasbank considers the internal audit and control process an integral part of its operations. Reporting modules enabling effective monitoring and control of transactions almost completely in electronic format are integrated with software applications. Necessary controls are carried out during performance of transactions using various techniques such as the separation of powers and duties regarding critical transactions, application of approval-authorization mechanisms during the performance of operations, examination of limits in electronic environment, control of material components, implementation of inquiry and reconciliation. In addition to the control function of the relevant management level, operations of the units are audited continuously by the Internal Control Department, which performs examination and audit tasks on behalf of the Board of Directors and periodically by the Board of Internal Auditors.

Takasbank carries out its operations in conformity with applicable legislation, its general policies and internal arrangements. Takasbank's Board of Internal Auditors, the Internal Control Department and the Risk Management Department are structured and operate in accordance with the Regulation on Internal Audit and Risk Management Systems of Banks and generates significant added value in line with the major objectives and policies of Takasbank.

Ekrem Nevzat ÖZTANGUT  
President of the Audit Committee



Ekrem Kerem KORUR  
Member of the Audit Committee





DRT Bağımsız Denetim  
Serbest Muhasebeci  
Mali Müşavirlik A.Ş.  
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To the Board of Directors of  
İMKB Takas ve Saklama Bankası A.Ş.  
İstanbul

**İMKB TAKAS VE SAKLAMA BANKASI ANONİM ŞİRKETİ**  
**INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR JANUARY 1, 2007-DECEMBER 31, 2007**

We have audited the accompanying balance sheet of İMKB Takas ve Saklama Bankası A.Ş. as at December 31, 2007, and the related statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on "Procedures And Principles Regarding Banks' Accounting Practices And Maintaining Documents" published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

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 "Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no: 26333 on November 1, 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independent Auditors' Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of İMKB Takas ve Saklama Bankası A.Ş. as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411.

**Additional paragraph for English translation:**

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.



DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU

Murat Aytoğu, SMMM  
Partner

İstanbul, February 21, 2008

48 **THE UNCONSOLIDATED FINANCIAL REPORT OF İMKB TAKAS VE SAKLAMA  
BANKASI A.Ş. FOR THE YEAR ENDED DECEMBER 31, 2007**

Address : Şişli Merkez Mah. Abide-i Hürriyet Cad.  
Mecidiyeköy yolu Sok. No: 286 34381 Şişli/İstanbul

Telephone : (0 212) 315 25 25

Fax : (0 212) 315 25 26

Web Site : www.takasbank.com.tr


E-mail Address : muhasebe@takasbank.com.tr

The unconsolidated financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:


- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND FOOTNOTES
- INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **thousands of New Turkish Lira**, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently audited and presented as attached.


February 21, 2008



Hüseyin Erkan  
President of  
the Board of  
Directors



E.Nevzat Öztangut  
Head of Audit  
Committee



E.Kerem Korur  
Member of Audit  
Committee



Dr. Emin Çatana  
General  
Manager



Dr. Sezai Bekgöz  
Assistant  
General Manager  
Responsible of  
Financial Reporting



Cengiz Özübek  
Manager  
Responsible of  
Financial  
Reporting

Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname/Title : Cengiz ÖZÜBEK/Manager Responsible of Financial Reporting  
Telephone : (0 212) 315 22 25  
Fax No : (0 212) 315 22 34

# İMKB TAKAS VE SAKLAMA BANKASI ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

#### SECTION ONE

##### GENERAL INFORMATION

##### I. Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue

The corporation, which was originally set up as a department of the Istanbul Stock Exchange ("ISE"), and whose operations were reorganized under a separate company named İMKB Takas ve Saklama A.Ş. (ISE Settlement and Custody Company Inc.) on 12 July 1991, was transformed into a non-deposit taking bank on 8 August 1995 with the name İMKB Takas ve Saklama Bankası A.Ş. (ISE Settlement and Custody Bank Inc.) (hereinafter referred to as "Takasbank" or the "Bank"), as published in the Official Gazette dated 23 March 1995 with the decision of the Council of Ministers No. 95/6551.

##### II. Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank

As of December 31, 2007 and December 31, 2006 the shareholders' structure and their respective ownerships are summarized as follows:

Name of shareholders	Current Period		Prior Period	
	Paid in Capital	%	Paid in Capital	%
1. İstanbul Menkul Kıymetler Borsası	19.575	32,63	19.575	32,63
2. Deha Menkul Kıymetler A.Ş.	3.000	5,00	3.000	5,00
3. T.Sinai Kalkınma Bankası A.Ş.	3.000	5,00	3.000	5,00
4. Hak Menkul Kıymetler A.Ş.	3.000	5,00	3.000	5,00
5. Yapı Kredi Yatırım Menkul Değerler A.Ş.	2.915	4,86	2.915	4,86
6. T.C. Ziraat Bankası A.Ş.	2.915	4,86	2.915	4,86
7. T.Garanti Bankası A.Ş.	2.915	4,86	2.915	4,86
8. T. İş Bankası A.Ş.	2.915	4,86	2.915	4,86
9. T. Vakıflar Bankası T.A.O.	2.915	4,86	2.915	4,86
10. Others (78)	16.850	28,07	16.850	28,07
<b>Total</b>	<b>60.000</b>	<b>100,00</b>	<b>60.000</b>	<b>100,00</b>

The share of 28,07% in the "Others" line is composed of 64 brokerage houses and 14 banks, with shares 18,04% and 10,03%, respectively.

32,63 % of the Bank's shares are owned by Istanbul Stock Exchange ("ISE"). ISE has been founded as a public institution bearing a legal entity, purposefully founded with authority to deal in the purchase and sale, determination and publicizing of prices of securities within the provisions and clauses as specified in the principles outlined in the Decree No: 91 regulating securities exchanges which was published in the Official Gazette No: 18183 dated 6 October 1983. ISE currently holds nominal TRY 200 preferred shares of the Bank.

The changes in shareholders in 2007 are shown below.

Prior Shareholder	New Shareholder	Capital	Percentage (%)
Menka Menkul Değerler Tic. A.Ş.	Sardis Menkul Değerler A.Ş.	64.363	0,1073
Bender Menkul Değerler A.Ş.	Deutsche Securities Menkul Değerler A.Ş.	20.000	0,0333
MNG Bank A.Ş.	Turkland Bank A.Ş.	15.000	0,0250
Arıgil Menkul Değerler A.Ş.	Morgan Stanley Menkul Değerler A.Ş.	5.000	0,0083
AS Menkul Kıymetler A.Ş.	BGC Partners Menkul Değerler A.Ş.	4.364	0,0073
GİSAD Menkul Değerler A.Ş.	Daruma Menkul Değerler A.Ş.	1.000	0,0017



## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

## III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares in the Parent Bank

## Chairman and Members of the Board of Directors

Name Surname	Responsible of	Education
Hüseyin Erkan	Chairman	Newyork U.-Economics Newyork U.-International Relations and Finance (Master Deg.)
Abdullah Cengiz Makas	Vice Chairman	METU FEAS-Economics Hacettepe U. Social Sciences Institute-Economics (Masters Deg.)
İbrahim Kurban	Member	METU-Public Relations
Emin Ali Gündez	Member	Ankara U. Political Sciences Fac.
Cavit Savcı	Member	ITU-Machine Fac. General Mac.
Bedii Ensari	Member (Credit Committee Member)	Ankara U.-Law School
Ekrem Nevzat Öztangut	Member (President of Audit Committee)	Hacettepe U. FEAS-Economics
Ekrem Kerem Korur	Member (Member of Audit Committee)	Istanbul U.-Economics (English) Colorado U.-Economic Institute
Dr. Emin Server Çatana	General Manager and Member (President of Credit Committee)	İstanbul Acad. Of Economics and Trade-Manag. İstanbul Acad. Of Economics and Trade-Manag. Sci. Inst.-Prod. (Masters Deg.) Istanbul U.-Social Sciences Inst.-Economics (Doctorate)
Yasemin Öney Cankurtaran	Member	Ankara U. Political Sciences Fac.-Management
Güzide Meltem Kökden	Member (Member of of Credit Committee)	Ankara U. PSF-International Relations Ankara U. Soc.Sciences Institute-European Law, Masters Degree

## Members of Audit Committee

Name Surname	Responsible of	Education
Arl Seren	Member of Audit Committee-Auditor	METU-Economics Chicago U.-Econometrics and Mathematics (Masters Deg.)
Dr. Mine Berra Kılıç	Member of Audit Committee-Auditor	Marmara U. FEAS-Management Ankara U. PSF-Management (Masters Deg.) Ankara U. PSF-Management (Doctorate)

## General Manager and Assistant General Managers

Name Surname	Responsible of	Education
Dr. Emin Server Çatana	General Manager and Member (President of Credit Committee)	İstanbul Acad. Of Economics and Trade-Manag. İstanbul Acad. Of Economics and Trade-Manag. Sci. Inst.-Prod. (Masters Deg.) Istanbul U.-Social Sciences Inst.-Economics (Doctorate)
H. Nezir Bakır	Custody Dep., Fund Man. Dep., Pers. & Training Dep., Security Dep., Admin. Aff. & Proc. Dep., Credits and Markets Dep.	Istanbul U. Faculty of Economics Statistics/Public Finances
Dr. Sezai Bekgöz	Operations Dep., Legal Affairs Dep.,	Ankara U. PSF-Economics Istanbul U.-Social Sci. Inst.-Capital Markets and Stock Exch. (Masters Deg.)
Yusuf Çiçek	Accounting Dep. Softw. & Syst. Oper. Dep., System Develop.Dep.	Marmara U.-Banking and Insurance Inst.-Banking (Doctorate) Ankara Gazi U.-Mathematics

# İMKB TAKAS VE SAKLAMA BANKASI ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

#### Head of Inspection Board

Name Surname	Duty	Education
Şevket Yaşöz	Head of the Inspection Board	Ankara U. PSF-Economics and Public Finances

Chairman of Board of Directors and other members stated above do not own any shares of the Bank.

In the current period, Güzide Meltem Kökden, representing T. İş Bankası A.Ş., instead of Rıza İhsan Kutlusoy; Cavit Savcı, Emin Ali Gündez and Hüseyin Erkan, representing İstanbul Stock Exchange, instead of İbrahim Kurban, Hüseyin Erkan and Osman Birsen have been appointed as the member of board of directors. Subsequently, İbrahim Kurban, has been re-appointed as member of board of directors instead of İlhami Öztürk.

#### IV. Information about the persons and institutions that have qualified shares

Shares of Bank's shareholders, except ISE, do not exceed 5% as stated in the Articles of Association of the Bank. 32,63% of the Bank belongs to ISE. The Bank has nominal TRY 200 preferred shares as at 31 December 2007. The preferred shares belonging to ISE, provides the shareholder to be represented with more members in the Board of Directors.

#### V. Summary on the Bank's Functions and Areas of Activity

Takasbank performs its operating activities as a non-deposit taking bank since 2 January 1996. Takasbank carries out clearing, settlement, custody and other necessary transactions of marketable securities on behalf of brokerage houses. Takasbank also renders customer name based custody services. Head office of Takasbank is located in Istanbul and the Bank has no branches.

Operating areas as stated in the Articles of Association of the Bank are as follows:

- Performing custodianship of the marketable securities, precious metals and other securities and settlement of commitments arising from the purchases and sales of those assets.
- Undertaking every kind of legal, financial and administrative transactions for receiving and delivering these securities to the related parties.
- Providing New Turkish Lira or foreign currency cash and non-cash credit facilities to its customers with or without taking collaterals including gold, marketable securities, notes, time deposits, and other guarantees, lending marketable securities, other securities or cash to ISE members to enable them to realize their settlement transactions on time; discounting/lending or borrowing marketable securities and other money market instruments when necessary; granting New Turkish Lira or foreign currency guarantees, guarantee letters and acceptances.
- Managing the "Stock Exchange Money Market" with the participation of the members of the ISE or other stock exchanges assigned by authorities, and the Central Bank of Turkey ("CB").

## BALANCE SHEET

## SECTION TWO

## UNCONSOLIDATED FINANCIAL STATEMENTS

ASSETS	Note Ref.	IN THOUSAND OF NEW TURKISH LIRA (TRY)					
		Audited CURRENT PERIOD (31/12/2007)			Audited PRIOR PERIOD (31/12/2006)		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(1)	6,054	2,556	8,610	20,217	630	20,847
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	(2)	2,877	0	2,877	2,445	0	2,445
2.1 Financial assets held for trading		2,877	0	2,877	2,445	0	2,445
2.1.1 Public sector debt securities		2,877	0	2,877	2,445	0	2,445
2.1.2 Share certificates		0	0	0	0	0	0
2.1.3 Other marketable securities		0	0	0	0	0	0
2.2 Financial assets at fair value through profit and loss		0	0	0	0	0	0
2.2.1 Public sector debt securities		0	0	0	0	0	0
2.2.2 Share certificates		0	0	0	0	0	0
2.2.3 Other marketable securities		0	0	0	0	0	0
2.3 Derivative financial assets held for trading		0	0	0	0	0	0
<b>III. BANKS</b>	(3)	166,285	23,001	189,286	101,216	6,081	107,297
<b>IV. MONEY MARKET PLACEMENTS</b>		919,420	0	919,420	333,952	0	333,952
4.1 Interbank money market placements		910,898	0	910,898	326,475	0	326,475
4.2 Istanbul Stock Exchange money market placements		0	0	0	0	0	0
4.3 Receivables from reverse repurchase agreements		8,522	0	8,522	7,477	0	7,477
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(4)	461	0	461	461	0	461
5.1 Share certificates		461	0	461	461	0	461
5.2 Public sector debt securities		0	0	0	0	0	0
5.3 Other marketable securities		0	0	0	0	0	0
<b>VI. LOANS</b>	(5)	24,452	0	24,452	20,372	0	20,372
6.1 Loans		24,452	0	24,452	20,372	0	20,372
6.1.1 Loans to Risk Group of the Bank		0	0	0	0	0	0
6.1.2 Other		24,452	0	24,452	20,372	0	20,372
6.2 Non-performing loans		0	0	0	0	0	0
6.3 Specific provisions (-)		0	0	0	0	0	0
<b>VII. FACTORING RECEIVABLES</b>		0	0	0	0	0	0
<b>VIII. HELD TO MATURITY INVESTMENTS (Net)</b>	(6)	93,095	0	93,095	88,980	0	88,980
8.1 Public sector debt securities		93,095	0	93,095	88,980	0	88,980
8.2 Other marketable securities		0	0	0	0	0	0
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(7)	0	0	0	0	0	0
9.1 Consolidated under equity method		0	0	0	0	0	0
9.2 Unconsolidated associates		0	0	0	0	0	0
9.2.1 Financial investments		0	0	0	0	0	0
9.2.2 Non-financial investments		0	0	0	0	0	0
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(8)	4,825	0	4,825	4,825	0	4,825
10.1 Unconsolidated financial subsidiaries		4,825	0	4,825	4,825	0	4,825
10.2 Unconsolidated non-financial subsidiaries		0	0	0	0	0	0
<b>XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)</b>	(9)	0	0	0	0	0	0
11.1 Consolidated under equity method		0	0	0	0	0	0
11.2 Unconsolidated		0	0	0	0	0	0
11.2.1 Financial subsidiaries		0	0	0	0	0	0
11.2.2 Non-financial subsidiaries		0	0	0	0	0	0
<b>XII. LEASE RECEIVABLES (Net)</b>	(10)	0	0	0	0	0	0
12.1 Finance lease receivables		0	0	0	0	0	0
12.2 Operating lease receivables		0	0	0	0	0	0
12.3 Other		0	0	0	0	0	0
12.4 Unearned income (-)		0	0	0	0	0	0
<b>XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	(11)	0	0	0	0	0	0
13.1 Fair value hedge		0	0	0	0	0	0
13.2 Cash flow hedge		0	0	0	0	0	0
13.3 Hedge of net investment in foreign operations		0	0	0	0	0	0
<b>XIV. TANGIBLE ASSETS (Net)</b>	(12)	10,993	0	10,993	8,852	0	8,852
<b>XV. INTANGIBLE ASSETS (Net)</b>	(13)	187	0	187	214	0	214
15.1 Goodwill		0	0	0	0	0	0
15.2 Other		187	0	187	214	0	214
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(14)	0	0	0	0	0	0
<b>XVII. TAX ASSET</b>	(15)	776	0	776	5,110	0	5,110
17.1 Current tax asset		0	0	0	5,110	0	5,110
17.2 Deferred tax asset		776	0	776	0	0	0
<b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(16)	0	0	0	0	0	0
18.1 Held for sale		0	0	0	0	0	0
18.2 Discontinued operations		0	0	0	0	0	0
<b>XIX. OTHER ASSETS</b>	(17)	1,698	0	1,698	1,606	0	1,606
<b>TOTAL ASSETS</b>		<b>1,231,123</b>	<b>25,557</b>	<b>1,256,680</b>	<b>588,250</b>	<b>6,711</b>	<b>594,961</b>

The accompanying are an integral part of these financial statements.

## BALANCE SHEET

LIABILITIES		Note Ref.	IN THOUSAND OF NEW TURKISH LIRA (TRY)					
			Audited CURRENT PERIOD (31/12/2007)			Audited PRIOR PERIOD (31/12/2006)		
			TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I. DEPOSITS</b>	(1)	0	0	0	0	0	0	
1.1 Deposits from Risk Group of the Bank		0	0	0	0	0	0	
1.2 Other		0	0	0	0	0	0	
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)	0	0	0	0	0	0	
<b>III. FUNDS BORROWED</b>	(3)	40,818	0	40,818	0	0	0	
<b>IV. MONEY MARKET BALANCES</b>		0	0	0	0	0	0	
4.1 Interbank money market takings		0	0	0	0	0	0	
4.2 Istanbul Stock Exchange money market takings		0	0	0	0	0	0	
4.3 Funds provided under repurchase agreements		0	0	0	0	0	0	
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		0	0	0	0	0	0	
5.1 Bills		0	0	0	0	0	0	
5.2 Asset backed securities		0	0	0	0	0	0	
5.3 Bonds		0	0	0	0	0	0	
<b>VI. FUNDS</b>		0	0	0	0	0	0	
6.1 Borrower funds		0	0	0	0	0	0	
6.2 Other		0	0	0	0	0	0	
<b>VII. SUNDRY CREDITORS</b>		812,330	24,537	836,867	246,998	6,177	253,175	
<b>VIII. OTHER LIABILITIES</b>	(4)	116,758	0	116,758	93,755	0	93,755	
<b>IX. FACTORING PAYABLES</b>		0	0	0	0	0	0	
<b>X. FINANCE LEASE PAYABLES (Net)</b>	(5)	0	0	0	0	0	0	
10.1 Finance lease payables		0	0	0	0	0	0	
10.2 Operating lease payables		0	0	0	0	0	0	
10.3 Other		0	0	0	0	0	0	
10.4 Deferred finance lease expenses (-)		0	0	0	0	0	0	
<b>XI. DERIVATIVE FINANCIAL LIAB.'S FOR HEDGING PURPOSES</b>	(6)	0	0	0	0	0	0	
11.1 Fair value hedge		0	0	0	0	0	0	
11.2 Cash flow hedge		0	0	0	0	0	0	
11.3 Hedge of net investment in foreign operations		0	0	0	0	0	0	
<b>XII. PROVISIONS</b>	(7)	3,780	0	3,780	2,594	0	2,594	
12.1 General loan loss provisions		1,630	0	1,630	766	0	766	
12.2 Restructuring provisions		0	0	0	0	0	0	
12.3 Reserve for employee benefits		2,025	0	2,025	1,703	0	1,703	
12.4 Insurance technical reserves (Net)		0	0	0	0	0	0	
12.5 Other provisions		125	0	125	125	0	125	
<b>XIII. TAX LIABILITY</b>	(8)	4,933	0	4,933	9,112	0	9,112	
13.1 Current tax liability		4,933	0	4,933	8,792	0	8,792	
13.2 Deferred tax liability		0	0	0	320	0	320	
<b>XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	(9)	0	0	0	0	0	0	
14.1 Held for sale		0	0	0	0	0	0	
14.2 Discontinued operations		0	0	0	0	0	0	
<b>XV. SUBORDINATED LOANS</b>	(10)	0	0	0	0	0	0	
<b>XVI. SHAREHOLDERS' EQUITY</b>	(11)	253,524	0	253,524	236,325	0	236,325	
16.1 Paid-in capital		60,000	0	60,000	60,000	0	60,000	
16.2 Capital Reserves		96,788	0	96,788	96,788	0	96,788	
16.2.1 Share premium		0	0	0	0	0	0	
16.2.2 Share cancellation profits		0	0	0	0	0	0	
16.2.3 Marketable securities value increase fund		0	0	0	0	0	0	
16.2.4 Tangible assets revaluation differences		0	0	0	0	0	0	
16.2.5 Intangible assets revaluation differences		0	0	0	0	0	0	
16.2.6 Investment property revaluation differences		0	0	0	0	0	0	
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		0	0	0	0	0	0	
16.2.8 Hedging funds (Effective portion)		0	0	0	0	0	0	
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		0	0	0	0	0	0	
16.2.10 Other capital reserves		96,788	0	96,788	96,788	0	96,788	
16.3 Profit reserves		57,716	0	57,716	48,018	0	48,018	
16.3.1 Legal reserves		11,920	0	11,920	9,993	0	9,993	
16.3.2 Status reserves		0	0	0	0	0	0	
16.3.3 Extraordinary reserves		42,527	0	42,527	34,756	0	34,756	
16.3.4 Other profit reserves		3,269	0	3,269	3,269	0	3,269	
16.4 Profit or loss		39,020	0	39,020	31,519	0	31,519	
16.4.1 Retained Earnings		0	0	0	(1,042)	0	(1,042)	
16.4.2 Current year Profit/(loss)		39,020	0	39,020	32,561	0	32,561	
16.5 Minority shares	(12)	0	0	0	0	0	0	
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,232,143</b>	<b>24,537</b>	<b>1,256,680</b>	<b>588,784</b>	<b>6,177</b>	<b>594,961</b>	

The accompanying are an integral part of these financial statements.

## STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref.	IN THOUSAND OF NEW TURKISH LIRA (TRY)					
		Audited CURRENT PERIOD (31/12/2007)			Audited PRIOR PERIOD (31/12/2006)		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>							
<b>I. GUARANTEES AND WARRANTIES</b>	(1), (3)	901,007	0	901,007	479,665	0	479,665
1.1. Letters of guarantee		900,869	0	900,869	479,527	0	479,527
1.1.1. Guarantees subject to State Tender Law		0	0	0	0	0	0
1.1.2. Guarantees given for foreign trade operations		0	0	0	0	0	0
1.1.3. Other letters of guarantee		0	0	0	0	0	0
1.2. Bank loans		0	0	0	0	0	0
1.2.1. Import letters of acceptance		0	0	0	0	0	0
1.2.2. Other bank acceptances		0	0	0	0	0	0
1.3. Letters of credit		0	0	0	0	0	0
1.3.1. Documentary letters of credit		0	0	0	0	0	0
1.3.2. Other letters of credit		0	0	0	0	0	0
1.4. Prefinancing given as guarantee		0	0	0	0	0	0
1.5. Endorsements		0	0	0	0	0	0
1.5.1. Endorsements to the Central Bank of Turkey		0	0	0	0	0	0
1.5.2. Other endorsements		0	0	0	0	0	0
1.6. Securities issue purchase guarantees		0	0	0	0	0	0
1.7. Factoring guarantees		0	0	0	0	0	0
1.8. Other guarantees		0	0	0	0	0	0
1.9. Other warranties		900,869	0	900,869	479,527	0	479,527
<b>II. COMMITMENTS</b>	(1), (3)	138	0	138	138	0	138
2.1. Irrevocable commitments		138	0	138	138	0	138
2.1.1. Forward asset purchase commitments		0	0	0	0	0	0
2.1.2. Forward deposit purchase and sales commitments		0	0	0	0	0	0
2.1.3. Share capital commitment to associates and subsidiaries		138	0	138	138	0	138
2.1.4. Loan granting commitments		0	0	0	0	0	0
2.1.5. Securities underwriting commitments		0	0	0	0	0	0
2.1.6. Commitments for reserve deposit requirements		0	0	0	0	0	0
2.1.7. Payment commitment for checks		0	0	0	0	0	0
2.1.8. Tax and fund liabilities from export commitments		0	0	0	0	0	0
2.1.9. Commitments for credit card expenditure limits		0	0	0	0	0	0
2.1.10. Commitments for promotions related with credit cards and banking activities		0	0	0	0	0	0
2.1.11. Receivables from short sale commitments		0	0	0	0	0	0
2.1.12. Payables for short sale commitments		0	0	0	0	0	0
2.1.13. Other irrevocable commitments		0	0	0	0	0	0
2.2. Revocable commitments		0	0	0	0	0	0
2.2.1. Revocable loan granting commitments		0	0	0	0	0	0
2.2.2. Other revocable commitments		0	0	0	0	0	0
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	0	0	0	0	0	0
3.1. Derivative financial instruments for hedging purposes		0	0	0	0	0	0
3.1.1. Fair value hedge		0	0	0	0	0	0
3.1.2. Cash flow hedge		0	0	0	0	0	0
3.1.3. Hedge of net investment in foreign operations		0	0	0	0	0	0
3.2. Held for trading transactions		0	0	0	0	0	0
3.2.1. Forward foreign currency buy/sell transactions		0	0	0	0	0	0
3.2.1.1. Forward foreign currency transactions-buy		0	0	0	0	0	0
3.2.1.2. Forward foreign currency transactions-sell		0	0	0	0	0	0
3.2.2. Swap transactions related to f.c. and interest rates		0	0	0	0	0	0
3.2.2.1. Foreign currency swap-buy		0	0	0	0	0	0
3.2.2.2. Foreign currency swap-sell		0	0	0	0	0	0
3.2.2.3. Interest rate swaps-buy		0	0	0	0	0	0
3.2.2.4. Interest rate swaps-sell		0	0	0	0	0	0
3.2.3. Foreign currency, interest rate and securities options		0	0	0	0	0	0
3.2.3.1. Foreign currency options-buy		0	0	0	0	0	0
3.2.3.2. Foreign currency options-sell		0	0	0	0	0	0
3.2.3.3. Interest rate options-buy		0	0	0	0	0	0
3.2.3.4. Interest rate options-sell		0	0	0	0	0	0
3.2.3.5. Securities options-buy		0	0	0	0	0	0
3.2.3.6. Securities options-sell		0	0	0	0	0	0
3.2.4. Foreign currency futures		0	0	0	0	0	0
3.2.4.1. Foreign currency futures-buy		0	0	0	0	0	0
3.2.4.2. Foreign currency futures-sell		0	0	0	0	0	0
3.2.5. Interest rate futures		0	0	0	0	0	0
3.2.5.1. Interest rate futures-buy		0	0	0	0	0	0
3.2.5.2. Interest rate futures-sell		0	0	0	0	0	0
3.2.6. Other		0	0	0	0	0	0
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		3,824,421,676	134,223	3,824,555,899	3,679,713,694	171,672	3,679,885,366
<b>IV. ITEMS HELD IN CUSTODY</b>		3,821,870,397	0	3,821,870,397	3,677,574,867	0	3,677,574,867
4.1. Assets under management		27	0	27	27	0	27
4.2. Investment securities held in custody		3,821,868,870	0	3,821,868,870	3,677,573,340	0	3,677,573,340
4.3. Checks received for collection		0	0	0	0	0	0
4.4. Commercial notes received for collection		0	0	0	0	0	0
4.5. Other assets received for collection		0	0	0	0	0	0
4.6. Assets received for public offering		0	0	0	0	0	0
4.7. Other items under custody		1,500	0	1,500	1,500	0	1,500
4.8. Custodians		0	0	0	0	0	0
<b>V. PLEDGED ITEMS</b>		2,551,279	134,223	2,685,502	2,138,827	171,672	2,310,499
5.1. Marketable securities		1,577,187	134,165	1,711,352	1,716,739	171,602	1,888,341
5.2. Guarantee notes		0	0	0	4	0	4
5.3. Commodity		0	0	0	0	0	0
5.4. Warranty		0	0	0	0	0	0
5.5. Properties		0	0	0	0	0	0
5.6. Other pledged items		974,092	0	974,092	422,084	0	422,084
5.7. Pledged items-depository		0	58	58	0	70	70
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		0	0	0	0	0	0
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>3,825,322,683</b>	<b>134,223</b>	<b>3,825,456,906</b>	<b>3,680,193,221</b>	<b>171,672</b>	<b>3,680,364,893</b>

The accompanying are an integral part of these financial statements.



## STATEMENT OF INCOME

INCOME/(LOSS) ACCOUNTS		Note Ref.	IN THOUSAND OF NEW TURKISH LIRA (TRY)	
			Audited CURRENT PERIOD (31/12/2007)	Audited PRIOR PERIOD (31/12/2006)
<b>I.</b>	<b>INTEREST INCOME</b>	(1)	44,727	38,463
1.1	Interest on loans		4,691	3,881
1.2	Interest received from reserve deposits		3,504	1,073
1.3	Interest received from banks		22,924	14,320
1.4	Interest received from money market placements		236	755
1.5	Interest received from marketable securities portfolio		13,342	18,405
1.5.1	Held-for-trading financial assets		0	0
1.5.2	Financial assets at fair value through profit and loss		0	0
1.5.3	Available-for-sale financial assets		0	0
1.5.4	Investments held-to-maturity		13,342	18,405
1.6	Finance lease Income		0	0
1.7	Other interest income		30	29
<b>II.</b>	<b>INTEREST EXPENSE</b>	(2)	2,831	999
2.1	Interest on deposits		0	0
2.2	Interest on funds borrowed		2,831	999
2.3	Interest on money market borrowings		0	0
2.4	Interest on securities issued		0	0
2.5	Other interest expense		0	0
<b>III.</b>	<b>NET INTEREST INCOME (I-II)</b>		41,896	37,464
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		388	506
4.1	Fees and commissions received		1,608	1,799
4.1.1	Non-cash loans		1,608	1,799
4.1.2	Other		0	0
4.2	Fees and commissions paid		1,220	1,293
4.2.1	Non-cash loans		0	0
4.2.2	Other		1,220	1,293
<b>V.</b>	<b>DIVIDEND INCOME</b>	(3)	649	0
<b>VI.</b>	<b>NET TRADING INCOME</b>	(4)	(127)	18
6.1	Securities trading gains/(losses)		0	0
6.2	Foreign exchange gains/(losses)		(127)	18
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5)	25,533	21,366
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		68,339	59,354
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	(6)	864	411
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(7)	19,527	18,560
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		47,948	40,383
<b>XII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		0	0
<b>XIII.</b>	<b>GAIN/(LOSS) ON EQUITY METHOD</b>			
<b>XIV.</b>	<b>GAIN/(LOSS) ON NET MONETARY POSITION</b>			
<b>XV.</b>	<b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>		0	0
<b>XVI.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	(8)	47,948	40,383
16.1	Provision for current income taxes	(9)	8,928	7,822
16.2	Provision for deferred taxes		10,024	7,502
<b>XVII.</b>	<b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>		(1,096)	320
<b>XVIII.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>	(10)	39,020	32,561
18.1	Income on assets held for sale		0	0
18.2	Income on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		0	0
18.3	Income on other discontinued operations		0	0
<b>XIX.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		0	0
19.1	Loss from assets held for sale		0	0
19.2	Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		0	0
19.3	Loss from other discontinued operations		0	0
<b>XX.</b>	<b>PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>	(8)	0	0
<b>XXI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	(9)	0	0
21.1	Provision for current income taxes		0	0
21.2	Provision for deferred taxes		0	0
<b>XXII.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	(10)	0	0
<b>XXIII.</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>	(11)	39,020	32,561
23.1	Group's profit/loss		39,020	32,561
23.2	Minority shares		0	0

## STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

PROFIT AND LOSS ACCOUNTS ACCOUNTED UNDER EQUITY	IN THOUSAND OF NEW TURKISH LIRA (TRY)	
	Audited	Audited
	CURRENT PERIOD (31/12/2007)	PRIOR PERIOD (31/12/2006)
I. Additions to marketable securities revaluation differences for available for sale financial assets	0	0
II. Tangible assets revaluation differences	0	0
III. Intangible assets revaluation differences	0	0
IV. Foreign exchange differences for foreign currency transactions	0	0
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	0	0
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	0	0
VII. The effect of corrections of errors and changes in accounting policies	0	0
VIII. Other profit loss items accounted under equity due to TAS	0	0
IX. Deferred tax of valuation differences	0	0
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	0	0
XI. Profit/Loss	0	0
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	0	0
1.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	0	0
1.3 Transfer of hedge of net investments in foreign operations to Income Statement	0	0
1.4 Other	0	0
XII. Total Profit/Loss accounted for the period (X±XI)	0	0

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

THOUSAND OF NEW TURKISH LIRA (TRY)																			
CHANGES IN SHAREHOLDERS' EQUITY	Note Ref.	Paid-in Capital	Effect of inflation Accounting on Capital and Other	Capital Reserves	Share premium	Share certificate cancellation	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase	Tangible and Intangible Assets Revaluation Differences	Bonus shares obtained from Associates	Hedging Funds	Acc. val. diff. from assets held for sale and from disc. op.	Total Equity Before Minority Shares	Total Equity
<b>PRIOR PERIOD</b>																			
<b>(31/12/2006)</b>																			
I.		60,000	96,788	0	0	0	5,741	0	21,469	3,269	0	42,682	0	0	0	0	0	0	229,949
II.		0	0	0	0	0	0	0	0	0	0	-769	0	0	0	0	0	0	(769)
2.1		0	0	0	0	0	0	0	0	0	0	-769	0	0	0	0	0	0	0
2.2		0	0	0	0	0	0	0	0	0	0	-769	0	0	0	0	0	0	(769)
III.		60,000	96,788	0	0	0	5,741	0	21,469	3,269	0	41,913	0	0	0	0	0	0	229,180
Changes in period																			
IV.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VI.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6.1		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6.2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VII.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VIII.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IX.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
X.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XI.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XII.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XIII.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XIV.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14.1		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14.2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XV.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XVI.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XVII.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XVIII.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XVIII. Other		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XIX.		0	0	0	0	0	0	0	0	0	32,561	0	0	0	0	0	0	0	32,561
XX.		0	0	0	0	0	4,252	0	13,287	0	(42,955)	0	0	0	0	0	0	0	(25,416)
20.1		0	0	0	0	0	4,252	0	13,287	0	(42,955)	0	0	0	0	0	0	0	(25,416)
20.2		0	0	0	0	0	4,252	0	12,696	0	(26,007)	0	0	0	0	0	0	0	(26,007)
20.3		0	0	0	0	0	0	0	591	0	(16,948)	0	0	0	0	0	0	0	591
		60,000	96,788	0	0	0	9,993	0	34,756	3,269	32,561	(1,042)	0	0	0	0	0	0	236,325
<b>CLOSING BALANCE (III+IV+V+...+XVIII+XIX+XX)</b>																			
<b>(31/12/2007)</b>																			
<b>CURRENT PERIOD</b>																			
<b>(31/12/2007)</b>																			
I.		60,000	96,788	0	0	0	9,993	0	34,756	3,269	0	31,519	0	0	0	0	0	0	236,325
Changes in period																			
II.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
III.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IV.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4.1		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4.2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VI.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VII.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VIII.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IX.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
X.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XI.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XII.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12.1		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12.2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XIII.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XIV.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XV.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XVI.		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XVI. Other		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
XVII.		0	0	0	0	0	0	0	0	0	39,020	0	0	0	0	0	0	0	39,020
XVIII.		0	0	0	0	0	1,927	0	7,771	0	(31,519)	0	0	0	0	0	0	0	(21,820)
18.1		0	0	0	0	0	1,927	0	7,771	0	(31,519)	0	0	0	0	0	0	0	(21,820)
18.2		0	0	0	0	0	1,927	0	7,326	0	(22,266)	0	0	0	0	0	0	0	(22,266)
18.3		0	0	0	0	0	0	0	445	0	(9,253)	0	0	0	0	0	0	0	445
		60,000	96,788	0	0	0	11,920	0	42,527	3,269	39,020	0	0	0	0	0	0	0	253,524
<b>CLOSING BALANCE (I+II+III+...+XVI+XVII+XVIII)</b>																			

The accompanying are an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

		IN THOUSAND OF NEW TURKISH LIRA (TRY)	
		Audited	Audited
		CURRENT PERIOD	PRIOR PERIOD
		(31/12/2007)	(31/12/2006)
	Note Ref.		
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
1.1	Operating profit before changes in operating assets and liabilities	32,713	12,033
1.1.1	Interest received	45,381	23,550
1.1.2	Interest paid	(2,813)	(999)
1.1.3	Dividend received	649	0
1.1.4	Fees and commissions received	1,608	1,799
1.1.5	Other income	25,615	21,721
1.1.6	Collections from previously written off loans	0	0
1.1.7	Payments to personnel and service suppliers	(14,899)	13,302
1.1.8	Taxes paid	(565)	(18,888)
1.1.9	Others	(22,263)	(28,452)
	(1)		
1.2	Changes in operating assets and liabilities	652,219	160,264
1.2.1	Net (increase) decrease in financial assets held for trading	(356)	63
1.2.2	Net (increase) decrease in financial assets at fair value through profit or loss	0	0
1.2.3	Net (increase) decrease in due from banks and other financial institutions	(82)	0
1.2.4	Net (increase) decrease in loans	(4,103)	(2,533)
1.2.5	Net (increase) decrease in other assets	4,242	9,862
1.2.6	Net increase (decrease) in bank deposits	0	0
1.2.7	Net increase (decrease) in other deposits	0	0
1.2.8	Net increase (decrease) in funds borrowed	40,800	0
1.2.9	Net increase (decrease) in matured payables	(3,859)	(2,433)
1.2.10	Net increase (decrease) in other liabilities	615,577	155,305
	(1)		
<b>I.</b>	<b>Net cash provided from banking operations</b>	<b>684,932</b>	<b>172,297</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	<b>Net cash provided from investing activities</b>	<b>(8,556)</b>	<b>71,978</b>
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries (joint vent.)	0	0
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries (joint vent.)	0	0
2.3	Fixed assets purchases	(828)	(276)
2.4	Fixed assets sales	365	495
2.5	Cash paid for purchase of financial assets available for sale	0	(137)
2.6	Cash obtained from sale of financial assets available for sale	0	0
2.7	Cash paid for purchase of investment securities	(66,772)	(15,011)
2.8	Cash obtained from sale of investment securities	61,158	69,837
2.9	Others	(2,479)	17,070
	(1)		
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net cash provided from financing activities</b>	<b>(21,821)</b>	<b>(26,008)</b>
3.1	Cash obtained from funds borrowed and securities issued	0	0
3.2	Cash used for repayment of funds borrowed and securities issued	0	0
3.3	Capital increase	0	0
3.4	Dividends paid	(22,266)	(26,008)
3.5	Payments for finance leases	0	0
3.6	Other	445	0
	(1)		
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>(127)</b>	<b>18</b>
<b>V.</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>654,428</b>	<b>218,285</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of the period</b>	<b>458,820</b>	<b>240,535</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of the period</b>	<b>1,113,248</b>	<b>458,820</b>

## PROFIT DISTRIBUTION TABLE

		IN THOUSAND OF NEW TURKISH LIRA (TRY)	
		Audited	Audited
		CURRENT PERIOD	PRIOR PERIOD
		(31/12/2007)	(31/12/2006)
<b>I.</b>	<b>DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1	CURRENT YEAR INCOME	47,948	40,383
1.2	TAXES AND DUTIES PAYABLE (-)	8,928	7,822
1.2.1	Corporate tax (Income tax)	8,928	7,822
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	-	-
<b>A.</b>	<b>NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>39,020</b>	<b>32,561</b>
1.3	PRIOR YEARS' LOSSES (-)	-	(1,042)
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	-
<b>B.</b>	<b>NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>39,020</b>	<b>31,519</b>
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	20,000
1.6.1	To owners of ordinary shares	-	20,000
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 (-)	-	1,817
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	449
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 (-)	-	1,927
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	7,326
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
<b>II.</b>	<b>DISTRIBUTION OF RESERVES</b>		
2.1	DISTRIBUTED 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 (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE</b>		
3.1	TO OWNERS OF ORDINARY SHARES	-	-
3.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3	TO OWNERS OF PREFERRED SHARES	-	-
3.4	TO OWNERS OF PREFERRED SHARES (%)	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PREFERRED SHARES	-	-
4.4	TO OWNERS OF PREFERRED SHARES (%)	-	-

(\*) For TRY 1.000 nominal exact TRY

Note: In the current period, Bank's authorized organ for profit distribution is General Assembly. General Assembly of the Bank has not been held as of the date of this financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

Presentation of Financial Statements

The Bank prepares its financial statements and underlying documents according to Communique on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, other communiques, pronouncements and explanations about accounting and financial reporting issued by Banking Regulation and Supervision Agency (BRSA), Turkish Commercial Code and Tax Legislation.

Amounts in Financial Statements, the correspondent explanations and disclosures are expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

Preparation of Financial Statements at the Current Purchasing Power Parity

The indicators which are explained in the BRSA resolution dated 21 April 2005 and numbered 1623 and 28 April 2005 dated circular and 5th Article of Number 14 Communique of Accounting Application Regulations-“Preparation of Financial Statements in Hyperinflationary Periods”, which is revoked on 1 November 2006, are no longer valid and banks' obligation to prepare their financial statements according to this regulation is no longer in effect.

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank has placed its funds in domestic and foreign banks, in interbank money markets, and treasury bills and government bonds. These instruments are assumed to have higher yields compared to other financial instruments and bear lower risk. For the purposes of maintaining sufficient liquidity to meet all claims that might fall due, the Bank makes overnight or weekly placements in interbank money markets. The most significant financing resources are guarantees of the members, short term placements and the shareholders' equity of the Bank. In making long-term placements, the high yield principle is considered, and accordingly, the Bank invests in government bonds and treasury bills.

The Bank has no area of operations for which a return is achieved above the average rate of return and off-balance sheet risks.

The Bank carries transactions in interbank money markets. Accordingly, exchange rate and interest rate volatility are managed by matching its assets and liabilities. Related to the transactions in interbank money markets, transaction limits determined in these markets are established as risk limits.

Income and expenses which arise from foreign currency translation are accounted at the period when transaction takes place. At period ends, balances of foreign currency asset and liability accounts are translated into TRY evaluating them by period end Central Bank foreign exchange purchase rates. Exchange rate differences are accounted as exchange rate profit or loss.

The Bank has no available for sale foreign currency instruments. In order to hedge interest rate risks arising from fixed or floating rate instruments, the Bank prefers short-term transactions.

The Bank hedges exchange rate risk arising from foreign currency denominated transactions by matching foreign currency liabilities with foreign currency assets.

The Bank has no investments in foreign entities.

III. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank has no derivative instruments used for hedging purposes as at the balance sheet date.



# İMKB TAKAS VE SAKLAMA BANKASI ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

#### IV. Interest Income and Expenses

Interest income and expense are recognized at fair value and accounted on accrual basis by effective interest rate method (the rate which makes the future cash flows of related financial asset or liability equal to carrying amount) by taking into account principle amount. In accordance with the related regulation, realized and unrealized interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as interest income only when collected.

#### V. Fees and Commission Income and Expenses

The Bank performs custody and settlement services for marketable securities, precious metals and other securities arising from purchases and sales of those assets.

Additionally, the Bank opens custody accounts for its customers, corporate investors and companies quoted on the ISE and on other stock exchange markets, performs transfers, settlements and offsets between the accounts of securities intermediary companies and investors; performs procedures related to obtaining of bonus shares, use of preemptive rights, timely collection of dividends, principal and interest, exchange of certificates representing marketable and other securities and additional financial services.

Due to the above operations, the Bank receives custody and service commission income from its customers. These fees and commissions are accrued on a monthly basis under other operating income.

#### VI. Explanations and Disclosures on Financial Assets

Financial instruments comprise financial assets and financial liabilities. Financial instruments constitute the basis of Bank's trading activities and operations. The risks related with these instruments are comprising a major part of the total risk taken by the Bank. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects.

All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution, and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. In case of application of settlement date accounting, the institution accounts for the changes that occur in the fair value of the asset in the period between commercial transaction date and settlement date as in the assets that the institution settles.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets. Fair value differences are not accounted for assets carried at cost or amortized cost; gain or loss of financial assets at fair value through profit and loss are reflected in the statement of income; gain or loss of available for sale assets are accounted for under the shareholders' equity.

The methods and assumptions used in determining the reasonable estimated values of all of the financial instruments are mentioned below.

#### Cash, Banks, and Other Financial Institutions

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash. The book values of these assets approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

**Financial Assets at Fair Value Through Profit and Loss**

These transactions are classified in two categories. (i) Trading securities for the purposes of short term profit taking through sale and buying back in a near future. (ii) The financial assets classified at inception as financial assets at fair value through profit or loss by the Bank. The Bank use such classification above when permitted or for the purposes of providing a more proper disclosure.

In this group, trading securities are initially recognized at cost and measured at fair value on the financial statements. Fair values of debt securities that are traded in an active market are determined based on quoted prices.

The difference between initial cost and fair value of financial assets at fair value through profit and loss is reflected to interest income or diminution in value of marketable securities accounts. As explained in detail in Section VI: "Other Explanations and Notes", the realized gains and losses and related interest income/expense accruals of these securities are recorded in related income statement accounts, unless the securities belong to problematic securities intermediary members.

**Held to Maturity Investments**

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability. This portfolio excludes loans and receivables. After initial recognition held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

Interest income gained from held to maturity investments are accounted for as interest income in income statement.

**Available for Sale Financial Assets**

Available for sale financial assets comprise from all of the securities except originated loans and receivables, held to maturity investments and trading assets. These assets are initially recognized at cost including the transaction costs. The interest income related to securities with fixed and variable interest under available for sale financial assets are recorded in interest income. After the initial recognition, available for sale securities are measured at fair value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Value Increase Fund" under the equity. At the disposal of available for sale financial assets, value increase/decrease that are recorded in the securities value increase fund under equity are transferred to income statement.

**Loans and Specific Provisions**

Loans are financial assets which have fixed payment terms and are not traded.

Loans are initially recognized at cost and measured at amortized cost by using effective interest rate. The duties, charges and other expenses paid for the collaterals obtained against loans are accepted as transaction costs and reflected to customers.

In case of the evidences regarding to the uncollectibility of the loans given, the Bank classifies these and allocates provision in accordance with the regulations and books these to the related period's profit/loss accounts. The collections made related to loans for which provision is made in the current period are offset in "Provision for Loans and Other Receivables" and "Interest Received from Non-performing Loans" account. As per the Bank management's evaluation of the loan book, there is no provision set for the loans and other receivables that may be doubtful or uncollectible in accordance with the related regulations.

# İMKB TAKAS VE SAKLAMA BANKASI ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

#### VII. Explanations on Impairment of Financial Assets

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related impairment.

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence of one or more than one event (“loss event”) after the first journalization of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of high probability the expected losses for future events are not journalized.

#### VIII. Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and when the Bank has the intention of collecting or paying the net amount of related assets and liabilities or when the Bank has the right to offset the assets and liabilities simultaneously. Otherwise, there is not any offsetting transaction about financial assets and liabilities.

#### IX. Explanations on Sales and Repurchase Agreements and Lending of Securities

Repurchase agreements are classified as their purposes on the securities portfolio and evaluated by the principals of the portfolio which they belong to. The bank has no repurchase transaction as at the balance sheet date.

Receivables from reverse repurchase agreements are accounted under “Receivables from Reverse Repurchase Agreements” account in the balance sheet. The difference between purchase and resale price determined by these agreements is accrued over the life of agreements according to effective interest rate method. The interest income accrual calculated is disclosed under other liabilities as a liability when reverse repurchase agreements are related to problematic securities intermediary members, as described in detail in Section Six: “Other Explanations and Notes”. The Bank does not have any marketable securities lending transaction.

#### X. Explanations on Assets Held for Sale and Discontinued Operations

Assets which satisfy to be classified as held for sale are measured by the lower of carrying amount and sale costs discounted fair value and these assets are not amortized; and these assets are presented separately in the financial statements. For an asset (or else the group of assets) to be classified as held for sale; the asset should be ready for immediate sale in frequently seen and accustomed terms and the probability of sale should be high. For the probability of sale to be high, appropriate level of management should have made a plan for the sale of the asset (or else the group of assets) and a program should have been initiated in order to determine buyers as well as complete the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low. Certain events and conditions may extend the duration of completion of sale to more than one year. In the case when there is enough evidence that the delay should arise from events and conditions which the entity does not control and the entity’s plan for the sale of the asset (or else the group of assets) is continuing; lengthened time period for the sale does not prevent the related asset (or else the group of assets) to be classified as held for sale.

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately.

As of the balance sheet date, the Bank does not have any assets held for sale.

The Bank has no discontinued operations during the period.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

**XI. Explanations on Goodwill and Other Intangible Assets**

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Bank's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

As of the balance sheet date, there is no goodwill amount related to affiliates in the attached non-consolidated financial statements of the Bank.

Intangible assets acquired before 1 January 2005 are reported at inflation adjusted historical cost as of 31 December 2004 and assets acquired in the following periods are reported at cost less accumulated amortization and accumulated impairment losses.

Intangible assets of the Bank are basically software license costs. There is no criteria applied for determination of amortization period of those assets, but Turkish Tax Legislations have been taken into consideration. Economic useful life of assets acquired before 2004 is determined as 5 years, and the assets acquired in 2004 and in the following periods is determined as 3 years. Economic useful lives determined are in accordance with the criteria stated in the Turkish Accounting Standards-that is TMS 38-Intangible Assets. Computer programmes widely used in the Bank are generated within the bank by the personnel of the Bank, and the expenses related to those assets are not capitalized. Computer software is only purchased in case of emergent and special projects.

**XII. Explanations on Tangible Fixed Assets**

Tangible fixed assets are initially accounted for at acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use.

Tangible fixed assets are depreciated with straight-line method. Tangible fixed assets acquired before 1 January 2004 are depreciated with the rates shown below. Tangible fixed assets acquired after 1 January 2004 are depreciated with the rates determined by Ministry of Finance based on useful lives. These useful lives fit the criteria stated in "TAS 16-Tangible Assets" released by Turkish Accounting Standards Board.

	Useful Life (Year)	Depreciation Rate
Buildings	50	% 2
Furniture, Fixture and Office Equipment	5	% 20

Tangible fixed assets are accounted for at acquisition cost less accumulated depreciation and impairment, if any. Along with the statement of the property and equipment, the effects of any revaluation according to related regulations are eliminated.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2007**

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed. There are no pledges, mortgages or other restrictions on the tangible fixed assets.

In the expertise report which is prepared at 12 December 2007 by an independent asset valuation company to determine the fair value of the building which belongs to the Bank and in which the Bank operates, fair value of the asset is determined as TRY 10.620 Thousand.

**XIII. Explanations on Leasing Transactions****The Bank as Lesser**

The Bank does not have any leasing transactions as lesser.

**The Bank as Lessee**

Assets held under finance leases are recognized as assets of the Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lesser is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, in accordance with the Bank's general policy on borrowing costs. Tangible assets which are obtained by financial leasing contracts are amortized through their useful lives. The Bank does not have any assets which are acquired by financial leasing as of balance sheet date.

**XIV. Explanations on Provisions and Contingent Liabilities**

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

As of the balance sheet date, as per the information obtained from the internal legal department of the Bank, there are 13 continuing cases against the Bank. One of them is related with the cancellation of payment by a brokerage firm to 8th Execution Court, two of them are cases related with possessory action in relation to share certificates. The rest of the cases are related with the claims of the personnel on dividends paid for the period they worked, whose contracts were terminated by the Bank. The Bank has reflected TRY 125 Thousand provision amount related with these cases to its financial statements. There are no continuing cases filed by the Bank in the current period.

**XV. Explanations on Liabilities Regarding Employee Benefits**

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Bank. In retirement and involuntarily leaving, the Bank records the present value of the defined benefit obligation.

There is no indemnity obligations related to the employees who are employed with contract of limited duration but more than 12 month period.

As at 31 December 2007, 13 of the Bank's 187 employees participated to the İMKB Takas ve Saklama Bankası Guarantee Fund (the "Fund") which was established in order to pay to the Bank any probable deficit or charge or abuse which might be due by these 13 members. The Bank has no obligation to the Fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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**XVI. Explanations on Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit at enacted tax rates, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax asset is revised every balance sheet date. The carrying amount of deferred tax asset is decreased-when there is not any financial profit that the benefit will be utilized-as much as some part the entire deferred tax asset.

Deferred tax is calculated by the tax rates applicable when assets are realized or liabilities are fulfilled and is recognized in income statement as income or expense. Nonetheless, deferred tax is associated with shareholder's equity if it is credited or charged directly to equity at the same or different period. Deferred tax asset and liability are netted of.

The current taxes payable and prepaid taxes are offset since they relate to each other.

The Bank has adjusted its statutory financial statements with inflation accounting as of 1 January 2004 in accordance with Law No. 5024.

Some modifications have been made in the tax legislation with Law 4842 published in the Official Gazette number 25088 on 24 April 2003. Under these modifications, investment and development banks, which are not allowed to accept deposit, are allowed to deduct loan loss provisions from the tax base in accordance with item 2 of the article 20 of Banking Law and the amendment introduced by the article 35 of the Law numbered 4842.

**XVII. Additional Explanations on Borrowings**

The Bank has not issued any convertible bonds.

The Bank has not also issued any borrowing instruments.

**ISE Guarantee Fund**

The ISE Guarantee Fund is created from the sources of ISE in order to prevent possible delays in the settlement of marketable securities. The Fund assures that members with receivable balances are not affected by delays in payments by members for balances due. The ISE Guarantee Fund is recorded in the Interbank Money Market Placements in assets and Other Liabilities components of the balance sheet.



# İMKB TAKAS VE SAKLAMA BANKASI ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2007

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#### Turkish Derivative Exchange Cash Guarantees

Exchange of contracts, which are traded on Turkish Derivative Exchange (“TDE”), and other operations related to the exchange such as transfer of guarantees to related accounts, valuation, and administration and transaction monitoring are followed by the Bank in compliance with the related prevailing regulations. The Bank has received cash guarantee from the members of TDE. TDE cash guarantees obtained have been classified in Interbank Money Market Placements in assets and Sundry Creditors in liabilities in the financial statements.

TDE Cash Guarantees	(TRY)	(FC)
TDE Trading Collateral:	789.931	23.995
TDE Guarantee Fund Collateral:	11.914	0
<b>Total:</b>	<b>801.845</b>	<b>23.995</b>

#### XVIII. Explanations on Share Certificates

The Bank does not have any shares issued in the current period.

#### XIX. Explanations on Acceptances

The Bank performs acceptances with its customers simultaneously and follows them in off balance sheet liabilities.

The Bank has no acceptances that have been included as a liability against an asset.

#### XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank as of the balance sheet date.

#### XXI. Explanations on Segment Reporting

The Bank operates mainly in clearing-operation, custody, loans and treasury.

	Clearing and Operation	Custody	Credits and MMP	Treasury	Others	Total
Net interest income	20	0	4.701	37.175	0	41.896
Net fees and commission income and other operating income	0	0	388	0	0	388
Dividend income	0	0	0	0	649	649
Net trading income	0	0	0	(127)	0	(127)
Net operating income	16.339	5.549	1.976	0	1.669	25.533
Provision for loan losses and other receivables	0	0	(864)	0	0	(864)
Other operating expenses	0	0	0	0	(19.527)	(19.527)
Profit/Loss from continues operations before tax	16.359	5.549	6.201	37.048	(17.209)	47.948
Tax provision	0	0	0	0	(8.928)	(8.928)
<b>Net Profit/Loss</b>	<b>16.359</b>	<b>5.549</b>	<b>6.201</b>	<b>37.048</b>	<b>(26.137)</b>	<b>39.020</b>

#### XXII. Explanations on Other Matters

None other than above explanations.

Explanation for convenience translation to English

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks ", which was published on November 1, 2006 in the Official Gazette numbered 26333 in the Official Gazette numbered 26669. The Bank's unconsolidated capital adequacy ratio in accordance with the related communiqué is 64,38% (31 December 2006: 194,11%).

In the computation of capital adequacy standard ratio, information prepared in accordance with statutory accounting requirements is used. Additionally, the market risk amount is calculated in accordance with the communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

The values deducted from the capital base in the shareholders' equity computation are excluded while calculating risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and impairment among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

While calculating the basis of non-cash loans subject to credit risk, the net receivable amount from the counter parties net of provision amount set in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" is multiplied by the loan conversion rates presented in the Article 5, the Clause 1 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

Receivables from counter parties from derivative foreign currency and interest rate transactions are multiplied by the loan conversion rates presented in the Article 5, the Clause 2 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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Information related to the capital adequacy ratio:

	Risk Weight				
	0%	10%	20%	50%	100%
<b>Risk Weighted Assets, Liabilities and Non-Cash Loans</b>					
Balance Sheet items (Net)	1.029.615	0	170.767	0	55.578
Cash	4	0	0	0	0
Matured Marketable Securities	0	0	0	0	0
Due From Central Bank of Turkey	5.384	0	0	0	0
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	0	0	165.312	0	21.680
Interbank Money Market Placements	910.500	0	0	0	0
Receivables From Reverse Repo Transactions	8.518	0	0	0	0
Reserve Deposits	1.850	0	0	0	0
Loans	0	0	2.028	0	22.410
Non-performing loans (Net)	0	0	0	0	0
Financial Lease Receivables	0	0	0	0	0
Available-For-Sale Financial Assets	0	0	0	0	461
Held to Maturity Investments	81.783	0	0	0	0
Receivables From Installment Sales of Assets	0	0	0	0	0
Sundry Debtors	0	0	1.054	0	11
Interest and Income Accruals	13.086	0	2.373	0	23
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	0	0	0	0	0
Tangible Assets	0	0	0	0	10.993
Other Assets	8.490	0	0	0	0
Off-Balance Sheet Items	207.882	0	677.897	0	15.090
Guarantees and Commitments	207.882	0	677.897	0	15.090
Derivative Financial Instruments	0	0	0	0	0
Non Risk Weighted Accounts	0	0	0	0	0
Total Value at Risk	1.237.497	0	848.664	0	70.668

Summary information related to the capital adequacy ratio:

	Bank	
	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	240.401	119.083
Amount Subject to Market Risk (ASMR)	213	188
Amount Subject to Operational Risk (ASOR) (*)	147.092	0
Shareholders' Equity	249.622	231.516
Shareholders' Equity/(TRWA + ASMR + ASOR) *100	64,38	194.11

TRWA: Total Risk Weighted Assets

ASMR: Amount Subject to Market Risk

ASOR: Amount Subject to Operational Risk

(\*) Since it is effective after June 30, 2007, no comparative data is available.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

## Information related to the components of shareholders' equity:

CORE CAPITAL	Current Period	Prior Period
Paid-in capital	60.000	60.000
Nominal capital	60.000	60.000
Capital commitments (-)	-	-
Paid-in Capital Indexation Difference	96.788	96.788
Share premium	-	-
Cancellation Profits	-	-
Legal reserves	11.920	9.993
First legal reserve (Turkish Commercial Code 466/1)	7.312	7.312
Second legal reserve (Turkish Commercial Code 466/2)	4.608	2.681
Other legal reserve per special legislation	-	-
Statutory reserves	-	-
Extraordinary reserves	45.796	38.025
Reserves allocated by the General Assembly	45.796	38.025
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Indexation differences of legal, statutory and extraordinary reserves	-	-
Profit	39.020	32.561
Current period net profit	39.020	32.561
Prior years' profits	-	-
Provision for possible losses up to 25% of the Core Capital	-	-
Gains on sale of associates and subsidiaries and properties to be added to capital	-	-
Primary subordinated loans up to 15% of the Core Capital	-	-
Losses that cannot be covered by reserves (-)	-	(1.042)
Net current period loss	-	-
Prior years' losses	-	(1.042)
Leasehold improvements (-)	-	-
Prepaid expenses (-)	520	536
Intangible assets (-)	187	214
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-
<b>Total Core Capital</b>	<b>253.524</b>	<b>236.325</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Loan Loss Reserves	1.630	766
45% of the revaluation reserve for movable fixed assets	-	-
45% of the of revaluation reserve for properties	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-
Secondary subordinated loans	-	-
45% of Marketable securities value increase fund	-	-
Associates and subsidiaries	-	-
Available for sale securities	-	-
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total Supplementary Capital	1.630	766
<b>TIER III CAPITAL</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>255.154</b>	<b>237.091</b>

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<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>5-532</b>	<b>5-575</b>
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps ten percent or more of capitals	4.825	4.825
Shareholdings of unconsolidated banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than Ten percent of capitals which exceed the ten Percent of Bank's Core and Supplementary Capital	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	-	-
Other	-	-
<b>Total Shareholders' Equity</b>	<b>249.622</b>	<b>231.516</b>

\* According to the Communiqué on "Bank's Shareholder's Equity" 1st temporary article, until 1/1/2009, will be considered as deductions from capital.

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## II. Explanations Related to Credit Risk

The debtors of the cash and non-cash loans extended by the Bank are financial sector companies.

The credit limits are determined according to the types of the loans of the Bank. The credit limits are determined as cash and non-cash limits by taking into consideration the types of loans. The loans given are classified as (1-12) month, (12-24) month or (24+) month maturities. However, the Bank extends short-term loans for a maximum of 1 month. The loans of the Bank aim to fund the liquidity needs of securities intermediary institutions in shares, bonds and bills markets. Since the Bank guarantees securities lending operations when a security is not returned by the borrower, and guarantees payments and collections in the Takasbank money market, which is similar to interbank money market; these transactions are followed under non-cash loan items. In addition, the Bank also extends loans to its employees in accordance with the regulations.

The risk limits and allocations determined for daily transactions and concentrations related to off-balance sheet risks are monitored daily.

The credit worthiness of borrowers is monitored regularly in accordance with the related legislation. Independently audited financial statements prepared as per the regulation of Capital Markets Board are examined for the loans extended. The credit limits are amended according to the financial positions of the companies and collaterals against loans are taken in accordance with the application principles for lending operations. After the financial analysis, investigation and other examinations performed on the companies applying for loans, loan limits are proposed to the Board of Directors for approval. Loan limits become effective after approved by the Board of Directors. Limit change requests are revised on a six monthly basis unless substantive changes occur in the financial positions of customers.

The Bank has no forward and option contracts or any other similar agreements.

The Bank has not been exposed to credit risk since the risk is minimized by receiving collaterals and determining loan limits according to the financial strength of the companies. Therefore, in the short term, there is no specific need to enter into any transaction to decrease or terminate its credit exposure.

The Bank has no liquidated non-cash loans, restructured loans or long-term commitments.

The Bank has no lending and banking transactions in foreign countries.

The Bank calculates general provisions for credit risk and receives liquid collaterals.

As at balance sheet date;

Number of customers-Cash Loan	18	number of
Number of customers-Non-Cash Loan	23	number of
General provision for exposed credit risk	1.630	TRY



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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Credit risk by types of borrowers and geographical concentration:

	Loans to Real Person and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities *		Other Loans **	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Loans according to borrowers</b>	<b>0</b>	<b>0</b>	<b>24.452</b>	<b>20.372</b>	<b>104.955</b>	<b>99.363</b>	<b>900.869</b>	<b>479.527</b>
Private Sector	0	0	24.452	20.372	8.522	7.477	900.869	479.527
Public Sector	0	0	0	0	95.972	91.425	0	0
Banks	0	0	0	0	0	0	0	0
Retail	0	0	0	0	0	0	0	0
Share Certificates	0	0	0	0	461	461	0	0
<b>Information according to geographical concentration</b>	<b>0</b>	<b>0</b>	<b>24.452</b>	<b>20.372</b>	<b>104.955</b>	<b>99.363</b>	<b>900.869</b>	<b>479.527</b>
Domestic	0	0	24.452	20.372	104.955	99.363	900.869	479.527
European Union Countries	0	0	0	0	0	0	0	0
OECD Countries***	0	0	0	0	0	0	0	0
Off-shore Banking Regions	0	0	0	0	0	0	0	0
USA, Canada	0	0	0	0	0	0	0	0
Other Countries	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>24.452</b>	<b>20.372</b>	<b>104.955</b>	<b>99.363</b>	<b>900.869</b>	<b>479.527</b>

\* Includes marketable securities designated at fair value through profit or loss, available-for-sale and held-to-maturity.

\*\* Includes the on balance sheet transactions classified in the Uniform Chart of Accounts except the ones in the first three categories and the transactions defined as loan in the Article 48 of the Banking Act No: 5411.

\*\*\* OECD countries other than European Union countries, USA and Canada

Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income
<b>Current Period</b>					
Domestic	1.228.428	1.003.156	900.869	461	38.372
European Union Countries	1.273	0	0	0	0
OECD Countries (*)	0	0	0	0	0
Off-shore Banking Regions	0	0	0	0	0
USA, Canada	21.693	0	0	0	648
Other Countries	0	0	0	0	0
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	0	0	0	4.825	0
Unallocated Assets/Liabilities (**)	0	0			
<b>Total</b>	<b>1.251.394</b>	<b>1.003.156</b>	<b>900.869</b>	<b>5.286</b>	<b>39.020</b>
<b>Prior Period</b>					
Domestic	583.628	358.636	479.527	461	32.388
European Union Countries	702	0	0	0	0
OECD Countries (*)	0	0	0	0	0
Off-shore Banking Regions	0	0	0	0	0
USA, Canada	5.345	0	0	0	173
Other Countries	0	0	0	0	0
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	0	0	0	4.825	0
Unallocated Assets/Liabilities (**)	0	0			
<b>Total</b>	<b>589.675</b>	<b>358.636</b>	<b>479.527</b>	<b>5.286</b>	<b>32.561</b>

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

(\*\*) Assets and liabilities that cannot be allocated on a coherent basis.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

## Sector concentrations for cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	0	0	0	0	0	0	0	0
Farming and Raising Livestock	0	0	0	0	0	0	0	0
Forestry, Wood and Paper	0	0	0	0	0	0	0	0
Fishery	0	0	0	0	0	0	0	0
Manufacturing	0	0	0	0	0	0	0	0
Mining and Quarry	0	0	0	0	0	0	0	0
Production	0	0	0	0	0	0	0	0
Electricity, Gas and Water	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0
Services	24.452	100	0	0	20.372	100	0	0
Wholesale and Retail Trade	0	0	0	0	0	0	0	0
Hotel, Tourism, Food and Beverage Services	0	0	0	0	0	0	0	0
Transportation and Communication	0	0	0	0	0	0	0	0
Financial Institutions	24.452	100	0	0	20.372	100	0	0
Real Estate and Renting Services	0	0	0	0	0	0	0	0
Self-Employment Services	0	0	0	0	0	0	0	0
Education Services	0	0	0	0	0	0	0	0
Health and Social Services	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
<b>Total</b>	<b>24.452</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>20.372</b>	<b>100</b>	<b>0</b>	<b>0</b>

The analysis of the Bank's asset diversification among sectors is presented below by considering and not considering the guarantees:

31 December 2007	Gross maximum exposure	Net maximum exposure
Banks	189.286	189.286
Money market placements	919.420	919.420
Loans	24.452	0
Held to maturity investments	93.095	93.095
Financial assets at fair value through profit and loss	2.877	2.877
<b>Total</b>	<b>1.229.130</b>	<b>1.204.678</b>

31 December 2006	Gross maximum exposure	Net maximum exposure
Banks	107.297	107.297
Money market placements	333.952	333.952
Loans	20.372	0
Held to maturity investments	88.980	88.980
Financial assets at fair value through profit and loss	2.445	2.445
<b>Total</b>	<b>553.046</b>	<b>532.674</b>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

Credit quality per class of financial assets as of December 31, 2007 and 2006 is as follows:

	Neither past due nor impaired	Past due or individually impaired	Total
Banks	189.286	0	189.286
Financial assets at fair value through profit and loss	0	0	0
Loans	24.452	0	24.452
Corporate Loans	0	0	0
SME Loans	0	0	0
Consumer Loans	0	0	0
Other	24.452	0	24.452
<b>Total</b>	<b>213.738</b>	<b>0</b>	<b>213.738</b>
Financial investments	95.972	0	95.972
Quoted on a stock exchange-Domestic public sector debt securities	95.972	0	95.972
Quoted on a stock exchange-Other debt securities	0	0	0
Not quoted-Debt securities	0	0	0
<b>Total</b>	<b>95.972</b>	<b>0</b>	<b>95.972</b>
<b>Total</b>	<b>309.710</b>	<b>0</b>	<b>309.710</b>

	Internal/External Grades	Historical Default Rates %	Average unsecured share of exposure %	Total TRY
High Grade	-	-	-	24.452
Standard Grade	-	-	-	0
Sub Standard Grade	-	-	-	0
Impaired	-	-	-	0
<b>TOTAL</b>				<b>24.452</b>

The Bank has not set up a rating system to assess credit ratings of customers. Loans are all assessed with high grade of credit risk, because, guarantees obtained from clients are in excess of loan amounts and there is no past due loan.

Carrying amount per class of financial assets whose terms have been renegotiated: None.

Because the Bank has no past due but not impaired or impaired financial assets, aging analysis for such financial assets is not disclosed.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

## III. Explanations Related to Market Risk

Fund management strategy is established for the purpose of preventing liquidity problems, supplying optimization in the risk-return equilibrium and utilization of resources with maximum productivity by taking the minimum level of risk. In accordance with the fund management strategy applied, transactions are carried out only with banks approved by the Board of Directors, unnecessary foreign currency transactions are not performed and a square foreign currency position is kept, derivative instruments are not used, and no securities other than Public Sector Debt Securities are included in the securities portfolio of the Bank. The strategy applied by the Bank has focused on the estimation of the changes in the TRY interest rates to obtain optimum maturity distribution by utilizing long term instruments when interest rates are expected to fall, and short term instruments when increase in the interest rates are expected to rise.

The management of the Bank continuously monitors the Bank's portfolio by maturity and by instruments. The transactions of the treasury are done with the approval and instructions of the senior management and the fund management strategy, if deemed necessary due to the changes in the markets, is revised by the senior management. The realized transactions are followed and controlled by the Internal Control Unit and Risk Management Group, which are reporting directly to the Board of Directors.

The amount subject to market risk is calculated and reported with the Standard Method described in the 3rd section of the "Communiqué related to the Measurement and Evaluation of Banks' Capital Adequacy", published in the Official Gazette No. 26333 dated 1 November 2006. Market risk is measured on a monthly basis.

## a) Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk-Standard Method	17
(II) Capital Requirement to be Employed For Specific Risk-Standard Method	0
(III) Capital Requirement to be Employed For Currency Risk-Standard Method	0
(IV) Capital Requirement to be Employed For Commodity Risk-Standard Method	0
(V) Capital Requirement to be Employed For Settlement Risk-Standard Method	0
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options-Standard Method	0
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	0
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	17
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	213

## b) Average market risk table calculated at the end of the months during the period:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum (*)
Interest Rate Risk	187	300	88	9.847	14.238	188
Common Stock Risk	0	0	0	0	0	0
Currency Risk	0	0	0	0	0	0
Commodity Risk	0	0	0	0	0	0
Settlement Risk	0	0	0	0	0	0
Option Risk	0	0	0	0	0	0
<b>Total Value Subject to Risk</b>	<b>187</b>	<b>300</b>	<b>88</b>	<b>9.847</b>	<b>14.238</b>	<b>188</b>

(\*) Held to maturity securities used to be included in market risk calculation, have been included in the credit risk calculation since November 2006. If these securities had been included in the market risk calculation, the minimum amount would be TRY 6.000 Thousand.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

## IV. Explanations Related to Operational Risk

Operational risk has been calculated using the Basic Indicator Approach. Balance subject to operational risk is calculated by considering gross income of prior three fiscal years 2006, 2005 and 2004 in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published on November 1, 2006 in the Official Gazette numbered 26333 and the fourth part of the Communiqué-"The Calculation of Balance Subject to Operational Risk "-which became effective on June 1, 2007.

## V. Explanations Related to Currency Risk

The Bank is subject to the reserve requirements in relation to the foreign currency guarantees received for the Stock Exchange Money Market, Derivatives Market, collaterals obtained for cash loans and non-cash loans and foreign currency amounts deposited in the Bank's accounts as guarantee and the foreign currency amounts left in the unrestricted accounts of customers consisting of banks and brokerage firms except the foreign settlement transaction commissions and foreign currency amounts kept for its own transactions in accordance with the agreements made in foreign currencies. Therefore, the Bank performs its obligations in two-weekly periods in ratios designated in blocked accounts of the Central Bank of Turkey. The foreign currency amounts, kept due to the reserve requirements, are creating an excess amount of assets with regard to the ratio of assets to liabilities.

Since the Bank is not exposed to foreign currency risk, there are no derivatives used to hedge the risks associated with foreign currency debt instruments and net foreign currency investments.

The Bank's foreign currency risk management strategy is to use asset liability management in order to avoid the foreign currency risk of foreign currency denominated assets and liabilities.

The Bank's foreign exchange bid rates as of the date of the financial statements and five working days prior to that date:

	1 USD	(31.12.2007) 1 EURO	1 GBP	1 JPY
"FC Valuation Rate" of the Bank	1,16470	1,71020	2,32590	0,01028
Prior days;				
28 December 2007 (1. working day)	1,17080	1,69760	2,32880	0,01022
27 December 2007 (2. working day)	1,17150	1,69120	2,32060	0,01024
26 December 2007 (3. working day)	1,17460	1,69170	2,32270	0,01027
25 December 2007 (4. working day)	1,17990	1,69860	2,33670	0,01032
24 December 2007 (5. working day)	1,18270	1,70250	2,38280	0,01041
Simple arithmetic averages for last 31 days	1,17330	1,70957	2,37498	0,01043

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

## Information on the foreign currency risk of the Bank:

	EURO	USD	JPY	Other	Total
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	0	2.556	0	0	2.556
Due From Other Banks	1.208	21.791	0	2	23.001
Financial Assets at Fair Value Through Profit and Loss	0	0	0	0	0
Money Market Placements	0	0	0	0	0
Available-For-Sale Financial Assets	0	0	0	0	0
Loans	0	0	0	0	0
Subsidiaries, Associates and Entities Under Common Control	0	0	0	0	0
Held-To-Maturity Investments	0	0	0	0	0
Derivative Financial Assets for Hedging Purposes	0	0	0	0	0
Tangible Assets	0	0	0	0	0
Intangible Assets	0	0	0	0	0
Other Assets	0	0	0	0	0
<b>Total Assets</b>	<b>1.208</b>	<b>24.347</b>	<b>0</b>	<b>2</b>	<b>25.557</b>
<b>Liabilities</b>					
Bank Deposits	0	0	0	0	0
Foreign Currency Deposits	0	0	0	0	0
Money Market Borrowings	0	0	0	0	0
Funds Provided From Other Financial Institutions	0	0	0	0	0
Securities Issued	0	0	0	0	0
Sundry Creditors	800	23.735	0	2	24.537
Derivative Financial Liabilities for Hedging Purposes	0	0	0	0	0
Other Liabilities	0	0	0	0	0
<b>Total Liabilities</b>	<b>800</b>	<b>23.735</b>	<b>0</b>	<b>2</b>	<b>24.537</b>
Net Balance Sheet Position	408	612	0	0	1.020
Net Off-Balance Sheet Position	0	0	0	0	0
Financial Derivative Assets	0	0	0	0	0
Financial Derivative Liabilities	0	0	0	0	0
Non-Cash Loans	0	0	0	0	0
<b>Prior Period</b>					
Total Assets	562	6.149	0	0	6.711
Total Liabilities	537	5.640	0	0	6.177
Net Balance Sheet Position	25	509	0	0	534
Net Off-Balance Sheet Position	0	0	0	0	0
Financial Derivative Assets	0	0	0	0	0
Financial Derivative Liabilities	0	0	0	0	0
Non-Cash Loans	0	0	0	0	0

According to TFRS-7; sensitivity of Bank to a probable change in exchange rates that might have a substantial effect is analyzed. In the mentioned analysis whose results are presented below, a 10% change in USD and EUR currencies is anticipated.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

	Change in currency rate in %	Effect on profit or loss (*)		Effect on equity	
		31 December 2007	31 December 2006	31 December 2007	31 December 2006
USD	% 10 increase	61	51	-	-
	% 10 decrease	(61)	(51)	-	-
EURO	% 10 increase	41	3	-	-
	% 10 decrease	(41)	(3)	-	-

(\*) The effect on profit/loss is presented with balances before deducting the tax effect.

**VI. Explanations Related to Interest Rate Risk**

Interest rate sensitivity of the assets, liabilities and off-balance sheet items are measured by the Bank. General and specific interest rate risk tables in the standard method, by including assets and liabilities, are taken into account in determination of Capital Adequacy Standard Ratio and to calculate the overall interest rate risk of the Bank.

Forecast results which have been formed using estimation-simulation reports are prepared and then the effects of fluctuations in interest rates are evaluated with sensitivity and scenario analyzes. Cash requirement for every maturity period are determined based on maturity distribution analysis (Gap). In addition, a positive spread between the yield on assets and the cost of liabilities is kept while determining interest rates.

As to evaluate its funding resources, the Bank enters into foreign currency and TRY depot transactions, repurchase agreements, time and demand deposit transactions and foreign exchange transactions with the Central Bank of Turkey or other banks. The related transactions undertaken by the Fund Management Department are made with the banks having transaction limits designated by the Board of Directors under the regulations set out in "Treasury Transaction Limits".

Other than securities guaranteed or issued by the Turkish Treasury, the Bank does not include any debt instruments in its portfolio. The Bank does not undertake any liability due to using of derivative financial instruments attributable to its transactions in evaluating its funding resources.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

## Information related to the 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 Years and above	Non- interest bearing (*)	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	8.606	0	0	0	0	4	8.610
Due From Other Banks	144.507	43.467	0	0	0	1.312	189.286
Financial Assets at Fair Value Through Profit and Loss	792	328	896	861	0	0	2.877
Money Market Placements	919.420	0	0	0	0	0	919.420
Financial Assets Available-For-Sale	0	0	0	0	0	461	461
Loans	24.452	0	0	0	0	0	24.452
Held-To-Maturity Investments	0	0	40.637	52.458	0	0	93.095
Other Assets	88	0	0	0	0	18.391	18.479
<b>Total Assets</b>	<b>1.097.865</b>	<b>43.795</b>	<b>41.533</b>	<b>53.319</b>	<b>0</b>	<b>20.168</b>	<b>1.256.680</b>
<b>Liabilities</b>							
Bank Deposits	0	0	0	0	0	0	0
Other Deposits	0	0	0	0	0	0	0
Money Market Borrowings	0	0	0	0	0	0	0
Sundry Creditors	802.006	0	0	0	0	34.861	836.867
Securities Issued	0	0	0	0	0	0	0
Funds Provided From Other Financial Institutions	145.021	0	0	0	0	12.555	157.576
Other Liabilities	0	0	0	0	0	262.237	262.237
<b>Total Liabilities</b>	<b>947.027</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>309.653</b>	<b>1.256.680</b>
Balance Sheet Long Position	150.838	43.795	41.533	53.319	0	0	289.485
Balance Sheet Short Position	0	0	0	0	0	(289.485)	(289.485)
Off-Balance Sheet Long Position	0	0	0	0	0	0	0
Off-Balance Sheet Short Position	0	0	0	0	0	0	0
<b>Total Position</b>	<b>150.838</b>	<b>43.795</b>	<b>41.533</b>	<b>53.319</b>	<b>0</b>	<b>(289.485)</b>	<b>0</b>

(\*) Other assets and liabilities in non-interest bearing column are presented below.

<b>Other Assets</b>	<b>18.391</b>
- Subsidiaries	4.825
- Tangible assets	10.993
- Intangible assets	187
- Deferred tax asset	776
- Stationary supplies	25
- Sundry debtors	1.065
- Transitory asset accounts	520

<b>Other Liabilities</b>	<b>262.237</b>
- Provisions	3.780
- Current tax liability	4.933
- Shareholder's equity	253.524

# İMKB TAKAS VE SAKLAMA BANKASI ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

#### Average interest rates applied to monetary financial instruments:

	EURO	USD	JPY	TRY
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	0,00	0,00	0,00	12,92
Due From Other Banks	0,00	4,87	0,00	19,33
Financial Assets at Fair Value Through Profit and Loss	0,00	0,00	0,00	18,36
Money Market Placements	0,00	0,00	0,00	17,23
Financial Assets Available-For-Sale	0,00	0,00	0,00	0,00
Loans	0,00	0,00	0,00	21,34
Held to Maturity Investments	0,00	0,00	0,00	18,36
<b>Liabilities</b>				
Bank Deposits	0,00	0,00	0,00	0,00
Other Deposits	0,00	0,00	0,00	0,00
Money Market Borrowings	0,00	0,00	0,00	0,00
Sundry creditors	0,00	0,00	0,00	18,28
Securities Issued	0,00	0,00	0,00	0,00
Funds Provided From Other Financial Institutions	0,00	0,00	0,00	17,36

Prior Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and above	Non- interest bearing (*)	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	20.841	0	0	0	0	6	20.847
Due From Other Banks	56.410	50.147	0	0	0	740	107.297
Financial Assets at Fair Value Through Profit and Loss	0	321	429	1.497	198	0	2.445
Money Market Placements	333.952	0	0	0	0	0	333.952
Financial Assets Available-For-Sale	0	0	0	0	0	461	461
Loans	20.372	0	0	0	0	0	20.372
Held-To-Maturity Investments	0	15.582	56.949	0	16.449	0	88.980
Other Assets	171	0	0	0	0	20.436	20.607
<b>Total Assets</b>	<b>431.746</b>	<b>66.050</b>	<b>57.378</b>	<b>1.497</b>	<b>16.647</b>	<b>21.643</b>	<b>594.961</b>
<b>Liabilities</b>							
Bank Deposits	0	0	0	0	0	0	0
Other Deposits	0	0	0	0	0	0	0
Money Market Borrowings	0	0	0	0	0	0	0
Sundry Creditors	233.575	0	0	0	0	19.600	253.175
Securities Issued	0	0	0	0	0	0	0
Funds Provided From Other Financial Institutions	91.873	0	0	0	0	1.882	93.755
Other Liabilities	0	0	0	0	0	248.031	248.031
<b>Total Liabilities</b>	<b>325.448</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>269.513</b>	<b>594.961</b>
Balance Sheet Long Position	106.298	66.050	57.378	1.497	16.647	0	247.870
Balance Sheet Short Position	0	0	0	0	0	(247.870)	(247.870)
Off-Balance Sheet Long Position	0	0	0	0	0	0	0
Off-Balance Sheet Short Position	0	0	0	0	0	0	0
<b>Total Position</b>	<b>106.298</b>	<b>66.050</b>	<b>57.378</b>	<b>1.497</b>	<b>16.647</b>	<b>(247.870)</b>	<b>0</b>

(\*) Other assets and liabilities in non-interest bearing column are presented below.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

<b>Other Assets</b>	<b>20.436</b>
- Tangible assets	8.852
- Intangible assets	214
- Subsidiaries	4.825
- Stationary supplies	25
- Current tax asset	5.110
- Sundry debtors	874
- Transitory asset accounts	536

<b>Other Liabilities</b>	<b>248.031</b>
- Provisions	2.594
- Current tax liability	9.112
- Shareholder's equity	236.325

## Average interest rates applied to monetary financial instruments

	EURO	USD	JPY	TRY
<b>Prior Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	0,00	0,00	0,00	13,12
Due From Other Banks And Financial Institutions	0,00	5,05	0,00	21,09
Financial Assets At Fair Value Through Profit And Loss	0,00	0,00	0,00	16,00
Money Market Placements	0,00	0,00	0,00	17,54
Financial Assets Available-For-Sale	0,00	0,00	0,00	0,00
Loans	0,00	0,00	0,00	21,59
Held-To-Maturity Investments	0,00	0,00	0,00	16,00
<b>Liabilities</b>				
Bank Deposits	0,00	0,00	0,00	0,00
Other Deposits	0,00	0,00	0,00	0,00
Money Market Borrowings	0,00	0,00	0,00	0,00
Sundry Creditors	0,00	0,00	0,00	19,31
Securities Issued	0,00	0,00	0,00	0,00
Funds Provided From Other Financial Institutions	0,00	0,00	0,00	17,98

In accordance with TFRS-7; sensitivity of Bank's assets and liabilities to a probable change in interest rates is analyzed. As a result of the analysis, there is no net effect of Bank's financial assets and liabilities due to changes in interest rates. For this reason, the table to present the change in financial assets and liabilities due to change in interest rate is not disclosed.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2007**

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

**VII. Explanations Related to Liquidity Risk**

The Bank management takes guarantees for Stock Exchange Money Market and settlement transactions and places TRY funds in short-term in order to remain liquid. The Bank is trying to maintain a square foreign currency position.

The effective management of the risks arising from money market instruments is the fundamental strategy of the management. Even in the most uncertain market conditions, the Bank maintains risk minimization through reducing risks of market instruments, diversifying instruments, matching of maturities, and obtaining optimum liquidity level. For this reason, the Bank is significantly liquid and is a fund provider in the Interbank Money Market and CB Interbank markets. The Bank has no term borrowings. New Turkish Lira and foreign currency sales transactions with banks are done within the limits determined by the Board of Directors and monitored by the internal audit and inspection units.

The interest rates of payments, assets and liabilities are matched. Since there is no mismatch, there is no need for the measurement of the effect on profitability.

The Bank's short and long-term liquidity needs are met by its own resources.

The Bank's cash inflows are utilized in short term investments and public sector debt securities depending upon its equity and the funds of cash collaterals obtained due to the amounts remaining in the unrestricted accounts of the members, stock exchange money market, derivatives market, securities trading loans and securities lending operations. There is no need for maintaining liquidity by overnight or one-week placements in interbank money market.

The Bank manages its liquidity risk by having enough cash and cash equivalent resources in order to meet present and probable debt obligations, by being able to close short positions and by being able to fund loan requirements.

Liquidity position is assessed and managed considering the market-wide and Bank-specific factors. The most important of these scenarios is to maintain the ratio of net liquid assets/payables to clients in limits. Ratios throughout the period are as below:

	<b>Current Period(%)</b>	<b>Prior Period(%)</b>
Period average	111	109
Highest	126	115
Lowest	103	105



## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

## VIII. Explanations Related To Presentation of Financial Assets and Liabilities at Fair Value

Current period marketable securities for investment purposes are comprised of interest-bearing assets held-to-maturity and interest-bearing assets available-for-sale. The fair value of the held to maturity assets is determined by market prices or quoted market prices of other marketable securities which are subject to redemption with same characteristics in terms of interest, maturity and other similar conditions when market prices cannot be determined.

The estimated fair value of funds provided from other financial institutions with fixed interest rate is calculated by determining their cash flows discounted by the current interest rates used for other liabilities with similar characteristics and maturity structure. The fair value of loans is calculated by determining the cash flows discounted by the current interest rates used for receivables with similar characteristics and maturity structure. The book value of the banks, money market placements, funds borrowed from other financial institutions and sundry creditors reflect their fair values since they are short-term.

The table below shows the book value and the fair value of the financial assets and liabilities which cannot be shown with their fair value in the financial statements of the Bank.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>1.226.714</b>	<b>551.062</b>	<b>1.228.065</b>	<b>549.461</b>
Money Market Placements	919.420	333.952	919.420	333.952
Banks	189.286	107.297	189.286	107.297
Available-For-Sale Financial Assets	461	461	461	461
Held-To-Maturity Investments	93.095	88.980	94.446	87.379
Loans	24.452	20.372	24.452	20.372
<b>Financial Liabilities</b>	<b>994.443</b>	<b>346.930</b>	<b>994.443</b>	<b>346.930</b>
Bank Deposits	0	0	0	0
Other Deposits	0	0	0	0
Funds Borrowed From Other Financial Institutions	157.576	93.755	157.576	93.755
Marketable Securities Issued	0	0	0	0
Sundry Creditors	836.867	253.175	836.867	253.175

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is recorded on quoted market prices, those involving valuation techniques where all model inputs are observable in the market.

Prior Period	Quoted	Valuation techniques- market observable	Valuation techniques- non market observable	Fair value not available
<b>Financial Assets</b>	<b>94.446</b>	<b>1.133.158</b>	<b>461</b>	<b>0</b>
Money Market Placements	0	919.420	0	0
Banks	0	189.286	0	0
Available-for-sale financial assets	0	0	461	0
Held-to-maturity investments	94.446	0	0	0
Loans	0	24.452	0	0
<b>Financial Liabilities</b>	<b>0</b>	<b>994.443</b>	<b>0</b>	<b>0</b>
Bank deposits	0	0	0	0
Other deposits	0	0	0	0
Funds borrowed from other financial institutions	0	157.576	0	0
Marketable securities issued	0	0	0	0
Sundry creditors	0	836.867	0	0



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Prior Period	Quoted	Valuation techniques- market observable	Valuation techniques- non market observable	Fair value not available
<b>Financial Assets</b>	<b>87.379</b>	<b>461.121</b>	<b>461</b>	<b>0</b>
Money Market Placements	0	333.952	0	0
Banks		107.297	0	0
Available-for-sale financial assets	0	0	461	0
Held-to-maturity investments	87.379	0	0	0
Loans	0	20.372	0	0
<b>Financial Liabilities</b>	<b>0</b>	<b>346.930</b>	<b>0</b>	<b>0</b>
Bank deposits	0	0	0	0
Other deposits	0	0	0	0
Funds borrowed from other financial institutions	0	93.755	0	0
Marketable securities issued	0	0	0	0
Sundry creditors	0	253.175	0	0

## IX. Explanations Related To Transactions Made on Behalf of Others and Fiduciary Transactions

The Bank carries out trading, custody, management and consulting services on others' behalf and account.

According to the Articles of Association of the Bank, the services and operations of the Bank are performing the custody of the securities, precious metals and other securities and the clearing and settlement of cash and security commitments arising from the purchases and sales on stock exchanges. The Bank realizes transactions necessary for transfers, settlement, entrance, and discharge of debts, securities obtained for custody and other marketable securities; obtaining bonus share, use of preemptive rights, collection of interest and principle at maturity, dividends, and exchanges of documents representing the securities and other instruments and similar financial services. Also, the Bank provides the clearing and settlement service of guarantees of derivative transactions on Turkish Derivative Exchange. Related to above mentioned transactions, the total amount of guarantees obtained from Bank's customers who are composed of treasury bills, government bonds, letter of guarantees and stocks are listed below:

	Current Period		Prior Period	
	Nominal Price Thousand TRY	Market Price Thousand TRY	Nominal Price Thousand TRY	Market Price Thousand TRY
Guarantees for stock exchange money market	2.454.065	2.369.054	2.133.320	2.033.353
Guarantees for securities lending	25.885	51.731	18.779	43.029
Collaterals related to Turkish Derivative Exchange	101.561	101.597	73.090	53.441
<b>Total</b>	<b>2.581.511</b>	<b>2.522.382</b>	<b>2.225.189</b>	<b>2.129.823</b>

Assets under management amounting to TRY 27 Thousand shown in the off balance sheet commitments include outstanding confirmed sale instruction due to brokerage transactions performed within ISE.

The Bank has no fiduciary transactions and services.

## NOTES TO THE FINANCIAL STATEMENTS

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(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

## SECTION FIVE

## EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

## 1. Explanations Related to the Assets

## 1.a) Information on cash and balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	4	0	6	0
Balances with the Central Bank of Turkey	6.050	2.556	20.211	630
Other	0	0	0	0
<b>Total</b>	<b>6.054</b>	<b>2.556</b>	<b>20.217</b>	<b>630</b>

## 1.b) Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposit (*)	6.050	2.556	20.211	630
Unrestricted time deposit	0	0	0	0
Restricted time deposit	0	0	0	0
<b>Total</b>	<b>6.050</b>	<b>2.556</b>	<b>20.211</b>	<b>630</b>

(\*) TRY 1.861 Thousand (31 December 2006-TRY 458 Thousand) foreign currency unrestricted demand deposit balance comprises of reserve deposits. According to Central Banks Communiqué "Reserve Requirements" with number 2005/1, the banks operating in Turkey account reserve deposits of 6% for TRY liabilities and 11% for FC liabilities. The interest rates applied for reserve deposits are 11.81% for TRY deposits and 1.80%-1.95% for foreign currency deposits (2006-TRY 13.12% and 1.73%-2.52% for foreign currency), respectively.

## 2. Information on financial assets at fair value through profit and loss (net):

2.a) i. Information on financial assets at fair value through profit and loss given as collateral or blocked: The Bank has no financial assets at fair value through profit and loss given as collateral or blocked as at balance sheet date (31 December 2006: None).

2.a) ii. Financial assets at fair value through profit and loss subject to repurchase agreements: The Bank has no financial assets at fair value through profit and loss subject to repurchase agreements as at balance sheet date (31 December 2006: None).

2.b) Positive differences related to derivative financial assets held-for-trading: The Bank has no positive differences related to derivative financial assets held for sale as at balance sheet date (31 December 2006: None).

## 3. Information related to Banks:

## 3.a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	166.285	23.001	101.216	6.081
Domestic	166.285	35	101.216	32
Foreign	0	22.966	0	6.049
Branches and head office abroad	0	0	0	0
<b>Total</b>	<b>166.285</b>	<b>23.001</b>	<b>101.216</b>	<b>6.081</b>

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

## 3.b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	1.273	702	0	0
USA and Canada	21.693	5.347	0	0
OECD Countries*	0	0	0	0
Off-shore banking regions	0	0	0	0
Other	0	0	0	0
<b>Total</b>	<b>22.966</b>	<b>6.049</b>	<b>0</b>	<b>0</b>

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

## 4. Information on financial assets available-for-sale portfolio:

4.a) i. Information on the available for sale securities given as guarantee/blocked: The Bank has no available-for-sale securities given as guarantee or blocked as at balance sheet date (31 December 2006: None).

4.a) ii. Available-for-sale securities subject to repo transactions: The Bank has no available-for-sale securities subject to repo transactions as at balance sheet date (31 December 2006: None).

## 4.b) Information on available for sale securities:

Available for sale securities consist of the investment in which the Bank has 3% shareholding in İzmir Vadeli İşlemler Borsası ("Turkish Derivatives Exchange" in İzmir) which the Bank has acquired on 21 June 2002 and 2,75% shareholding in Gelişen İşletmeler Piyasaları A.Ş. which the Bank has acquired on 27 March 2006. The Bank has paid 50% of the total shareholding amount (138 Thousand TRY) to Gelişen İşletmeler Piyasaları A.Ş. as of the balance sheet date.

	Current Period	Prior Period
Debt securities	0	0
Quoted on a stock exchange	0	0
Not quoted	0	0
Share certificates	461	461
Quoted on a stock exchange	0	0
Not quoted	461	461
Impairment provision(-)	0	0
<b>Total</b>	<b>461</b>	<b>461</b>

Bank's all not quoted available for sale investments are recorded at cost.

## 5. Information on loans:

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	12.661	60.979	12.862	102.853
Corporate shareholders	12.661	60.979	12.862	102.853
Real person shareholders	0	0	0	0
Indirect loans granted to shareholders	0	0	0	0
Loans granted to employees	0	0	0	0
<b>Total</b>	<b>12.661</b>	<b>60.979</b>	<b>12.862</b>	<b>102.853</b>

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## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

b) Information on the first and second group loans and other receivables including restructured or rescheduled loans:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
<b>Non-specialized loans</b>	<b>24.452</b>	<b>0</b>	<b>0</b>	<b>0</b>
Discount notes	0	0	0	0
Export loans	0	0	0	0
Import loans	0	0	0	0
Loans given to financial sector	24.452	0	0	0
Foreign loans	0	0	0	0
Consumer loans	0	0	0	0
Credit cards	0	0	0	0
Precious metals loans	0	0	0	0
Other	0	0	0	0
Specialized loans	0	0	0	0
Other receivables	0	0	0	0
<b>Total</b>	<b>24.452</b>	<b>0</b>	<b>0</b>	<b>0</b>

c) Loans according to their maturity structure:

Short-term loans and other receivables	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	24.452	0	0	0
Non-specialized loans	24.452	0	0	0
Specialized loans	0	0	0	0
Other receivables	0	0	0	0
Medium and Long-term loans	0	0	0	0
Non-specialized loans	0	0	0	0
Specialized loans	0	0	0	0
Other receivables	0	0	0	0

d) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel: The Bank has no consumer loans, individual credit cards, personnel loans and credit cards as at balance sheet date (31 December 2006: None).

e) Information on commercial loans with installments and corporate credit cards: The Bank has no commercial loans with installment and corporate credit cards as at balance sheet date (31 December 2006: None).

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

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## f) Loans according to borrowers:

	Current Period	Prior Period
Public	0	0
Private	24.452	20.372
<b>Total</b>	<b>24.452</b>	<b>20.372</b>

## g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	24.452	20.372
Foreign loans	0	0
<b>Total</b>	<b>24.452</b>	<b>20.372</b>

h) **Loans granted to subsidiaries and associates:** The Bank has no loans granted to subsidiaries and associates as of the balance sheet date (31 December 2006: None).

i) **Specific provisions provided against loans:** The Bank has no specific provisions provided against loans as of the balance sheet date (31 December 2006: None).

## j) Information on non-performing loans (net):

j.1) **Information on loans and other receivables included in non-performing loans which are restructured or rescheduled:** The Bank has no loans and other receivables included in non-performing loans which are restructured or rescheduled as of the balance sheet date (31 December 2006: None).

j.2) **Information on non-performing loans movement:** The Bank has no non-performing loans as of the balance sheet date (31 December 2006: None).

j.3) **Information on foreign currency non-performing loans and other receivables:** The Bank has no foreign currency non-performing loans as of the balance sheet date (31 December 2006: None).

j.4) **Information regarding gross and net amounts of non-performing loans with respect to user groups:** The Bank has no non-performing loans as of the balance sheet date (31 December 2006: None).

k) **Main principles of liquidating loans and receivables deemed losses:** The Bank has no liquidating loans and other receivables deemed losses as of balance sheet date (31 December 2006: None).

l) **Explanations on write-off policy:** The Bank has no past due receivables as of balance sheet date (31 December 2006: None).

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## FOR THE YEAR ENDED DECEMBER 31, 2007

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## m) Other explanations and disclosures:

- Collaterals and credit enhancement obtained during the year: There are no collaterals and credit enhancement obtained during the year as of balance sheet date (31 December 2006: None).
- Aging analysis of past due but not impaired loans per classes of financial statements: As of balance sheet date, there are no past due but not impaired loans (31 December 2006: None).
- Of the total aggregate amount of gross past due but not yet impaired loans and advances to customers, the fair value of collaterals, capped with the respective outstanding loan balance, that the Bank held as at December 31, 2007: As of balance sheet date, there is no past due but not yet impaired loans and advances to customers (31 December 2006: None).
- Loans and advances with floating interest rates: The Bank has no loans and advances with floating interest rates as of balance sheet date (31 December 2006: None).
- Loans and advances classified as fair value through profit and loss: The Bank has no loans and advances classified as fair value through profit and loss as of balance sheet date (31 December 2006: None).
- Loan derivatives related to loans and advances which are recognized with fair value: The Bank has no loan derivatives related to loans and advances which are recognized with fair value as of balance sheet date (31 December 2006: None).

## 6. Held to maturity investments:

## 6.a) i. Information on held-to-maturity investments given as collateral or blocked:

	Current Period	Prior Period
Held-to-maturity investments given as collateral or blocked	93.095	88.980

## 6.a) ii. Held-to-maturity investments subject to repurchase agreements: None (2006-None).

## 6.b) Information on public sector debt investments held-to-maturity:

	Current Period	Prior Period
Government Bond	93.095	88.980
Treasury Bill	0	0
Other public sector debt instruments	0	0
<b>Total</b>	<b>93.095</b>	<b>88.980</b>

## 6.c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	93.095	88.980
Quoted on a stock exchange	93.095	88.980
Not quoted on a stock exchange	0	0
Impairment provision (-)	0	0
<b>Total</b>	<b>93.095</b>	<b>88.980</b>

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

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## 6.d) Movement of held-to-maturity investments:

	Current Period	Prior Period
Beginning balance	88.980	148.065
Foreign currency differences on monetary assets	0	0
Purchases during year	66.772	10.753
Disposals through sales and redemptions	(62.657)	(69.838)
Impairment provision	0	0
<b>Closing Balance</b>	<b>93.095</b>	<b>88.980</b>

## 7. Information on associates (net):

7.a) Information on the unconsolidated associates: None. (2006-None)

7.b) Information on the consolidated associates: None. (2006-None)

## 8. Information on subsidiaries (net):

8.a) Information on the unconsolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage-If different voting percentage(%)	Bank Risk Group's share percentage (%)
Merkezi Kayıt Kuruluşu A.Ş.	İstanbul/Türkiye	28,57	65,00

Bank's share in Merkezi Kayıt Kuruluşu A.Ş. ("Central Securities Registry Agency") is 65% and according to its Articles of Association the Bank's voting right is 28,57% (2/7). Although the Bank has more than 20% of the voting rights at the company, the Bank does not have material effect. For this reason the associate is not consolidated. This subsidiary is carried at cost amounting to TRY 4.825 Thousand in the financial statements.

Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
(*) 27.270	24.261	4.823	1.724	409	12.175	8.345	-

(\*) Information obtained from the unaudited financial statements as at 31 December 2007.

## 8.b) Information on the consolidated subsidiaries:

i. Information on the consolidated subsidiaries: The Bank has no consolidated subsidiaries as of balance sheet date (31 December 2006: None).

ii. Information on movement of consolidated subsidiaries: The Bank has no consolidated subsidiaries as of balance sheet date (31 December 2006: None).

iii. Sectoral information on the consolidated subsidiaries and the related carrying amounts: The Bank has no consolidated subsidiaries as of balance sheet date (31 December 2006: None).

iv. Consolidated subsidiaries quoted on the stock exchange: The Bank has no consolidated subsidiaries as of balance sheet date (31 December 2006: None).



NOTES TO THE FINANCIAL STATEMENTS

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**9. Information on entities under common control:** The Bank has no entities under common control as of balance sheet date (31 December 2006: None).

**10. Information on finance lease receivables (Net):** The Bank has no finance lease receivables as of balance sheet date (31 December 2006: None).

**11. Information on derivative financial assets for hedging purposes:** The Bank has no derivative financial assets for hedging purposes as of balance sheet date (31 December 2006: None).

**12. Information on tangible assets:**

	Opening Balance December 31, 2006	Additions	Disposals	Other	Ending Balance December 31, 2007
<b>Cost:</b>					
Land and buildings	11.492	0	0	2.118	13.610
Leased tangible assets	8.646	0	0	0	8.646
Vehicles	900	0	(29)	0	871
Other	3.662	699	(336)	0	4.025
<b>Total Cost</b>	<b>24.700</b>	<b>699</b>	<b>(365)</b>	<b>2.118</b>	<b>27.152</b>
<b>Accumulated Depreciation:</b>					
Land and buildings	(3.368)	0	0	(245)	(3.613)
Leased tangible assets	(8.646)	0	0	0	(8.646)
Vehicles	(804)	0	27	(93)	(870)
Other	(3.030)	0	335	(335)	(4.357)
<b>Total Accumulated Depreciation</b>	<b>(15.848)</b>	<b>0</b>	<b>362</b>	<b>(673)</b>	<b>(16.159)</b>
<b>Net Book Value</b>	<b>8.852</b>	<b>699</b>	<b>(3)</b>	<b>1.445</b>	<b>10.993</b>
	Opening Balance December 31, 2006	Additions	Disposals	Other	Ending Balance December 31, 2007
<b>Cost:</b>					
Land and buildings	11.492	0	0	0	11.492
Leased tangible assets	8.646	0	0	0	8.646
Vehicles	1.072	0	(170)	0	902
Other	3.763	212	0	(315)	3.660
<b>Total Cost</b>	<b>24.973</b>	<b>212</b>	<b>(170)</b>	<b>(315)</b>	<b>24.700</b>
<b>Accumulated Depreciation:</b>					
Land and buildings	(3.119)	0	0	(169)	(3.368)
Leased tangible assets	(8.381)	0	0	(265)	(8.646)
Vehicles	(815)	0	148	(137)	(804)
Other	(3.059)	0	315	(286)	(3.030)
<b>Total Accumulated Depreciation</b>	<b>(15.454)</b>	<b>0</b>	<b>463</b>	<b>(857)</b>	<b>(15.848)</b>
<b>Net Book Value</b>	<b>(9.519)</b>	<b>212</b>	<b>293</b>	<b>(1.172)</b>	<b>8.852</b>

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## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

12.a) If impairment amount on individual asset recorded or reversed in the current period is material for the overall financial statements:

i. Events and conditions for recording or reversing impairment: The details for events and conditions for recording or reversing impairment are given in part (12.b) of the Report (31 December 2006: None).

ii. Amount of recorded or reversed impairment in the financial statements: The details for amount recorded or reversed impairment in the financial statements are given in part (12.b) of the Report (31 December 2006: None).

12.b) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially effecting the overall financial statements, and the reason and conditions for this:

In the expertise report which is prepared at 12 December 2007 by an independent asset valuation company to determine the fair value of the building which belongs to the Bank and in which the Bank operates, fair value of the asset is determined as TRY 10.620 Thousand.

The carrying amount of the building in which the Bank operates and which belongs to the Bank decreased in 2004 December due to the valuation report prepared by an independent valuation company, and the mentioned decrease in the carrying amount is accounted as loss. A valuation report which is prepared by an independent expertise firm in December 2007 set forth that the value of the building increased. In 31 December 2007 financial statements, revaluation increase is accounted in income in respect of the reversal of devaluation of the asset-TRY 2.118 Thousand.

12.c) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: There are no pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets as of balance sheet date (31 December 2006: None).

## 13. Information on intangible assets:

	Opening Balance December 31, 2006	Additions	Disposals	Other	Ending Balance December 31, 2007
Cost:					
Leasehold improvements	0	0	0	0	0
Other intangible assets	1.688	129	0	0	1.817
<b>Total Cost</b>	<b>1.688</b>	<b>129</b>	<b>0</b>	<b>0</b>	<b>1.817</b>
Accumulated Depreciation:					
Leasehold improvements	0	0	0	0	0
Other intangible assets	(1.474)	0	0	(156)	(1.630)
<b>Total Accumulated Depreciation</b>	<b>(1.474)</b>	<b>0</b>	<b>0</b>	<b>(156)</b>	<b>(1.630)</b>
<b>Net Book Value</b>	<b>214</b>	<b>129</b>	<b>0</b>	<b>(156)</b>	<b>187</b>

	Opening Balance December 31, 2005	Additions	Disposals	Other	Ending Balance December 31, 2006
Cost:					
Leasehold improvements	0	0	0	0	0
Other intangible assets	1.624	64	0	0	1.688
<b>Total Cost</b>	<b>1.624</b>	<b>64</b>	<b>0</b>	<b>0</b>	<b>1.688</b>
Accumulated Depreciation:					
Leasehold improvements	0	0	0	0	0
Other intangible assets	(1.292)	0	0	(182)	(1.474)
<b>Total Accumulated Depreciation</b>	<b>(1.292)</b>	<b>0</b>	<b>0</b>	<b>(182)</b>	<b>(1.474)</b>
<b>Net Book Value</b>	<b>332</b>	<b>64</b>	<b>0</b>	<b>(182)</b>	<b>214</b>

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2007**

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

a) **Disclosures for book value, description and remaining depreciation time for a specific intangible fixed asset that is material to the financial statements:** The Bank has no intangible fixed asset that is material to the financial statements as of balance sheet date (31 December 2006: None).

b) **Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:** The Bank has no intangible fixed assets acquired through government grants accounted for at fair value at initial recognition as of balance sheet date (31 December 2006: None).

c) **The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition:** The Bank has no intangible assets that are acquired through government incentives and recorded at fair value at the initial recognition (31 December 2006: None).

d) **The book value of intangible fixed assets that are pledged or restricted for use:** The Bank has no intangible fixed assets that are pledged or restricted for use as of balance sheet date (31 December 2006: None).

e) **Amount of purchase commitments for intangible fixed assets:** There are no purchase commitments for intangible fixed assets as of balance sheet date (31 December 2006: None).

f) **Information on revalued intangible assets according to their types:** There is no revalued intangible asset as of balance sheet date (31 December 2006: None).

g) **Amount of total research and development expenses recorded in income statement within the period if any:** There are no research and development expenses recorded in income statement within the period (31 December 2006: None).

h) **Positive or negative consolidation goodwill on entity basis:** There is no positive or negative consolidation goodwill as of balance sheet date (31 December 2006: None).

i) **Information on goodwill:** There is no goodwill as of balance sheet date (31 December 2006: None).

j) **Movements on goodwill in the current period:** There is no goodwill as of balance sheet date (31 December 2006: None).

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

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14. **Information on investment property:** There is no investment property as of balance sheet date (31 December 2006: None).

15. **Explanations on deferred tax asset:**

a) As of December 31, 2007, deferred tax asset is thousand TRY 776 (2006-None).

b) **Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods:** There are no temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods as of balance sheet date (31 December 2006: None).

c) **Allowance for deferred tax and deferred tax assets from reversal of allowance:** There is no allowance for deferred tax and deferred tax assets from reversal of allowance as of balance sheet date (31 December 2006: Until 31 December 2006, the Bank booked allowance for deferred tax asset).

d) **Movement of deferred tax:**

	Current Period	Prior Period
<b>At January 1, 2007</b>	0	0
Effect of change in effective tax rate	0	0
Deferred tax (charge)/benefit	776	0
<b>Deferred tax (charge)/benefit (Net)</b>	0	0
Deferred tax journalized in Shareholders' Equity	0	0
<b>Deferred Tax Asset</b>	<b>776</b>	<b>0</b>

16. **Information on assets held for sale and discontinued operations:** There are no assets held for sale and discontinued operations as of balance sheet date (31 December 2006: None).

17. **Information on other assets:**

a) **Breakdown of other assets:**

	Current Period	Prior Period
Commission receivables from members	1.054	970
Prepaid expenses	520	492
Custody accruals	88	61
Stationary supplies	25	1
Cash guarantees given	4	5
Other	7	77
<b>Total</b>	<b>1.698</b>	<b>1.606</b>

b) **Other assets which exceed 10% of the balance sheet total (excluding off balance sheet commitments) and breakdown of these which constitute at least 20% of grand total:** Other assets do not exceed 10% of the balance sheet total (excluding off balance sheet commitments) as of balance sheet date (31 December 2006: Do not exceed).

## NOTES TO THE FINANCIAL STATEMENTS

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## II. Explanations Related to the Liabilities

## 1. Explanations related to deposits:

## a) Information on maturity structure of deposits:

Since the Bank is a non-deposit taking bank it does not accept any deposits.

## b) Information on saving deposits under insurance:

Since the Bank is a non-deposit taking bank it does not accept any deposits.

## c) Information on the saving deposits of the bank with head office abroad, if the saving deposits in the branches of the bank located in Turkey are under the guarantee of saving deposit insurance in that country abroad:

The Bank's head office is in Turkey.

## d) Saving deposits not guaranteed by insurance:

Since the Bank is a non-deposit taking bank it does not accept any deposits.

## 2. Information on derivative financial liabilities:

The Bank has no derivative financial liabilities as of 31 December 2007 ve 31 December 2006.

## 3. Information on funds borrowed:

## a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Loans from Central Bank of Turkey	0	0	0	0
From Domestic Banks and Institutions	40.818	0	0	0
From Foreign Banks, Institutions and Funds	0	0	0	0
<b>Total</b>	<b>40.818</b>	<b>0</b>	<b>0</b>	<b>0</b>

## b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	40.818	0	0	0
Medium and long-term	0	0	0	0
<b>Total</b>	<b>40.818</b>	<b>0</b>	<b>0</b>	<b>0</b>

## c) Additional explanation related to the concentrations of the Bank's major liabilities:

The liabilities of the Bank consist of taxes payable and similar payables and cash collaterals and current accounts of the members. The Bank also has liabilities regarding the amounts held due to the fact that it is managing the guarantee funds established for common stock, government bond and treasury bill markets on the Istanbul Stock Exchange and managing the guarantee funds and guarantees of transactions in Turkish Derivative Exchange.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

**4. Information on funds provided from repurchase agreement transactions:** There are no funds provided from repurchase agreement transactions as of balance sheet date (31 December 2006: None).

**5. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:**

	Current Period	Prior Period
ISE Guarantee Fund-Share Certificates	43.420	38.234
ISE Guarantee Fund-Bond	52.264	46.161
Other	21.074	9.360
<b>Total</b>	<b>116.758</b>	<b>93.755</b>

**6. Explanations on financial lease obligations (Net):**

- a) **The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the bank:** There are no installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the bank as of balance sheet date (31 December 2006: None).
- b) **The explanation on modifications in agreements and new obligations resulting from such modifications:** There are no modifications in agreements and new obligations resulting from such modifications as of balance sheet date (31 December 2006: None).
- c) **Explanation on finance lease payables:** There are no finance lease payables as of balance sheet date (31 December 2006: None).
- d) **Explanations regarding operational leases:** There are no operational leases as of balance sheet date (31 December 2006: None).
- e) **Explanations on the lesser and lessee in sale and lease back transactions, agreement conditions, and major agreement terms:** There are no lesser and lessee in sale and lease back transactions as of balance sheet date (31 December 2006: None).

**7. Information on derivative financial liabilities for hedging purposes:**

There are no derivative financial liabilities for hedging purposes as of balance sheet date (31 December 2006: None).

**8. Information on provisions:**

a) Information on general provisions:

	Current Period	Prior Period
<b>General Provisions</b>	<b>1.630</b>	<b>766</b>
Provisions for First Group Loans and Receivables	244	200
Provisions for Second Group Loans and Receivables	0	0
Provisions for non-Cash Loans	1.386	566
Other	0	0

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- b) **Foreign exchange losses on the foreign currency indexed loans and finance lease receivables:** There are no foreign exchange losses on the foreign currency indexed loans and finance lease receivables as of balance sheet date (31 December 2006: None).
- c) **The specific provisions provided for unindemnified non cash loans:** There are no specific provisions provided for unindemnified non cash loans (31 December 2006: None).
- d) **Information on employee termination benefits and unused vacation accrual:**

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has been qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered, 25 August 1999 dated and 4447 numbered with 60th article that has been changed. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TRY 2.030,19 (2006: TRY 1,857.44) for each period of service at 31 December 2007.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2007, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5% and a discount rate of 11%, resulting in a real discount rate of approximately 5,71% (31 December 2006: 5,71%). The anticipated rate of forfeitures is considered. As the maximum liability is revised semi annually, the maximum amount of TRY 2.087,92 effective from 1 January 2008 has been taken into consideration in calculation of provision from employment termination benefits.

As of December 31, 2007, thousand TRY 1.219 (2006-thousand TRY 946) reserve for employee termination benefits was provided against a total undiscounted liability of TRY 3.669 Thousand. The ratio of provision of this benefit to undiscounted total liabilities is 33,22%.

As of December 31, 2007, the Bank provided a reserve of thousand TRY 806 (2006-TRY 757 Thousand) for the unused vacations. This balance is classified under Reserve for Employee Benefits in the financial statements.

## d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	946	568
Utilized/Paid	(126)	0
Charge for the year	399	378
Service charge	345	346
Interest charge	54	32
<b>Total</b>	<b>1.219</b>	<b>946</b>



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(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

## e) Information on other provisions:

e.1) Information on provisions for possible losses: There are no provisions for possible losses as of balance sheet date (31 December 2006: None).

e.2) The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total of provisions:

	Current Period	Prior Period
Provision for employee benefits	0	0
Provision for promotion of credit cards and banking services	0	0
Other*	125	125
<b>Total</b>	<b>125</b>	<b>125</b>

\* Amount of provision for trials prosecuted against the Bank which is continuing.

f) Liabilities Resulting From Retirement Benefits: There are no liabilities resulting from retirement benefits as of balance sheet date (31 December 2006: None).

f.1) Liabilities for pension funds established in accordance with "Social Security Institution": There are no liabilities for pension funds established in accordance with "Social Security Institution" as of balance sheet date (31 December 2006: None).

f.2) Liabilities resulting from all kinds of pension funds, foundations, which provide post retirement benefits for the employees: As at 31 December 2007, 13 of the Bank's 187 employees participated to the İMKB Takas ve Saklama Bankası Guarantee Fund (the "Fund") which was established in order to pay to the Bank any probable deficit or charge or abuse which might be due by these 13 members. The Bank has no obligation to the Fund as of balance sheet date.

## 9. Explanations on taxes liability:

## a) Information on current tax liability:

## a.1) Corporate tax:

	Current Period	Prior Period
Provision for corporate taxes	10.024	7.502
Prepaid taxes	7.689	5.110
Provision for current taxes	2.335	2.392

## a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	2.335	2.392
Taxation on securities	1.583	249
Property Tax	0	0
Banking Insurance Transaction Tax (BITT)	324	260
Foreign Exchange Transaction Tax	0	0
Value Added Tax Payable	7	7
Other	436	382
<b>Total</b>	<b>4.685</b>	<b>3.290</b>

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## a.3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	94	150
Social Security Premiums-Employer	134	211
Bank Social Aid Pension Fund Premium-Employee	0	0
Bank Social Aid Pension Fund Premium-Employer	0	0
Pension Fund Membership Fees and Provisions-Employee	0	0
Pension Fund Membership Fees and Provisions-Employer	0	0
Unemployment Insurance-Employee	7	10
Unemployment Insurance-Employer	13	21
Other	0	0
<b>Total</b>	<b>248</b>	<b>392</b>

b) Explanations on deferred tax liabilities, if any: There are no deferred tax liabilities as of balance sheet date.

## 10. Information on liabilities regarding assets held for sale and discontinued operations:

There are no liabilities regarding assets held for sale and discontinued operations as of balance sheet date (31 December 2006: None).

## 11. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:

There are no subordinated loans the Bank used as of balance sheet date (31 December 2006: None).

## 12. Information on Shareholders' Equity:

## a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock	60.000	60.000
Preferred stock	0	0

b) 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 ceiling: The bank does not use registered share capital system (31 December 2006: Not applied).

c) Information on share capital increases and their sources; other information on increased capital shares in current period: There are no capital increases in the period ending at 31 December 2007 (31 December 2006: None).

d) Information on share capital increases from revaluation funds: There are no share capital increases from revaluation funds in the period ending at 31 December 2007 (31 December 2006: None).

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: There are no capital commitments in the last fiscal year and at the end of the following interim period as of balance sheet date (31 December 2006: None).

f) Indicators of the Bank's income, profitability and liquidity for the prior periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

Due to the Bank's liquid position and good relations with foreign banks, the Bank has the possibility to provide low cost financing from abroad and place internally which would lead to profits. It can be predicted that profitability will increase and this will improve the equity of the Bank with retained profits.

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## g) Information on preferred shares:

As at 31 December 2007, the Bank has preferred stocks with a nominal value of TRY 200. According to the article six of Articles of Association, the stocks which represent group A shares of the newly issued group A and B shares belong only to İstanbul Stock Exchange and can not be ceded. Besides, according to the Bank's Articles of Association-article 9/b, four members of board of directors are chosen by General Assembly, among the candidates presented by group A shareholder.

h) Information on marketable securities value increase fund: The Bank has no marketable securities value increase fund as of balance sheet date (31 December 2006: None).

## 13. Information on legal reserves:

	Current Period	Prior Period
First legal reserves	7.312	7.312
Second legal reserves	4.608	2.681
Other legal reserves appropriated in accordance with special legislation	0	0
<b>Total</b>	<b>11.920</b>	<b>9.993</b>

## 14. Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	42.527	34.756
Retained earnings	0	0
Accumulated losses	0	0
Foreign currency share capital exchange difference	0	0
<b>Total</b>	<b>42.527</b>	<b>34.756</b>

## 15. Other Information on Shareholders' Equity:

There is no change in other reserves (31 December 2006: None).

## 16. Information on minority shares:

There are no minority shares as of balance sheet date (31 December 2006: None).

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FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments

1. Information on off-balance sheet liabilities:

a) **Nature and amount of irrevocable loan commitments:** There are no irrevocable loan commitments as of balance sheet date (31 December 2006: None).

b) **Possible losses and commitments related to off-balance sheet items including items listed below:**

b.1) **Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits:** There are no non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits as of balance sheet date (31 December 2006: None).

b.2) **Guarantees, suretyships, and similar transactions:** There are no guarantees, suretyships, and similar transactions as of balance sheet date (31 December 2006: None).

c) **Information on non-cash loans:**

c.1) **Total amount of non-cash loans:**

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	0	0
With maturity of 1 year or less than 1 year	0	0
With maturity of more than 1 year	0	0
Other non-cash loans	900.869	479.527
<b>Total</b>	<b>900.869</b>	<b>479.527</b>

c.2) **Information on sectoral risk breakdown of non-cash loans:**

	Current period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	0	0	0	0	0	0	0	0
Farming and raising livestock	0	0	0	0	0	0	0	0
Forestry	0	0	0	0	0	0	0	0
Fishery	0	0	0	0	0	0	0	0
Manufacturing	0	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0	0
Production	0	0	0	0	0	0	0	0
Electric, gas and water	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0
Services	900.869	100	0	0	479.527	100	0	0
Wholesale and retail trade	0	0	0	0	0	0	0	0
Hotel, food and beverage services	0	0	0	0	0	0	0	0
Transportation and telecommunication	0	0	0	0	0	0	0	0
Financial institutions	900.869	100	0	0	479.527	100	0	0
Real estate and renting services	0	0	0	0	0	0	0	0
Self-employment services	0	0	0	0	0	0	0	0
Education services	0	0	0	0	0	0	0	0
Health and social services	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
<b>Total</b>	<b>900.869</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>479.527</b>	<b>100</b>	<b>0</b>	<b>0</b>

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c.3) Information on I st and II nd Group non-cash loans:

	I st Group		II nd Group	
	TRY	FC	TRY	FC
<b>Non-cash loans</b>	<b>900.869</b>	<b>0</b>	<b>0</b>	<b>0</b>
Letters of guarantee	0	0	0	0
Bank acceptances	0	0	0	0
Letters of credit	0	0	0	0
Endorsements	0	0	0	0
Underwriting commitments	0	0	0	0
Factoring commitments	0	0	0	0
Other commitments and contingencies	900.869	0	0	0

**2. Information related to derivative financial instruments:**

The Bank has no derivative financial instruments as of 31 December 2007 and 31 December 2006.

As of December 31, 2007 breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TRY equivalents: The Bank has no foreign currency forward and swap transactions as of balance sheet date (31 December 2006: None).

**Fair Value Hedges:**

Net profit/(loss) due to hedging instruments of the Bank: There is no profit/(loss) due to hedging instruments of the Bank for the year ended at 31 December 2007 (31 December 2006: None).

**Cash Flow Hedges:**

The periods when cash flows are expected to come true regarding cash flow hedges and the periods when cash flows are expected to affect profit or loss, as of 31 December 2007: As of balance sheet date, there are no periods when cash flows are expected to come true about cash flow hedges and the periods when cash flows are expected to affect profit or loss (31 December 2006: None).

**Hedge of Net Investment in Foreign Operations:** There are no hedging instruments related to Hedge of Net Investments in Foreign Operations as of the balance sheet date.

**3. Explanations on contingent liabilities and assets:**

a.1) **The Bank's share in contingent liabilities arising from entities under common control together with other venturer:** The Bank has no entities under common control as of balance sheet date (31 December 2006: None).

a.2) **Share of entity under common control in its own contingent liabilities:** The Bank has no share of entity under common control in its own contingent liabilities as of balance sheet date (31 December 2006: None).

a.3) **The Bank's contingent liabilities resulting from liabilities of other venturers in entity under common control:** The Bank has no contingent liabilities resulting from liabilities of other venturers in entity under common control as of balance sheet date (31 December 2006: None).

b) **Accounting and presentation of contingent assets and liabilities in the financial statements:** The Bank has no contingent assets and liabilities as of balance sheet date (31 December 2006: None).

## NOTES TO THE FINANCIAL STATEMENTS

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**4. Custodian and intermediary services:**

The Bank, carries out settlement, custody and other necessary transactions for marketable securities, precious metals and other securities and executes the settlement of commitments and receivables arising from cash and securities purchase and sale in the stock exchanges. Besides, the Bank opens custody accounts for its customers, institutional investors and companies quoted on the Istanbul Stock Exchange and on other stock exchange markets, performs the transfers, settlements and offsets between the accounts of the intermediary companies and the individual investors; performs the procedures related to the obtaining of bonus shares, use of preemptive rights, timely collection of dividends, principal and interest, exchange of certificates representing the marketable and other securities and additional financial services.

**5. The information on the Bank's rating by the international rating introductions:**

There is no rating for the Bank that is prepared by international rating entities as of balance sheet date (31 December 2006: None).

**IV. Explanations Related to the Income Statement****1. Information on interest income****a) Information on interest on loans:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans	4.691	0	3.881	0
Short term loans	4.691	0	3.881	0
Medium and long term loans	0	0	0	0
Interest on non-performing loans	0	0	0	0
Premiums received from Resource Utilization Support Fund	0	0	0	0

**b) Information on interest received from banks:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	0	8	0	3
Domestic banks	22.268	0	14.144	0
Foreign banks	0	648	0	173
Branches and head office abroad	0	0	0	0
<b>Total</b>	<b>22.268</b>	<b>656</b>	<b>14.144</b>	<b>176</b>

**c) Interest received from marketable securities portfolio:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	0	0	0	0
Financial assets at fair value through profit and loss	0	0	0	0
Available-for-sale securities	0	0	0	0
Held-to-maturity securities	13.342	0	18.405	0
<b>Total</b>	<b>13.342</b>	<b>0</b>	<b>18.405</b>	<b>0</b>

**d) Information on interest income received from associates and subsidiaries:** There is no interest income received from associates and subsidiaries as of balance sheet date (2006: None).

**e) Other information:** None (2006: None).

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## FOR THE YEAR ENDED DECEMBER 31, 2007

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## 2. Information on interest expense

## a) Information on interest on funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	2.831	0	999	0
The Central Bank of Turkey	0	0	0	0
Domestic banks	2.831	0	999	0
Foreign banks	0	0	0	0
Branches and head office abroad	0	0	0	0
Other financial institutions	0	0	0	0
<b>Total</b>	<b>2.831</b>	<b>0</b>	<b>999</b>	<b>0</b>

b) **Information on interest expense to associates and subsidiaries:** There is no interest expense to associates and subsidiaries as of balance sheet date (2006: None).

c) **Information on interest expense to marketable securities issued:** There is no interest expense to marketable securities issued as of balance sheet date (2006: None).

d) **Distribution of interest expense on deposits based on maturity of deposits:** There is no interest expense as of balance sheet date (2006: None).

## 3. Information on dividend income:

	Current Period	Prior Period
Trading Securities	0	0
Financial assets at fair value through profit and loss	0	0
Available-for-sale securities	0	0
Other	649	0
<b>Total</b>	<b>649</b>	<b>0</b>

## 4. Information on net trading income:

	Current Period	Prior Period
<b>Income</b>	<b>39</b>	<b>135</b>
Gains on capital market operations	0	0
Gains on derivative financial instruments	0	0
Other	0	0
Foreign exchange gains	39	135
<b>Losses (-)</b>	<b>(166)</b>	<b>(117)</b>
Losses on capital market operations	0	0
Losses on derivative financial instruments	0	0
Other	0	0
Foreign exchange losses	(166)	(117)



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**5. Information on other operating income:**

Other operating income mainly consists of commission and fee income obtained related with common stock and public sector debt securities custody, customer name based custody, account maintenance, bonus share collection and stock exchange settlement operations in line with the main activities of the Bank.

In the income statement, other operating income of TRY 25.533 Thousand comprise of; TRY 17.920 Thousand received from the Bank's main operating field of clearing and custody services, TRY 7.613 Thousand of other non-interest income. In report's section 5, part 4, 11/(d), if the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown in detail.

The information on the factors affecting the Bank's income including new developments, and the explanation on nature and amount of income earned from such items:

The Bank has not generated any extraordinary income affecting its revenues.

**Other operating income**

	Current Period	Prior Period
-Clearing and custody services income	17.920	17.706
-Account maintenance	1.716	1.741
-TDE income	2.768	731
-Others	3.129	1.188
<b>Total</b>	<b>25.533</b>	<b>21.366</b>

**6. Provision expenses of banks for loans and other receivables:**

	Current Period	Prior Period
Specific provisions for loans and other receivables	0	0
III. Group Loans and Receivables	0	0
IV. Group Loans and Receivables	0	0
V. Group Loans and Receivables	0	0
General provision expenses	864	411
Provision expenses for possible losses	0	0
Marketable securities impairment losses	0	0
Financial assets at fair value through profit and loss	0	0
Investment securities available for sale	0	0
Impairment provision expense	0	0
Associates	0	0
Subsidiaries	0	0
Entities under common control (Joint Vent.)	0	0
Investments held to maturity	0	0
Other	0	0
<b>Total</b>	<b>864</b>	<b>411</b>

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

## 7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	14.899	13.302
Reserve for employee termination benefits	399	378
Bank social aid fund deficit provision	0	0
Impairment expenses of fixed assets	0	0
Depreciation expenses of fixed assets	673	857
Impairment expenses of intangible assets	0	0
Impairment expense of goodwill	0	0
Amortization expenses of intangible assets	156	182
Impairment for investments accounted for under equity method	0	0
Impairment expenses of assets to be disposed	0	0
Depreciation expenses of assets to be disposed	0	0
Impairment expenses of assets held for sale and discontinued operations	0	0
Other operating expenses	2.426	2.740
Rent expenses	0	12
Maintenance expenses	57	91
Advertisement expenses	14	21
Other expenses	2.355	2.616
Loss on sales of assets	1	0
Other	973	1.101
<b>Total</b>	<b>19.527</b>	<b>18.560</b>

## 8. Information on profit/(loss) from continued and discontinued operations before taxes:

The percentage of changes in the income statement of the Bank; compared to the previous year.

	Current Period	Prior Period	Change %
Profit/(Loss) before tax	47.948	40.383	18,73
Net interest income	41.896	37.464	11,83
Net fees and commission income	388	506	(23,32)
Provision for loans	864	411	110,22
Operating expenses	19.527	18.560	5,21

## 9. Information on tax provision for continued and discontinued operations:

a) As of December 31, 2007, current tax charge is TRY 10.024 (2006-TRY 7.502) and deferred tax benefit is thousand TRY 1.096 (2006-thousand TRY 320 deferred tax charge).

The Bank has accounted for deferred tax asset and hence deferred tax income in its financial statements.

b) **Deferred tax benefit on temporary differences:** There is no deferred tax benefit on temporary differences as of balance sheet date (2006: None).

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

c) **Deferred tax benefit or charge for temporary differences, on carried forward tax losses or tax exemptions or deductions:** There is no deferred tax benefit or charge for temporary differences, on carried forward tax losses or tax exemptions or deductions as of balance sheet date (2006: None).

d) **Tax reconciliation:**

According to the Article 31 of the Corporate Tax Law No. 5520 announced in the Official Gazette dated 21 June 2006, the corporate tax rate has been decreased to 20 %effective from 1 January 2006.

As of the period ending at 31 December 2007, current corporate tax provision expense is TRY 10.024 Thousand, deferred tax income is TRY 1.096 Thousand. The Bank has accounted deferred tax asset and hence deferred tax income in its financial statements.

	Current Period	Prior Period
Profit before tax	47.948	40.383
Additions	2.199	2.883
Allowances	(25)	(5.754)
Corporate Tax Base	50.122	37.512
Corporate tax rate	0,20	0,20
Tax calculated	10.024	7.502
Deferred tax charge/benefit	(1.096)	320
<b>Total</b>	<b>8.928</b>	<b>7.822</b>

**10. Information on net profit/(loss) from continued and discontinued operations:**

As of 31 December 2007, net profit of the Bank is TRY 39.020 Thousand (2006: TRY 32.561 Thousand).

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

## 11. The explanations on net income/loss for the period:

- a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period:

The Bank has generated TRY 44.727 Thousand of interest income, TRY 2.831 Thousand of interest expense, TRY 388 Thousand of net fees and commission income from ongoing banking operations, and generated TRY 19.527 Thousand of expense, TRY 25.533 Thousand of income and TRY 649 Thousand of dividend income from operations except for banking.

- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: There is no effect of changes in accounting estimates on income statement for the current period (2006: None).
- c) Profit or loss attributable to minority shares: There is no profit or loss attributable to minority shares as of balance sheet date (2006: None).
- d) If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below.

The details of other operating income that the Bank has generated are presented below:

	Current Period	Prior Period
Transfer commissions	935	778
Insurance commissions	12	16
Commission for collection and inpayment	6	7
Expertise fee	7	0
Other fees and commissions	16.960	16.906
Custody commissions	8.345	9.086
Service commissions	1.058	1.085
Expense provisions	15	15
Commissions for problem member portfolios	133	72
Stock exchange clearing commission	3.660	3.328
Blockage change commission	130	111
Others	3.619	3.209
<b>Total Banking Service Income</b>	<b>17.920</b>	<b>17.707</b>
Maintenance	1.716	1.741
TDE income	2.768	731
Data publishing income	356	608
Securities L/B Market Income	368	281
TETS Takasbank Electronic System Income	111	104
Other income	2.294	194
<b>Total Non-Interest Income</b>	<b>7.613</b>	<b>3.659</b>
<b>Total</b>	<b>25.533</b>	<b>21.366</b>

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

- e) **Nature and amount of changes in accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods:** There are no nature and amount of changes in accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods as of period ending at 31 December 2007 (2006: None).

**V. Explanations Related to Statement of Shareholders' Equity Movement**

- a) **Decrease resulting from revaluation of financial assets available for sale:** There is no decrease resulting from revaluation of financial assets available for sale as of balance sheet date (2006: None).
- b) **Increase in cash flow risk hedging items:** There is no increase in cash flow risk hedging items as of balance sheet date (2006: None).
- b.1) **Reconciliation of beginning and ending balances:** There is no increase in cash flow hedge items at the beginning and ending of the period ending at 31 December 2007 (2006: None).
- b.2) **Amount recorded in the current period if a gain or loss from a cash flow hedging derivative or non-derivative financial asset is accounted for under shareholders' equity:** There is no cash flow hedge transaction as of balance sheet date (2006: None).
- c) **The reconciliation related with foreign exchange amounts in the beginning and end of the period:** There is no currency difference at the beginning and ending of the period ending at 31 December 2007 (2006: None).
- d) **Net investment hedges:** There is no net investment hedge as of balance sheet date (2006: None).
- e) **Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements:** There are no dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements.
- f) **Dividends per share proposed subsequent to the balance sheet date:** Profit appropriation will be resolved in the General Assembly meeting which has not been conducted as of the date of the accompanying financial statements are authorized for issue.
- g) **Proposals to General Assembly for the payment dates of dividends and if it will not be appropriated the reasons for this:** The Board of Directors has not decided for profit appropriation as of the date of the financial statements is authorized for issue.
- h) **Amounts transferred to legal reserves:**

In its annual shareholders meeting on 30 March 2007, the Bank decided to distribute TRY 31.519 Thousand net profit calculated in accordance with prevailing regulations applicable as of 31 December 2006. The Bank appropriated the second legal reserve of TRY 1.927 Thousand for dividends payable.

	Current Period	Prior Period
Amounts transferred to reserves from retained earnings (+)	1.927	4.252

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

i) **Information on shares issued:** The Bank has no shares issued as of balance sheet date (2006: None).

## VI. Explanations Related To Statement Of Cash Flows

## 1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:

“Other items” amounting to TRY 22.263 in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid and other expenses except for personnel expenses, leasing expenses, reserve for employee termination benefits, depreciation expenses and taxes paid.

“Net increase/decrease in other liabilities” amounting to TRY 615.577 in “Changes in operating assets and liabilities” consists of changes in sundry creditors, other liabilities and interbank money market borrowings. “Net increase/decrease in other assets” with a total amount of TRY 4.242 consists of changes in sundry debtors and other assets.

Effect of change in foreign exchange on cash and cash equivalents is TRY (127) Thousand.

## 2. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

Beginning of the period	Current Period	Prior Period
<b>Cash</b>	<b>20.274</b>	<b>15.837</b>
Cash in TRY/Foreign Currency	6	2
Central Bank-Unrestricted amount	20.268	8.795
Other	0	7.040
<b>Cash equivalents</b>	<b>438.546</b>	<b>224.698</b>
Banks	105.079	47.851
Money market placements	333.467	176.847
<b>Total cash and cash equivalents</b>	<b>458.820</b>	<b>240.535</b>

End of the period	Current Period	Prior Period
<b>Cash</b>	<b>7.238</b>	<b>20.274</b>
Cash in TRY/Foreign Currency	4	6
Central Bank-Unrestricted amount	7.234	20.268
Other	0	0
<b>Cash equivalents</b>	<b>1.106.010</b>	<b>438.546</b>
Banks	186.992	105.079
Money market placements	919.018	333.467
<b>Total cash and cash equivalents</b>	<b>1.113.248</b>	<b>458.820</b>

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

## VII. Explanations on the Risk Group of the Bank

## 1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

## a) Current Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables	0	0	0	0	0	0
Balance at beginning of period	0	0	0	0	0	0
Balance at end of period	0	0	0	0	0	0
Interest and commission income	0	0	3.660	0	0	0

## b) Prior Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables	0	0	0	0	0	0
Balance at beginning of period	0	0	0	0	0	0
Balance at end of period	0	0	0	0	0	0
Interest and commission income	0	0	3.329	0	0	0

c.) Information on related party deposits balances: There is no related party deposit balances as of balance sheet date (2006: None).

d) Information on forward and option agreements and other similar agreements made with related parties: There is no forward and option agreements and other similar agreements made with related parties as of balance sheet date (2006: None).

## 2. Disclosures for related parties:

- a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not: As of balance sheet date, there are no relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not (2006: None).
- b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors: As of balance sheet date, there are no relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors (2006: None).
- c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements: As of balance sheet date, in cases whereby separate disclosure is not necessary, there are no similar items in order to present the total impact on the financial statements (2006: None).



## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2007

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

- d) **Transactions accounted under the equity method:** There are no transactions accounted under the equity methods of balance sheet date (2006: None).
- e) **Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts:** As of balance sheet date, there are no purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts as of balance sheet date (2006: None).

## VIII. Explanations on the Bank's domestic branches, agencies and branches abroad and off-shore branches

## 1. Explanations on the Bank's domestic branches, agencies and branches abroad and off-shore branches:

	Number	Employees			
Domestic branches	1	187			
			Country		
Rep-offices abroad	0	0	-		
				Total Assets	Capital
Branches abroad	0	0	-	-	-
Off-shore branches	0	0	-	-	-

## 2. Explanations on Branch and Agency Openings or Closings and on Substantial Change in the Organization of the Bank:

As of balance sheet date, there is no explanation on branch and agency openings or closings and on substantial change in the organization of the Bank (2006: None).

## SECTION SIX

## OTHER EXPLANATIONS

## I. Other Explanations on the Operations of the Bank

As at 31 December 2007, under the Financial Assets at Fair Value Through Profit and Loss account, the Bank has government bonds amounting to TRY 2.672 Thousand belong to problematic brokerage houses. In addition, under the Receivables from Reverse Repurchase Agreements account, the Bank has investment securities purchased under commitments to resell amounting to TRY 8.518 Thousand which also belongs to problematic brokerage firms. The corresponding liability accounts used for these securities are sundry creditors. The increase in the fair values of these government bonds amounting to TRY 205 Thousand and the income accrual of the reverse repo transactions amounting to TRY 4 Thousand based on the difference between the sale and repurchases prices, are recorded under other liabilities without recognizing the amounts in the income statement.

**İMKB TAKAS VE SAKLAMA BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TURKISH LIRA [TRY] UNLESS OTHERWISE STATED)

**SECTION SEVEN**

**INDEPENDENT AUDITOR'S REPORT**

**I. Explanations on the Independent Auditor's Report**

The unconsolidated financial statements of the Bank were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and the independent auditor's report dated February 21, 2008 is presented preceding the financial statements.

**II. Other Footnotes and Explanations Prepared by Independent Auditors**

There are no other explanations and notes not expressed in sections above related with the Bank's operations.

## EVALUATION OF FINANCIAL POSITION, PROFITABILITY AND SOLVENCY

As of December 31, 2007, total assets of Takasbank stood at TRY 1,256,680,000. This corresponds to a 111% rise over the previous year's level of TRY 594,961,000. The change in the Bank's total assets during the current period was primarily caused by the:

179% growth on the interbank money market,  
20% growth in loans,  
76% growth in the banks and other financial institutions accounts,  
5% growth in the "investments held to maturity" account,  
24% growth in tangible fixed assets.

Receivables from the Interbank Money Market, the largest item on the Bank's balance sheet, increased 179%, from TRY 326,475,000 to TRY 910,898,000. At the same time, the loans portfolio of the Bank grew 20%, from TRY 20,372,000 to TRY 24,452,000 as of the end of the year and investments held to maturity increased 5%, from TRY 88,980,000 to TRY 93,095,000.

As of the 2007 balance sheet date, Takasbank had borrowed TRY 40,818,000 from the domestic market. The Bank did not obtain any foreign loans during the last two years. The Bank's capital remained unchanged, at TRY 60,000,000. The largest increase in the Bank's liabilities occurred in the Other Liabilities item. This item increased 231%, from TRY 253,175,000 in 2006 to TRY 836,867,000 as of the end of 2007. This increase came mainly as a result of cash collaterals totaling TRY 825,841,000 collected from members of the Izmir Turkish Derivatives Exchange, which opened on February 4, 2005.

Disbursements, assets and liabilities are compatible with interest rates. Since there are no disparities between ratios, it is not necessary to measure the possible impact on profitability. The Bank's needs for short and long-term liquidity are met from internal resources. The Bank manages liquidity risk by ensuring that sufficient cash and cash-equivalent resources are available to meet existing and prospective liabilities, that open market positions are closed and loan obligations are funded.

## INFORMATION ON RISK MANAGEMENT POLICIES IN TERMS OF DIFFERENT RISK CATEGORIES

At its meeting on January 30, 2007, numbered 156, the Board of Directors of Takasbank ratified the “Takasbank Risk Management Regulation” and the “Takasbank Risk Management Policies and Procedures.” The Bank’s general risk policy as well as the duties, powers, responsibilities, working procedures and principles of the Risk Management Department were defined accordingly. Moreover, procedures for defining, measuring, monitoring and reporting operational risk have been identified in detail.

The Bank’s risk management principle is to undertake all operations with the minimal amount of risk and to execute these with utmost prudence. As far as mandatory risk is concerned, Takasbank embraces the overall risk policy to establish optimal balance between losses that might arise as the result of these risk and costs to be incurred for limiting, managing, reducing and controlling them.

Almost all transactions at Takasbank are conducted in an electronic environment, in accordance with the business and transaction rules specified in applicable legislation. Software applications used for transactions are developed in-house.

Basic risk faced by Takasbank is to a great extent similar to those of other financial institutions, with credit, market and operational risk making up the basic categories of risk exposure.

### a) Credit Risk Management

Takasbank provides cash loans in the form of the Securities Credit and non-cash loans in the form of Takasbank Money Market transactions. Credit risk presents the probability of failure by borrowing members or guarantors to fulfill their written contractual obligations.

Credit limits are updated according to changes in the members’ financial position. As is specified in lending procedures, no loan is extended before the required collateral has been secured. Operational errors are minimized by continuously controlling limits, risks and collaterals electronically for each transaction.

In its lending practices and limit assignment processes, the Bank evaluates the financial structures of brokerage houses, their trading volume and other relevant criteria as a whole. Credit limits proposed on the basis of market investigation and financial analysis come into effect upon the approval of the Board of Directors.

Since the loans extended by Takasbank do not require a special provision, only a general provision is made. As required by relevant regulations and procedures, liquid and/or liquid-equivalent collaterals are obtained to guarantee loans. For managing the concentration risk of collaterals, periodic quotas are defined for each collateral item, by statistically assessing certain data regarding stocks traded on the ISE and used as collaterals.

Credit risk is managed in a strong and effective collateralization system and by assigning appropriate limits. So far the Bank has not suffered any losses arising from collaterals that were insufficient or could not be liquidated.

## b) Market Risk Management

Takasbank's treasury management strategy is designed to avoid liquidity problems, optimize the risk-return balance and ensure that resources are used in the most efficient way by taking minimum risk.

According to the portfolio management strategy, transactions are carried out with banks that are allocated credit limits by the Board of Directors. Unless deemed necessary, no foreign currency transactions are performed and no foreign currency positions are carried, no derivatives are used and no securities other than government domestic debt securities are included in the Bank's securities portfolio.

The Bank aims to ensure optimal maturity diversification based on forecasts regarding changes in Turkish lira interest rates, by using long-term instruments when interest rates are expected to fall and short-term instruments when they are expected to rise.

Value at risk is calculated and reported by Takasbank using the standard method within the framework of regulations issued by the Banking Regulation and Supervision Agency. Interest rate risk is calculated by placing interest-sensitive assets and liabilities in the relevant maturity slots and time intervals based on tier analysis.

Takasbank's senior management and the Risk Management Department continuously monitor market developments with regard to the distribution of the Bank's portfolio in terms of maturity and instruments. All treasury transactions are performed within the knowledge and in accordance with the instructions of senior management, which also revises the treasury management strategy in light of market developments when necessary.

The Bank's resources do not include any liabilities that may be withdrawn under extraordinary circumstances. The ISE Guarantee Fund and transaction collaterals, which are entered into the books as other liabilities or provisional liability accounts, are covered by liquid values on the asset side. When the Bank's current assets, loan quality, loan collateral concentration and asset structure are considered together with the depth of the securities markets, it seems improbable for the Bank to experience liquidity problems due to maturity mismatches in meeting its obligations.

Takasbank's liabilities are fully covered by the liquidity to be obtained from current assets and the fact that assets and liabilities are denominated in the same currency prevents deterioration in the asset-liability structure that can arise from sudden exchange rate fluctuations.

### c) Operational Risk Management

Operational risk is defined as the probability of a loss that may be incurred due to errors and irregularities going unnoticed because of problems in internal controls, improper acts of bank management and personnel, bank management's mistakes, problems in IT systems, disasters such as earthquake, fire or flood and terror attacks.

Almost all transactions at Takasbank are conducted in an electronic environment and in accordance with the Bank's general policy. Software applications used for transactions are not sourced from vendors, but developed by the Bank's own personnel. This policy offers a major advantage for the establishment of an effective risk management and internal audit system. These software applications both allow operational departments to perform transactions and ensure continuous and effective monitoring of procedures through reporting modules and programs.

Although Takasbank believes that human resources are the Bank's most important asset, institutionalization requires that operations do not focus on individuals but on systems and processes.

Operational risk related to information systems is managed effectively by keeping the software and hardware items used at Takasbank and their backups available at all times, copying data simultaneously in different environments, maintaining communication, maintaining power supply and human resources ready at all times, including backups and preparing applications such as contingency plans.

Authorities and responsibilities related to critical transactions are separated from each other at Takasbank. Management control on transactions is ensured through approval-authorization mechanisms. In addition to control activities carried out by management within a hierarchical structure, transactions are also continuously audited by the Internal Control Center reporting to the Board of Directors and periodically by the Audit Board.

Another important issue with regard to the control and management of operational risk is the risk covered through insurance policies. The Comprehensive Insurance Policy for Financial Institutions, in which Takasbank is involved along with the ISE and the Central Registry Agency and which was extended until March 31, 2008 with the decision of the Board of Directors dated March 28, 2007, numbered 159, covers risk such as theft, fraud and breach of confidence to a large extent.

Operational risk of the Bank is managed by:

- Establishing and implementing adequate and appropriate internal control, internal audit and risk management systems,
- Functionally separating duties, powers and responsibilities within the Bank,
- Testing and monitoring processes and systems of all activities of the Bank in detail,
- Ensuring absolute harmony between internal and external systems,
- Ensuring the availability of contingency plans and back-up facilities related to information systems and human resources,
- Fully complying with applicable legislation in all transactions and contracts with related parties both at home and overseas and supporting these with necessary documents.

Operational value at risk is calculated using the "basic indicator method".

### **RATINGS ASSIGNED BY CREDIT RATING AGENCIES**

Takasbank was not graded by any credit rating agency.

## FIVE-YEAR SUMMARY FINANCIAL DATA

<b>(TRY thousands)</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Total Assets	1,256,680	594,961	442,767	325,316	318,174
Shareholders' Equity	253,524	236,325	230,222	206,607	195,753
Paid-in Capital	60,000	60,000	60,000	60,000	60,000
Operating Profit	47,948	40,383	61,483	69,776	86,268
Interest and Portfolio Revenue	44,727	38,463	41,888	54,632	68,968

<b>(US\$ thousands)*</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Total Assets	1,078,973	423,279	329,980	242,393	227,951
Shareholders' Equity	217,673	168,131	171,577	153,943	140,244
Paid-in Capital	51,515	42,686	44,716	44,706	42,986
Operating Profit	41,168	28,730	45,821	51,990	61,805
Interest and Portfolio Revenue	38,402	27,364	31,218	40,706	49,411

<b>Financial Ratios (%)</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Operating Profit/Total Assets	3.82	6.79	13.89	21.45	27.11
Shareholders' Equity/Total Assets	20.17	39.72	52.00	63.51	61.52
Operating Profit/Shareholders' Equity	18.91	17.09	26.71	33.77	44.07
Asset Growth	111.22	34.37	36.10	2.24	48.18

<b>Employees</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
	187	184	199	232	226

\* US\$ figures were calculated based on US dollar buying rates announced by the Central Bank on the last day of the relevant year.

Central Bank US dollar buying rates used in the valuation are as follows:

December 31, 2003:	TRY 1.3958
December 31, 2004:	TRY 1.3421
December 31, 2005:	TRY 1.3418
December 31, 2006:	TRY 1.4056
December 31, 2007:	TRY 1.1647





**İMKB TAKAS VE SAKLAMA BANKASI A.Ş.**

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