



TAKASBANK

The international actor of Turkish capital markets

2006 ANNUAL REPORT

One of the main missions of Takasbank is to remove barriers and problems that restrict the flow of international funds and to facilitate the free movement of domestic as well as foreign capital. Hence, making the country a center of attraction for foreign funds and adding depth and volume to markets by increasing liquidity in capital markets is a priority of Takasbank. Providing convenience and efficiency to settlement and clearing transactions is a factor that directly fosters capital movements across the borders.

Takasbank operates in full compliance with all the norms and standards of international capital markets. It is an international actor in the Turkish capital markets.



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Takasbank in Brief



A department formed within the Istanbul Stock Exchange (ISE) in 1988 began to perform settlement transactions of traded securities. In January 1992, the settlement and custody task was handed over to İMKB Takas ve Saklama A.Ş. (ISE Settlement and Custody, Inc.), founded by the ISE and its members. This company was converted into a sector-specific bank named Takasbank İMKB Takas ve Saklama Bankası A.Ş. (Takasbank ISE Settlement and Custody Bank, Inc.) on January 2, 1996. Takasbank, today, serves market participants as a sector-specific investment bank.

Being established as a partnership among capital market players, Takasbank functions as a bridge between money and capital markets and is among the most important financial institutions in the country. Since it gathers settlement, custody and transfer service functions under the roof of a single bank, Takasbank holds a unique place 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). With the initiation of the Agency's operations in 2005, the dematerialization process of the stocks traded on the ISE was completed.

Since the launch of the Turkish Derivatives Exchange (TURKDEX) on February 4, 2005, upon authorization by the Capital Markets Board on December 10, 2004, TURKDEX Clearing Center of Takasbank has been carrying out the settlement and collateralization transactions of sales and purchases on this Exchange. Takasbank also monitors the portfolio assets of mutual funds and investment trusts. The Bank has equally assumed various responsibilities regarding Private Pension Funds introduced in 2003 within the framework of the Private Pension Savings and Investment System. It performs custody, settlement and other related transactions of pension fund assets.

Takasbank is a substantial contributor to the functioning of the Private Pension System, which plays a significant role in the development of Turkish capital markets.

Takasbank provides correspondent services for the settlement and custody of Eurobonds, foreign bonds, depository certificates and similar foreign securities traded on international markets through its correspondent banking relationship with Euroclear Bank, an international clearing and custody institution. Through these services, Takasbank has passed on its domestic expertise in settlement and custody services onto international markets, aiming to make post-trade services accessible to all financial institutions in terms of technical expertise, operational experience and cost. By the end of December 2006, the number of institutions receiving international securities correspondent services from Takasbank had reached 74.

Offering short-term credit facilities to brokerage houses through cash loans, Takasbank, through its own Money Market, ensures that monetary transactions between brokerage houses are conducted in a rapid, transparent and reliable environment. Takasbank is one of the top two banks in terms of the volume of electronic fund transfers and ranks among the companies that pay the highest corporate tax in Turkey for the past nine years.

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Summary of Financial Results

As a result of operations carried out between January 1, 2006 and December 31, 2006, Takasbank posted a pre-tax profit of TRY 40,383,000. Deducting TRY 7,822,000 for corporate tax at the rate of 20% from the profit for the year 2006, the Bank's after-tax profit was TRY 32,561,000.

Takasbank earned an interest income of TRY 38,463,000 in 2006, a major part of which came from the TRY 18,405,000 interest income from securities held until maturity and TRY 14,320,000 interest income obtained from banks. In the current period, domestic banks were paid TRY 999,000 interest, TRY 1,799,000 was collected as fees and commissions on non-cash loans and TRY 1,293,000 was paid out for Turkish lira and foreign currency transactions. A balance of TRY 21,366,000 was obtained under the item "Other Operating Income," which includes, among other things, fees collected by Takasbank for settlement and custody services, its core activities. In the period under review, provisions for loans and other receivables amounted to TRY 411,000.

Amendments Made to the Articles of Association in 2006 and the Causes Thereof

No amendments were made to Takasbank's Articles of Association in 2006.

Shareholder Structure, Changes in Capital and Shareholder Structure within the Accounting Period and Titles and Shares of Real and Corporate Persons Owning Qualified Shares

The nominal value of the 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 any existing and future Gold, Foreign Currency, Derivatives and Securities Exchanges and their members. With the exception of the ISE, no single shareholder can 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 share can be issued in the case of capital increase. The ownership of Class A shares, each with a nominal value of TRY 200, entitles the ISE to have four seats on the Board of Directors of the Bank.

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

As of December 31, 2006, Takasbank had 87 shareholders. The ISE, the single shareholder with more than 10% interest in the Bank, holds shares corresponding to TRY 19,575,080 and making up 32.63% of total capital; 34.48% of the capital of Takasbank 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 Audit Board, the 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.

Message from the Chairman

At this point with more than a decade behind us, I wish to express the great satisfaction I feel in seeing how Takasbank, with its experienced and rich human resources, its strong infrastructure and its innovative practices, has become a model bank for the capital markets of developed and emerging market countries alike.

The impetus given to the economy by the opening of the EU negotiation process in the early days of 2006 continued unabated, despite the bottleneck in the negotiation process experienced toward the end of the year. Thanks to the strong acceleration of growth in the economy and in particular, the continuing high-level inflow of foreign direct investment, we overcame the volatility in emerging economies witnessed in May without excessive damage.

The fall of inflation to single-digits as a result of these positive developments in the economy brought along with it a certain economic stability. The banking industry was reinvigorated with the entry of foreign banks into the sector. However, the high level of the current account deficit and the fact that the year 2007 will be marked by elections pose threats to this stability.

Transactions that added vigor and depth to the capital markets continued in 2006. Investment by foreign institutional investors in the ISE rose considerably. The ISE-100 index increased to record heights, but exhibited a downward trend toward the end of the year in line with global markets. International rating agencies continued to raise Turkey's sovereign rating as well as some leading banks' ratings.

Having achieved the dematerialization of securities aimed at since its inception through well-planned steps, Takasbank has now consummated this task with the establishment of the Central Registry Agency (CRA). During the year, Takasbank, on behalf of the CRA, has continued to physically take over the stocks and mutual fund certificates traded on the ISE, which are followed up in a dematerialized manner at the CRA. As of the year's end, 23,927,471 shares, making up a nominal value of TRY 20,068,971,261, followed up in a dematerialized manner by the CRA are under the custody of Takasbank. Likewise, the number of mutual fund certificates under custody has reached 8,786,243. With the transition to the dematerialized system, a real-time and synchronized electronic messaging system was established between Takasbank and the CRA.

In 2006, the amount of transactions realized in the Outright Sales and Purchases Market of the ISE Bonds and Bills Market and in the Repo-Reverse Repo Market reached TRY 2,919.9 billion. As a result of multilateral netting, cash settlement of TRY 437.9 billion and securities settlement of TRY 1,741.9 billion at market value were achieved in the Takasbank system. The settlement transactions of private sector bonds that were issued in a dematerialized form within the CRA system and traded on the ISE Bonds and Bills Market were taken over by Takasbank in August. Takasbank carried out the necessary adjustments for these transactions in the Takasbank settlement system.

With the admission of four new institutions for settlement membership to the Turkish Derivatives Exchange (TURKDEX) in 2006, total membership reached 60 members. In 2006, parallel to the increase in the volume of transactions, an increase in the number of open positions was observed as well. As of December 29, 2006, this figure stood at 198,074. On that same day, the market value of the open position was TRY 387.8 million.

From the beginning of 2006, paralleling the movements observed in volume and index figures of the ISE Stock Market, Takasbank loans grew at an increasing rate and the daily average loan volume reached TRY 19.9 million. In line with this increase, interest income on cash loans rose to TRY 3.9 million, an increase of 18% compared to the previous year.

Brokerage houses have been experiencing increased access to the Securities Lending/Borrowing Market which was launched at the end of November 2005. Continuous improvements were made during the year with an aim to facilitate the functioning and expansion of this market.

As a consequence of its strong position in domestic markets and cross-border activities, Takasbank has become an organization frequently referred to and cited as an example in international markets. Since Takasbank represents our country and our capital markets successfully in the international arena, we thought it would be appropriate to cover this area more extensively in this year's Annual Report. Hence, we have included a section in this report on Compliance with Recommendations and Standards Relating to International Settlement and Custody Issues.

Having contributed directly and concretely to the development of Turkey's capital markets through its countless innovative initiatives and projects, Takasbank will continue its journey into the future with the same commitment to success. On behalf of the Board of Directors and in my own name, I wish to express my gratitude to the distinguished directors, managers and employees of Takasbank for their successful work.



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OSMAN BİRSEN
CHAIRMAN

A handwritten signature in black ink, appearing to read 'Osman Birsen', written in a cursive style.

Message from the General Manager

The world is becoming a smaller place for everyone as a result of expeditious methods of communication and information exchange. Globalization, spreading due to the Internet, brings countries, cultures and ways of doing business closer than ever. In today's world, successful organizations cannot content themselves with local markets. If you have the determination to succeed, you have to step into the international arena. Although the main mission of Takasbank is to contribute to the development of capital markets by enhancing the free movement of capital, a more broad-based approach to its ultimate task would require it to facilitate the process such that Turkey would benefit from the international flow of capital on the best terms available. Since its inception, one of the more important missions of Takasbank has been the dematerialization of securities; this task was achieved when the CRA began operations at the end of 2005. In the wake of this project and of great importance to Turkish capital markets, Takasbank now aims to step up its international activities. Hence, as we are leaving behind a year full of success, we thought it would be a good idea to focus somewhat more broadly on our international activities in our Annual Report.

During 2006, work was carried out with CRA authorities to determine the method of invalidation and destruction of physical stock certificates and mutual fund share certificates kept under custody by Takasbank on behalf of the CRA. Invalidation and destruction will begin in 2007 within the framework of the method selected.

In 2006, Takasbank started working in order to offer services within the framework of the Member/Concentrator model developed by SWIFT. This model facilitates the accession of institutions that are not members of SWIFT at lower costs. Within the Member/Concentrator model, an institution that is a member of SWIFT can provide non-members with easy and low-cost access over its own network. As a Member/Concentrator, Takasbank will be responsible for the management of the SWIFT system of those institutions it provides services for, the setting up of the SWIFTNet connection, the provision of the continuity thereof and the reliable transmission of messages over SWIFTNet. The plan is to bring the project on line within the first six months of 2007.

Work on the analysis of and software for the automation system being developed together with the SWIFT system for the automatic handling of delivery versus payment transactions has reached its final stage. The plan is to bring the new system into operation within the first half of 2007. The project aims at the completion of settlement confirmation operations between brokerage houses that provide services to custodian banks and foreign institutional investors online until the end of day T+1.

Concerning the project for dematerializing Government Domestic Debt Securities and their monitoring on behalf of the investors, the work having been carried out in coordination with the CRA and the Central Bank of the Republic of Turkey was completed.

Settlement and custody of foreign securities and Eurobonds are currently being offered to 27 Private Pension Funds and 22 mutual funds. As of year-end 2006, the total asset value of the 103 Private Pension Funds established by 11 pension companies has reached TRY 2,821.9 million, an increase of 120.9% compared to the previous year.

Gold futures, recently launched by the Turkish Derivatives Exchange (TURKDEX), were first traded on March 1 and the Government Domestic Debt Securities-based futures on April 27. In 2006, as in 2005, open positions were gathered toward FX and stock index futures. In 2005, the majority of transactions had been concentrated on FX futures, whereas in 2006, they focused on stock index futures.

A total of 220 different shares were traded on the Securities Lending/Borrowing Market, where, in principle, all shares listed on the National Market can be traded. The total number of transactions in this market reached 127 million in 2006, corresponding to a total transaction value of TRY 769 million.

The volume of Takasbank's ISE Money Market transactions totaled TRY 44.98 billion (US\$ 31.67 billion) in 2006. While the daily average transaction volume stood at TRY 179.21, the average transaction size was TRY 0.92 million and the number of transactions were 49,055.

Fund management transactions form the most important source of income for Takasbank. In 2006, approximately 57% of Takasbank's income was obtained from fund management transactions.

By the end of 2006, the average value of securities kept under custody abroad reached EUR 629.92 million. The total value of securities for the settlement of which Takasbank acted as an intermediary was EUR 4.7 billion. By the end of the year, the monthly average nominal value of fixed income securities in custody by foreign institutions at Takasbank stood at EUR 25 million, while the market value of shares was EUR 7.8 million.

The first meeting of the FEAS Affiliate Member Working Group was held in Istanbul in April 2006 under Takasbank's convenorship; the second meeting was held in Cairo in October 2006, again under the convenorship of Takasbank.

In 2006, Takasbank joined the European Central Securities Depositories Association (ECSDA), an association established to form joint projects on the basis of mutual interest and exchange views between central settlement and custody organizations.

In 2006, within the framework of studies made for the adaptation of "European Union Directive for the finalization of settlement in payment and securities settlement systems" to Turkish legislation, Takasbank actively participated in the Twinning Project conducted together with officials from the German Capital Markets and in coordination with the Capital Markets Board. Takasbank made significant contributions to the shaping of Turkish Legislation on Capital Markets Settlement and Custody.

An active member of ANNA since 1995 in its capacity as the numbering agency of Turkey, for the last two years Takasbank has chaired the Board of Directors of the ANNA Service Bureau (ASB). This Bureau is active in the area of ISIN codes and the collection of securities information globally through the Internet and its presentation as a product to financial organizations.


I would like to thank the Capital Markets Board and ISE authorities as well as our shareholders and customers for extending constant support and encouragement to us in all areas of our work, and especially for the warm interest and confidence they have consistently displayed. The greatest part of my thanks goes to our employees who have made Takasbank a model in the international arena. I owe them special thanks for this success.



By the end of 2006, the monthly average nominal value of fixed income securities in custody by foreign institutions at Takasbank stood at EUR 25 million, while the market value of shares was EUR 7.8 million.

EMİN S. ÇATANA
GENERAL MANAGER AND
MEMBER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to be 'Emin S. Çatana', written in a cursive style.



In 2006, Takasbank joined the European Central Securities Depositories Association (ECSDA), an association established to form joint projects on the basis of mutual interest and exchange views between central settlement and custody organizations.



2006 Operations

CUSTODY

Within the framework of dematerialization activities, Takasbank, on behalf of the CRA, continued to physically take over the stock certificates and mutual fund certificates traded on the ISE; these shares are followed up in a dematerialized form at the CRA. TRY 8,631,099,887 nominal and 3,009,134 stock certificates and TRY 2,750,273,839 nominal and 851,913 mutual fund certificates were physically taken over in the course of the year. As of December 31, 2006, 23,927,471 shares followed up in a dematerialized form at the CRA and amounting to a nominal value of TRY 20,068,971,261 are kept under the custody of Takasbank. Likewise, the number of mutual fund certificates under custody reached 8,786,243.

In 2006, work was carried out with CRA authorities to determine the method for the invalidation and destruction of the stock certificates and mutual fund certificates kept under custody by Takasbank on behalf of the CRA. The framework agreement concerning this matter was signed on December 25, 2006 and work on the invalidation and destruction will begin in 2007 within the framework of the method to be selected.

Takasbank continued to offer non-fungible custody services to corporate investors by opening accounts within the framework of the non-fungible custody system. As of December 31, 2006, 834,775,655 shares, based on 2,149,107 certificates, were being kept in the custody-in-kind safes of Takasbank. The market value of these assets was TRY 5,875,404,000 at the end of the year.

Since 2003, Takasbank has provided services to pension funds in its capacity as a custodian. Within this context, participants of private pension schemes are offered the opportunity to monitor their fund shares in the accounts opened in their name. Participants of private pension schemes can obtain information about their fund portfolio assets in terms of numbers and market value by connecting to the TakasNET system on Takasbank's website. As of December 31, 2006, the number of open private pension fund accounts stood at 1,189,389 and the number of such accounts with a balance reached to 1,133,844.

As of December 31, 2006, 103 pension funds belonging to 11 pension companies were registered with Takasbank.

During 2006, work continued on accounts opened in the Takasbank system for customers of the Turkish Derivatives Exchange that need to be converted to the name-based system. As of December 31, 2006, the number of open accounts in the TURKDEX system stood at approximately 11,000. TURKDEX customers can access reports that show the position, the portfolio value and the profit and loss position of their accounts by connecting to the TakasNET system on Takasbank's website.

STOCK SETTLEMENT OPERATIONS

In the ISE Stock Market settlement system, 98 brokerage houses participate in organized market settlement. In addition to these, 16 banks, 11 pension companies, 103 pension funds, 328 mutual funds and investment trusts, 21 asset management companies and eight ISE Traded Mutual Funds actively participate in the settlement system in connection with the organized market settlement.

In 2006, the total trading volume of the ISE Stock Market was TRY 325.7 billion. As a result of multilateral netting, one of the most important factors for the efficiency of the settlement system, cash settlements of TRY 31.6 billion (9.7%) and securities settlements with a market value of TRY 106.66 billion (32.75%) were achieved.

As for real time gross settlement (RTGS) delivery versus payment transactions, a level of TRY 146.63 billion in market value for securities and TRY 146.41 billion for cash, was reached, an increase of 33.49% compared to 2005 figures. Of these settlements, TRY 3.49 billion was performed as RTGS delivery versus payment transactions. For their part, institutional investors carried out transfers free of payment to a total market value of TRY 15.87 billion.

ISE Mutual Funds came into being for the first time on November 8, 2004. The securities and capital market instruments in their portfolios are kept by Takasbank on behalf of the fund and the establishment of fund shares and repurchase transactions for these, as well as secondary market transactions, are conducted within the Takasbank system. In 2006, there were seven of these funds. Revisions were made so that ISE Mutual Funds based on gold and precious metals could be handled within the ISE Mutual Fund system; an account was opened with the Istanbul Gold Exchange to keep precious metals in custody that are a part of the fund portfolio in question. In 2006, trading started for a gold-based ISE Mutual Fund.



In order to provide custody services to mutual funds that keep precious metals in their portfolio other than ISE Mutual Funds, an account was opened with the Istanbul Gold Exchange and mutual funds were provided the facility of monitoring their accounts on Takasbank screens and conducting withdrawal transactions.

In the process of dematerialization, a real-time system based on synchronized electronic messaging was established between Takasbank and the CRA. Revisions were made to the system in 2006 in response to requests from institutions and within the scope of the system enhancement program.

Revisions in RTGS delivery versus payment transactions enabled the definition of future value date instructions in pre-matching transactions after the deadline for RTGS delivery versus payment and provided the acceptance of decimal differences in matching transactions.

Work on the software to analyze and handle the RTGS delivery versus payment transactions together with the SWIFT system in an automated environment has reached the final stages; it will be operational within the first half of 2007. In the new automation system, the transactions of foreign corporate investors that send their settlement instructions to brokerage firms or custodian institutions via SWIFT will be transferred again through SWIFT into the

Takasbank system. These instructions, once having reached the Takasbank system, will automatically be included in the RTGS delivery versus payment system. Thus, entities will no longer have to redefine for the Takasbank system the instructions they have received through SWIFT and transactions will be effected in an environment of complete automation. Furthermore, the status (i.e. matching or realization) of instructions for RTGS delivery versus payment based on instructions received through the SWIFT system will be sent to the entity in question as a SWIFT message; these entities themselves will be able to inquire about the status of the instruction in question by sending SWIFT messages.

The project also aims at the completion of settlement confirmation transactions between custodian banks and brokerage firms that provide services to foreign institutional investors online until the end of day T+1.

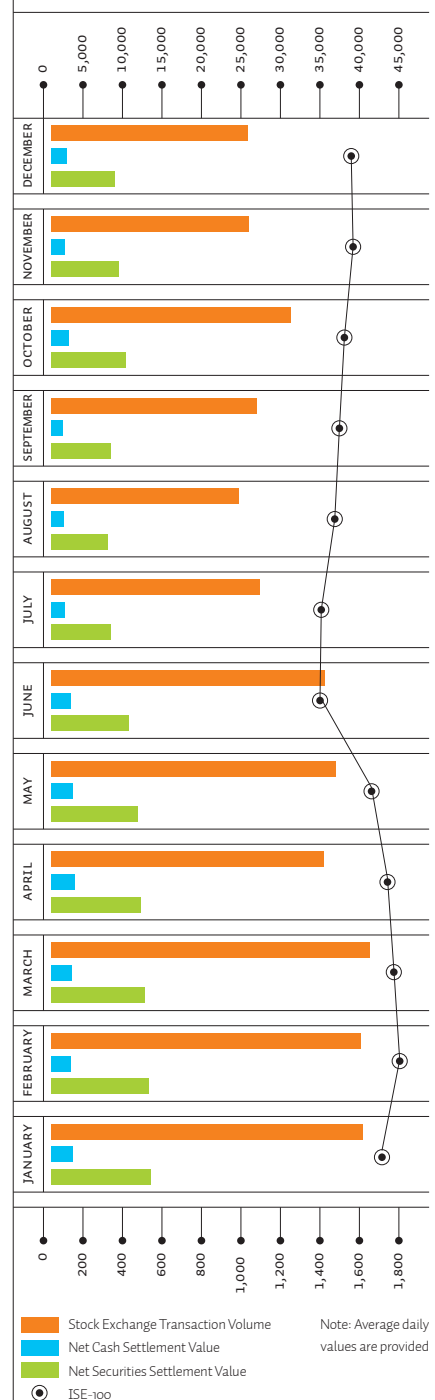
An ISE-Takasbank Collateralization System Development and Implementation Project Team, composed of ISE and Takasbank experts, has been formed for the purpose of keeping transaction collaterals related to ISE markets by Takasbank, their valuation and the restructuring of the transaction collateral system of the Stock Market. These studies will continue in 2007.

Transfer Transactions in 2006 (TRY millions)

Months	Total Transfers	Transfers Free of Payment	Delivery versus Payment	RTGS Delivery versus Payments/ Total Transfers
January-February	29,179	2,831	26,348	90.30
March-April	30,920	3,164	27,756	89.77
May-June	34,825	3,016	31,809	91.34
July-August	21,538	2,319	19,219	89.23
September-October	22,386	2,315	20,071	89.66
November-December	23,659	2,229	21,430	90.58
Total	162,507	15,873	146,634	90.23

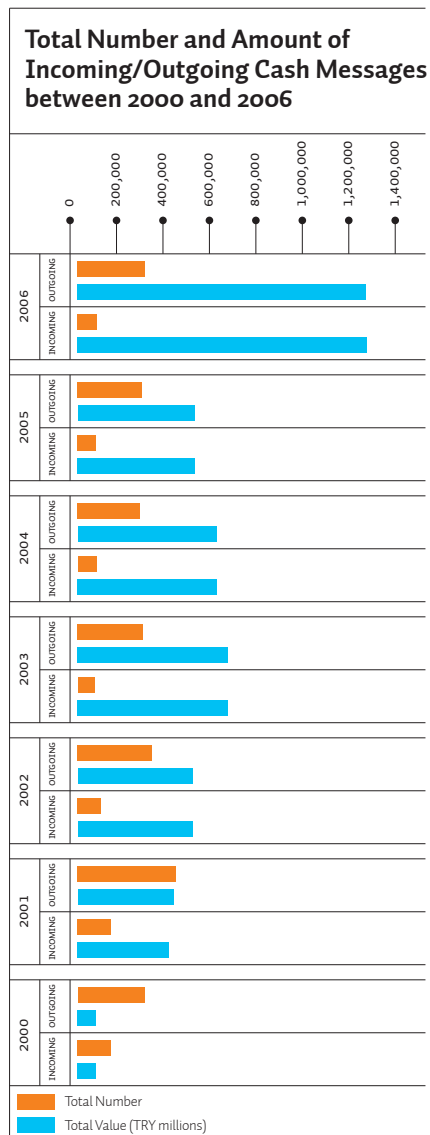
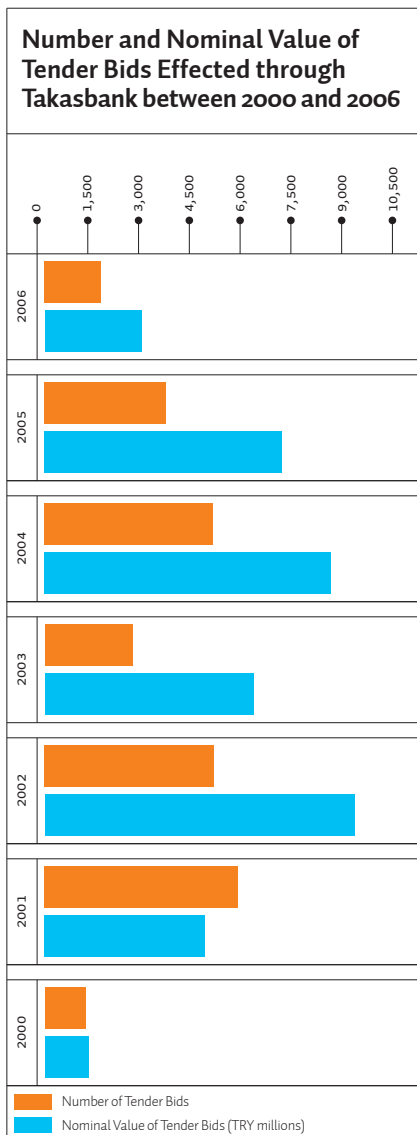
Stocks Transaction Volumes

(TRY millions)



2006 Operations

CASH OPERATIONS



In 2006, the total trading volume of the ISE Stock Market was TRY 325.7 billion. As a result of multilateral netting, one of the most important factors for the efficiency of the settlement system, cash settlements of TRY 31.6 billion (9.7%) and securities settlements with a market value of TRY 106.66 billion (32.75%) were achieved.





BONDS AND BILLS SETTLEMENT OPERATIONS

In 2006, total trading volume on the ISE Bonds and Bills Outright Sales and Purchases Market and the Repo-Reverse Repo Market was TRY 2,919.9 billion. As a result of multilateral netting within the Takasbank system, cash settlements of TRY 437.9 billion and securities settlements with a market value of TRY 1,741.9 billion were reached. Furthermore, as a result of multilateral netting of the final trading transactions of EUR 17 million and US\$ 432.8 million in the FX-denominated Government Domestic Debt Securities Market, cash settlements totaling EUR 16.8 million and US\$ 426.4 million were finalized through correspondent banks.

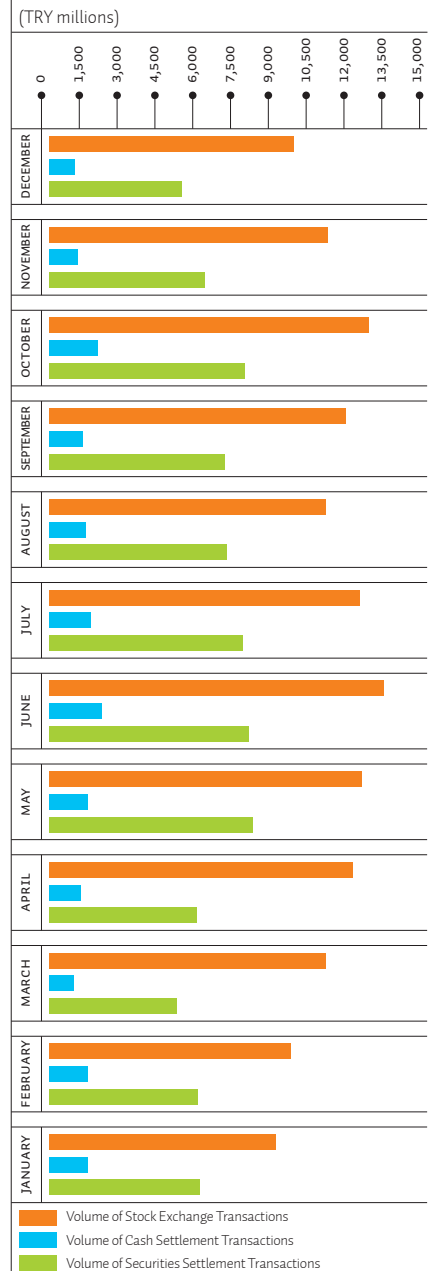
Trading on the ISE Bonds and Bills Market of private sector bonds issued in a dematerialized form within the Central Registry Agency started on August 10, 2006. Takasbank began to finalize settlement transactions of these private sector bonds on the same date. Revisions necessary for this purpose were carried out in the Takasbank settlement system. Automation regarding the redemption and coupon payment transactions of FX-denominated assets has been completed and will be brought into operation in January 2007.

The work carried out in coordination with the CRA and the Central Bank of the Republic of Turkey and aiming at dematerializing Government Domestic Debt Securities (GDDS) within the Central Registry Agency (CRA) system and registering them by investors' name, has been completed. In this context, necessary revisions were made within the framework of the Bonds Automation System

in the areas of redemption and coupon payment transactions, the Electronic Securities Transfer transactions as well as in the software for transfers. Monitoring of securities offered by insurance companies as collateral for the benefit of the Undersecretariat of the Treasury in dematerialized form in Takasbank accounts held by the CRA was made possible, revisions necessary for the monitoring of collateral given by using the accounts of customers with the CRA have been completed and the relevant reports have been revised.

Pursuant to Decision No. 2006/10731 of the Council of Ministers, published in the Official Gazette dated July 23, 2006, which regulates rates of withholding tax foreseen under Article 94 and Provisional Article 67 of the Income Tax Law, revisions were made to the Takasbank Government Domestic Debt Securities Custody System regarding these new tax regulations.

Stock Exchange and Settlement Transaction Volumes for Government Domestic Debt Securities in 2006



2006 Operations

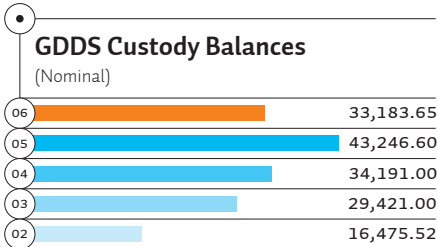


In the Takasbank system, as a result of multilateral netting, cash settlements of TRY 437.9 billion and securities settlements with a market value of 1,741.9 billion were achieved.

Government Domestic Debt Securities (GDDS) Custody Balances over the Years

US dollar purchasing rate at the Central Bank of the Republic of Turkey (December 29, 2006 = TRY 1.4131)

	GDDS (TRY millions)		US\$
	Nominal	Market Value	Market Value (US\$ millions)
2002	16,475.52	13,016.15	7,963.38
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
Average	31,303.55	26,110.44	18,746.90



Redemption and Coupon Payment Transactions in 2006

	Redemption	Coupons
TRY (millions)	32,730.21	1,252.34
US\$ (millions)	11.32	4.70
EUR (millions)	-	0.17

Bonds and Bills Market Securities Settlement Transactions in 2006

	Stock Exchange Transaction Volume	TVS* Cash Settlement	TVS Securities Settlement
TRY (billions)	2,919.14	437.94	1,741.88
US\$ (millions)	432.85	426.42	433.07
EUR (millions)	17.00	16.84	16.61

*Takasbank Futures Trading Registry



PRIVATE PENSION FUND AND MUTUAL FUND TRANSACTIONS

Foreign securities and Eurobond settlement/custody services are at present being offered to 27 Private Pension Funds (PPF). As of December 31, 2006, the total assets of 103 PPFs established by 11 pension companies stood at TRY 2,821.9 million. This represents a 120.9% rate of growth over the previous year.

At present, foreign securities and Eurobond settlement/custody services are being offered to 22 mutual funds. The total assets of 295 mutual funds as of December 31, 2006, stood at TRY 21,889.5 million, a decrease of 25.3% compared to the previous year.

The changes made in the Fund Settlement, Custody and Information Flow System were brought into operation on May 2, 2006. These changes aimed to establish the Fund Type Control and Fund Portfolio Limitation Control mechanisms for investment funds and Investment Trust companies that had earlier been developed for Pension Funds

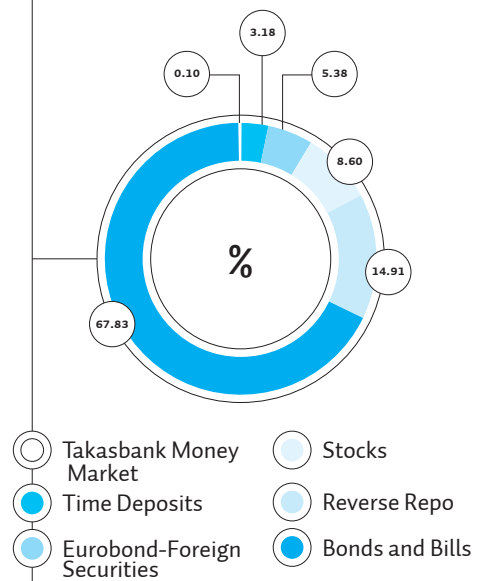
In compliance with the requests of the Capital Markets Board, files are formed automatically and transferred to the Capital Markets Board system to show open position amounts for futures transactions for each fund and trust, transaction amounts that are carried out by funds and trusts in the Securities Lending/Borrowing Market, transaction amounts carried out by funds and trusts in the Stock Market, the Foreign Securities Market, the Government Domestic Debt Securities Outright Sales and Purchases Market and the Repo-Reverse Repo Market.

Within the context of the improvement studies conducted for the purpose of eliminating valuation differences for unit share values of the private pension funds and mutual funds, the following were admitted:

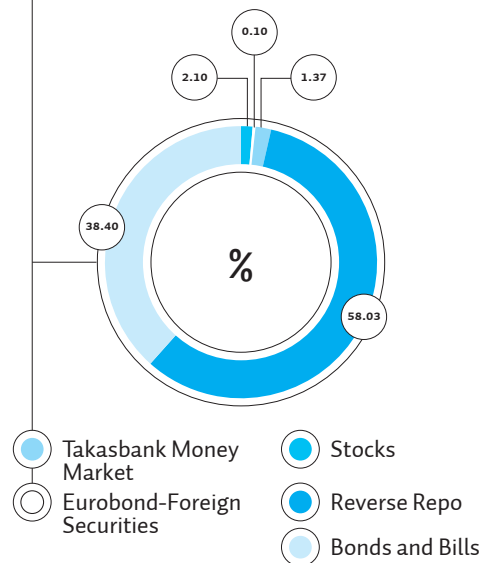
- Entering the amount of profit acquired by funds trading on the Turkish Derivatives Exchange in the fund valuation table on the date of the valuation and reporting the Private Sector Bonds held in fund portfolios by means of pricing based on the principles of valuation,
- In the valuation of Government Domestic Debt Securities, for those assets that are not traded on the same day value date, calculating value according to the last day of transaction on the basis of weighted average price of transactions with the same day value date;
- Taking the interest rate used in calculating repo-reverse repo valuation up to ten decimal points, and
- Automatic calculation by the bank system of gold valuations for those funds that have gold in custody at the Istanbul Gold Exchange through Takasbank.

The effort to bring changes to the Fund Settlement, Custody and Information Flow System to eliminate the valuation differences of unit share values of private pension funds and mutual funds will continue in 2007. Within this framework, studies will be carried out in various areas, starting with Takasbank taking over the price calculations of Government Domestic Debt Securities with floating interest rates as well as providing the facility of entering into the Bank system the balance information about funds and securities that purchased stocks from the public offerings.

Breakdown of Private Pension Fund Portfolios



Breakdown of Mutual Fund Portfolios



2006 Operations

THE TURKDEX SETTLEMENT CENTER

With the addition of four new institutions admitted to the settlement membership of Turkish Derivatives Exchange in 2006, the number of settlement participants reached 60. In the course of the year, with regard to the merger of two banks, customer accounts from one bank were turned over to the other bank and its settlement membership was terminated.

In 2006, the TURKDEX Settlement Center carried out operations for accounts traded in TURKDEX, collateralization, interest accumulation, and daily updating of accounts and profit and loss payment transactions. As of December 19, 2007, the number of open accounts stood at 11,150.

In 2006, parallel to the increase in the transaction volume of TURKDEX, there was an increase in open positions. As of December 29, 2006, the number of open positions was 198,074. The market value of open positions as of the same date was TRY 387.8 million.

Gold futures, recently initiated by TURKDEX, were first traded on March 1 and the Government Domestic Debt Securities-based futures on April 27. In 2006, as in 2005, open positions were concentrated toward FX and stock index futures. While in 2005 operations concentrated in FX futures, in 2006 this was true of stock index futures.

Breakdown of futures contract open positions as of December 29, 2006:

- FX: 170,431 (of which 168,137 is in US\$/TRY and 2,294 is in EUR/TRY)
- Index: 27,639 (of which 27,636 is in ISE-30 and three is in ISE-100)
- Gold: 4

As of year's end, the Guarantee Fund Contribution Shares of 60 Direct Settlement

and Clearing Members totaled TRY 23,912,411. TRY 5,385,005 of the fund is composed of Turkish lira cash contribution shares.

As of December 29, 2006, the TURKDEX transaction collaterals held at the TURKDEX Settlement Center totaled TRY 262,923,933. Of this, TRY 228,010,306 represented cash transaction guarantees.

Upon intense demand from market participants, the hours of the TURKDEX sessions were reorganized and since March 20, 2006, the new hours are 09:15-12:00 and 13:00-16:40, thereby harmonizing TURKDEX session hours with the spot markets. Along with the extension of trading hours, the period for settlement was set at 14:30 the day after the transaction and thus transition to T+1 was reached.

Within the framework of the dematerialization of Government Domestic Debt Securities, CRA revisions were made in TVIS and CRA tests were held with the participation of TURKDEX and its members.

Analysis work continued with respect to the meeting on time of guarantee liabilities for market transactions conducted by foreign investors and the opportunity of portfolio transfers (give-up) and a give-up model was devised as a result of evaluations with custodian banks and brokerage firms. The plan is to have the give-up project brought into operation in 2007.

From the first half of 2007 onward, the settlement of stock futures contracts that will be traded on TURKDEX will also be undertaken by Takasbank. The studies regarding necessary system revisions and preparations for cases of capital increase and dividend payment (if the stock price is split) have been completed.



As of December 29, 2006, the TURKDEX transaction collaterals held at the TURKDEX Settlement Center totaled TRY 262,923,933. Of this, TRY 228,010,306 represented cash transaction guarantees.

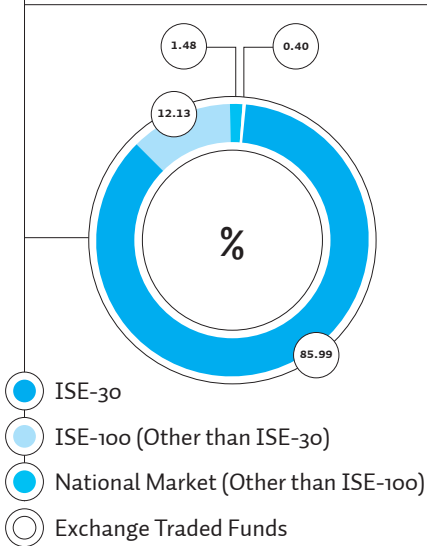
CASH LOANS

During 2006, Takasbank revised the existing credit limits of 66 brokerage firms.

Paralleling the rise in the ISE Stock Market trading volume and index, Takasbank loans grew at an increasing pace and as a result of the active use of 35 brokerage houses, the daily average loan volume rose by 16% to reach a level of TRY 19.9 million.

The average overnight interest rate rose to 19.8% in 2006, up from 18.9% in 2005. As a result of the increase of the interest rate as well as the volume of loans granted, interest income on cash loans increased by 18% over the previous year and reached TRY 3.9 million.

Breakdown of Total Numbers of Transactions on the Securities Lending/Borrowing Market According to Indices



SECURITIES LENDING/BORROWING MARKET

Trading on the Securities Lending/Borrowing Market started in November 2005 and brokerage firms began to use this market on an increasing scale in 2006.

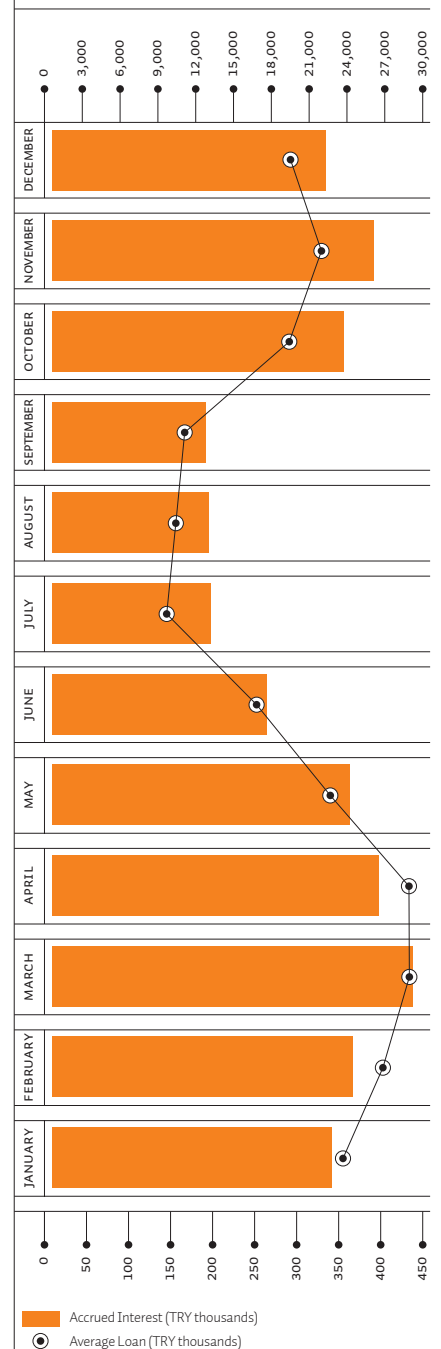
Taking into consideration the feedback from the participants regarding the difficulties they confront and by evaluating their complaints and recommendations, constant improvements were made to facilitate the use of the Securities Lending/Borrowing Market, increasing its efficiency and achieving a more extensive use.

Furthermore, a panel discussion was organized at the TSPAKB (The Association of Capital Market Intermediary Institutions of Turkey), with the participation of Takasbank officials, the Capital Markets Board, the TSPAKB and the CRA. The discussion was open to all brokerage houses on the topic of "Securities Lending/Borrowing Transactions in Capital Markets, Their Advantages and the Development of the Takasbank Securities Lending/Borrowing Market." Well-attended, this panel discussion provided for an exchange of ideas; presentations made during the panel discussion and the deliberations have been posted on the TSPAKB website and also published in book form.

Although the maximum term in the Securities Lending/Borrowing Market was two weeks to begin with; in April 2006, the term in which transactions could be carried out was extended to one year. Also in April, rights with respect to capital increase, through bonus shares or in cash and dividends ensuing from the stock that is the subject of lending/borrowing were regulated in such a manner as not to cause any loss of rights to the lender and these rules began to be implemented.



Cash Loan Averages and Accrued Interest



Securities Lending/Borrowing Market Data for 2006

	Total	Average
Number of Orders	23,632	95
Number of Contracts	8,949	36
Number of Transactions	127,209,815.00	508,839.26
Volume of Transactions (TRY)	768,961,708.58	3,075,846.83

2006 Operations



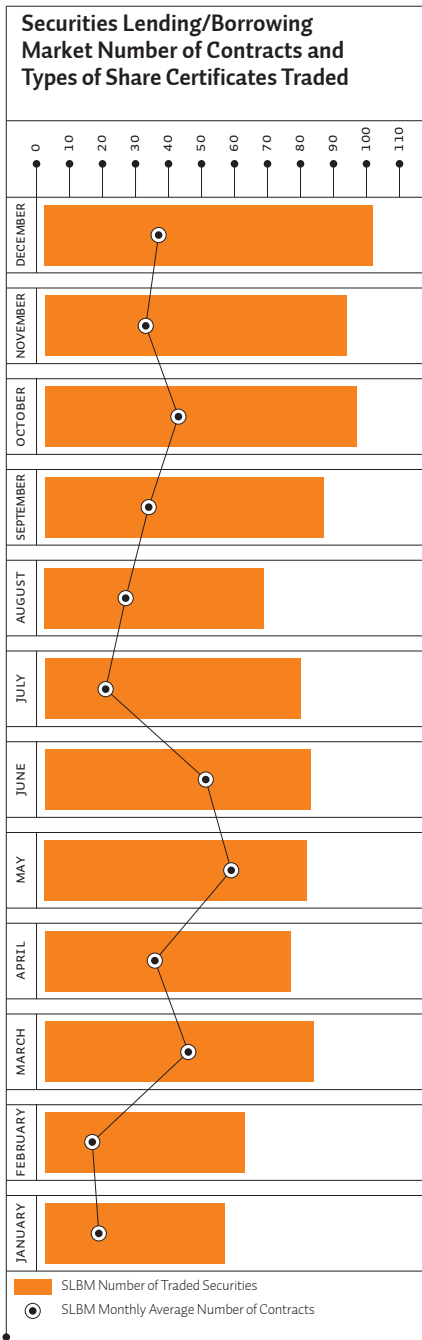
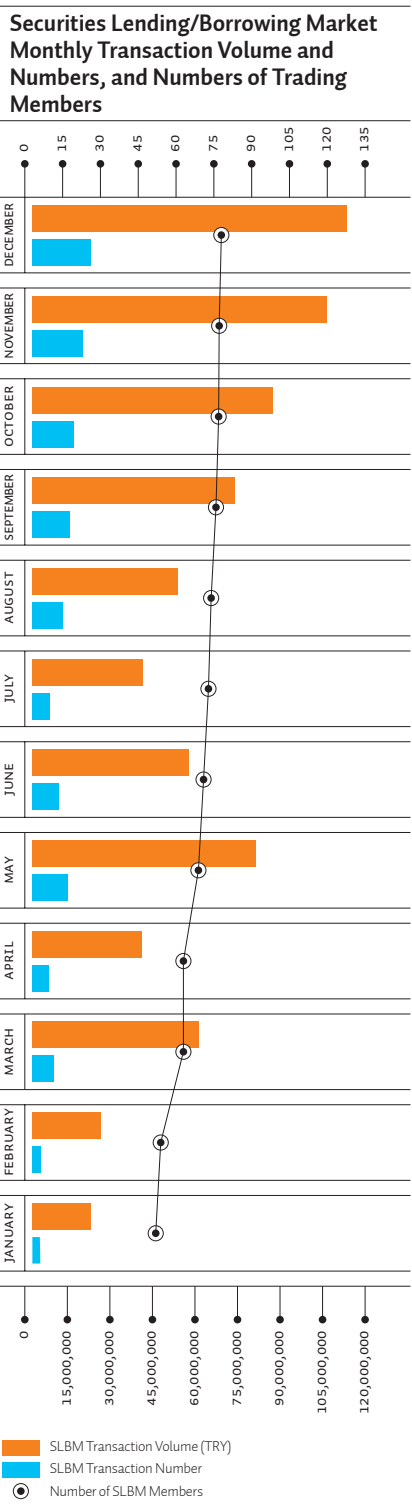
While in earlier stages the collateral presented by those who are going to borrow on the market was established through instructions to Takasbank, in June steps were taken to make it possible for members to effect collateral booking/release transactions by remote access using the Takasbank terminals in their office.

In November 2006, further revisions were made, such as decreasing the collateral rates and coefficients in the collateralization system, extending the distinction between “the ISE-30 and the others” to that between “the ISE-100 and the others,” accepting letters of guarantee collateral types as mandatory collateral and decreasing the Takasbank minimum commission charged on transactions down to TRY 5, with a decrease of 50%.

Analysis and testing is continuing with respect to certain improvements believed to increase the efficiency of the Securities Lending/Borrowing Market, in particular with respect to changes regarding pending orders. These improvements will be implemented in the course of 2007.

An examination of the transaction volume on the Securities Lending/Borrowing Market in 2006 shows that fluctuations in transaction volume and index figures on the ISE Stock Market have a corresponding impact on the former market.

All stocks on the National Market can be traded on the Securities Lending/Borrowing Market; in 2006, 220 different stocks were traded on this market. The total number and volume of transactions realized on the market in 2006 was 127 million and TRY 769 million with daily averages of 509,000 and TRY 3.1 million, respectively. The number of brokerage firms authorized to trade on the market is 91, while the number of representatives stood at 248 as of year-end 2006. A total of 8,949 contracts were signed in 2006, with the participation of 78 brokerage firms with an average number of 36 contracts per day.





TAKASBANK MONEY MARKET

The number of institutions trading on the Takasbank Money Market totaled 101 during 2006, of which 79 were brokerage houses, 18 deposit banks and four development and investment banks.

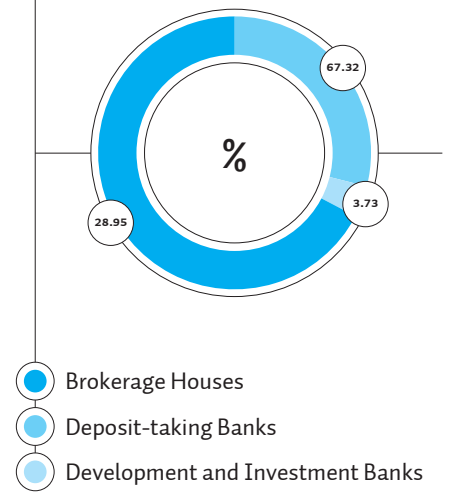
The transaction volume in the Takasbank Money Market stood at TRY 44.98 billion (US\$ 31.67 billion) in 2006. The average daily transaction volume was TRY 179.21 million; the average transaction amount was TRY 0.92 million; with a total of 49,055 transactions annually.

The remote access project, which aims to offer more efficient and rapid means of transaction to members, was completed. As of February 13, 2006, members were able to conduct transactions from their own offices.

It was decided to accept Government Domestic Debt Securities that pay redemption in FX or are FX-indexed as collateral, thus relieving customers of problems usually experienced in this area. Order types were diversified, bringing onto the scene the following: limited; limited, cancel if does not go through; limited, cancel the remainder; and cancel if market does not go through. Furthermore, reporting was developed for members to be able to monitor their orders and transactions from their offices.

To increase the volume of transactions, plans are being made to have Government Domestic Debt Securities redemptions made in the same account, stocks traded in the National Market accepted as collateral, the purchase and sale orders belonging to the same participant matched with each other and the maximum term raised to three months.

Breakdown of Takasbank Money Market Transaction Volumes



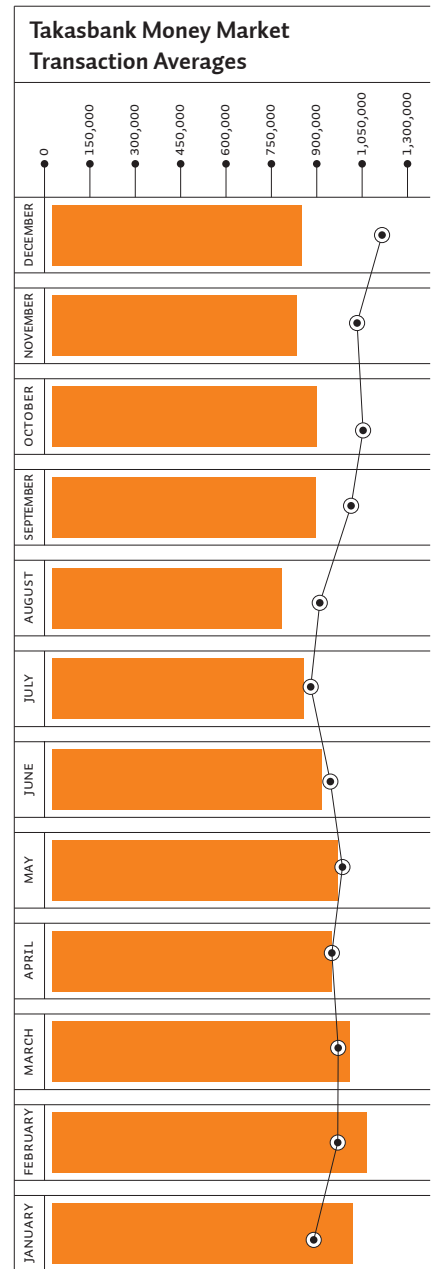
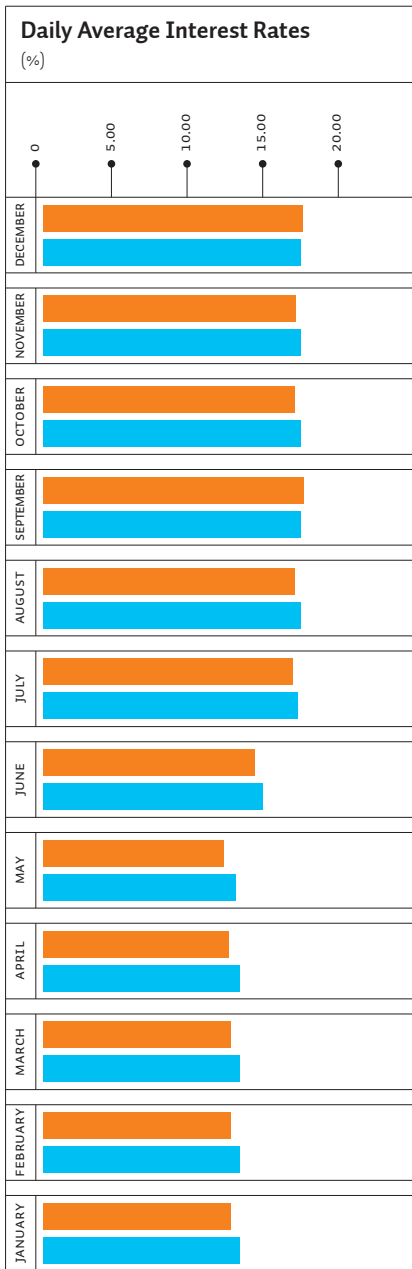
Takasbank Money Market Lowest and Highest Values

Year	Transaction Volume (TRY)				Number of Transactions			
	Lowest	Date	Highest	Date	Lowest	Date	Highest	Date
2002	141,246,000	21/02/2002	803,839,000	29/05/2002	184	28/10/2002	787	20/02/2002
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

Takasbank Money Market Transaction Volume

Year	Business Days	Total Transaction Volume		Daily Average		Number of Transactions	
		TRY millions	US\$ millions	TRY millions	US\$ millions	Total	Daily Average
2002	253	156,020.47	105,547.92	616.68	417.19	138,627	548
2003	250	133,016.80	88,271.99	532.07	353.09	80,356	321
2004	252	94,441.99	66,759.98	374.77	264.92	70,920	281
2005	254	90,215.31	67,359.59	355.18	265.20	66,599	262
2006	251	44,982.54	31,673.64	179.21	126.19	49,055	195

2006 Operations



Stock Exchange Money Market
CBRT Interbank

Average Value of Transactions
Average Number of Transactions



TREASURY MANAGEMENT

Rising inflation stood out among the economic developments that characterized the year 2006. Consumer price inflation rose above the target rate of 5% by year's end to reach 9.65%. Parallel to price increases and also under the impact of portfolio movements of foreign origin, the interbank overnight interest rates of the Central Bank of the Republic of Turkey rose in the second half of the year; up from the level of 13.25% to that of 17.50%. The compounded return of fixed-income securities, a significant indicator, rose from its level of 14% in the first half of the year all the way up to 23%, to close the year at 21%.

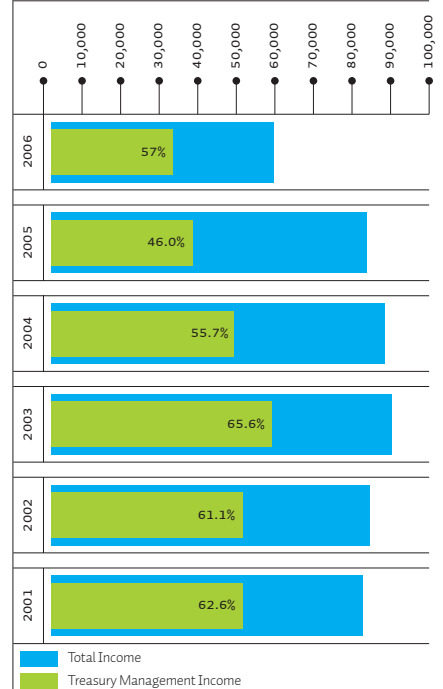
In conjunction with negative developments regarding international oil and gold prices, the rapid increase in unprocessed foodstuff and some other goods as well as foreign capital outflow due to a deterioration of the international liquidity situation in the global economy had a part to play in this rise in inflation and interest rates.

In 2006, the growth of the current account deficit, the uncertainty that emerged in the EU negotiation process, changes in the global risk picture and the consequent volatility that emerged in international markets were the major risk factors with respect to the economic outlook. Parallel to these risks, medium-term expectations concerning inflation, the persistence of the habit of retroactive pricing in the services sector and the propensity of rising public expenditure in primary budget items are deemed to be among the other risk factors of crucial importance.

Portfolio management transactions, comprising the use of the Bank's existent assets, the meeting of funding needs and liquidity management operations, are the major source of revenue for Takasbank. In 2006, approximately 57% of Takasbank's revenue was obtained from treasury management transactions. Assets included in the balance sheet as a result of these transactions are the most important item in Takasbank's assets.

The treasury management strategy is focused on the most efficient use of the liquid assets and receivables of Takasbank. This strategy aims to avert prospective liquidity risk, to provide for the optimization of the risk-return ratio, to put existing resources to the most profitable use while incurring minimal risk.

Total Income and Treasury Management Income (TRY thousands)



2006 Operations

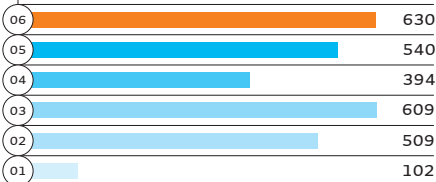
INTERNATIONAL SERVICES

International Settlement and Custody Services for Domestic Financial Institutions

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

Takasbank offers international settlement and custody services to both domestic and foreign institutions on the basis of its overseas securities and cash correspondent accounts and its SWIFT membership.

International Settlement and Custody Services Annual Average Custody Balance (EUR millions)



Number of Service Receivers as of year-End 2006:

Brokerage Houses	9
Banks	13
Pension Companies	1
Asset Management Companies	1
Pension Funds	27
Mutual Funds	22
Investment Trusts	1
Total	74

In 2006, the average value of securities in international custody (Eurobonds, depositary certificates and foreign securities) reached EUR 629.92 million. The total value of securities settlement was EUR 4.7 billion.

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

Domestic Settlement and Custody Services for Foreign Financial Institutions

Takasbank offers domestic settlement and custody services to foreign financial institutions as well. As of year end 2006, the monthly average nominal value of fixed-income securities that foreign institutions had deposited with Takasbank was EUR 25 million, while the market value of shares amounted to EUR 7.8 million.



During 2006, the average value of securities in international custody (Eurobonds, depositary certificates and foreign securities) reached EUR 629.92 million.



INTERNATIONAL RELATIONS

2006 Financial Sector Assessment Program Survey

In April 2006, meetings were held with World Bank officials within the framework of the Financial Sector Assessment Program (FSAP) executed by the World Bank and the International Monetary Fund (IMF) under the coordination of the Undersecretariat of the Treasury of the Republic of Turkey. Takasbank provided information regarding settlement and custody systems in Turkey and presented its opinions. Within the same framework, Takasbank completed a questionnaire on the securities settlement and custody systems in Turkey.

Relations with Regional Capital Markets

Takasbank is in close cooperation with settlement and custody institutions active in the region and generously shares its know-how and experience with them. In 2006, senior managers and experts from the capital markets of Korea, Azerbaijan, China, Pakistan, Mongolia, Bosnia-Herzegovina and Palestine visited Takasbank.

Federation of Euro-Asian Stock Exchanges (FEAS) Activities

Following its admission as an Affiliate Member to the Federation of Euro-Asian Stock Exchanges (FEAS), Takasbank has been able to further develop the existing relationships and cooperation with other FEAS member settlement and custody institutions. Through the Working Group it chairs, it has ample opportunity to share its international expertise and experience within FEAS.

The first meeting of the FEAS Affiliate Member Working Group was held in Istanbul in April 2006 under the convenorship of Takasbank. At this meeting, it was resolved that intensified activities should be carried out to broaden the implementation of international standards of the securities industry within the FEAS region.

The second meeting of the FEAS Affiliate Member Working Group was held in Cairo in October 2006, again under the convenorship of Takasbank. At this meeting, a leaflet, prepared by Takasbank and the FEAS Secretariat, encompassing existing international standards, recommendations and common practices relating to settlement and custody operations was distributed to the participants and information about the contents of the leaflet was given.

ECSDA (European Central Securities Depositories Association) Membership

In 2006, Takasbank was admitted as a member of ECSDA, an association established to form joint projects on the basis of mutual interest and to exchange views between central settlement and custody organizations. ECSDA has 39 members, most of whom are from the EU member states. With its admission to ECSDA, Takasbank attended the Board of Directors meetings held in January and May 2006, acquired information about the ongoing studies within the EU in the areas of settlement and custody, stated its own opinion on these matters and further had the opportunity to develop relationships and cooperation with the settlement and custody institutions of EU member countries.

The Section Published in the Magazine Economic Dialogue Turkey

For 23 years, Economic Dialogue Turkey, the only publication in Turkey registered with the IMF, has been a means to express Turkey's targets and views on the economy and other topics to international audiences.

In its September 2006 issue, a 20-page section was devoted to the efficiency, functionality and security of the settlement and custody system in Turkey, with special pieces on Takasbank, its activities and local custodian banks that offer custody services to foreign corporate investors within the general custody system. The section was prepared under the coordination of Takasbank with contributions from local custodian banks.

At the 2006 IMF-World Bank annual meeting held in Singapore, this issue of the magazine was distributed to global investors, decision-makers, bureaucrats and members of the business community.

Harmonization with the European Union (The Twinning Project)

In 2006, within the framework of the compliance of Turkish legislation with the EU Directive "Settlement Finality in Payment and Securities Settlement Systems," Takasbank actively participated in the "Twinning" project conducted together with the officials of German Capital Markets under the coordination of the Capital Markets Board of Turkey. The Project made significant contributions to the shaping of the Turkish legislation on capital markets' settlement and custody activities. This exercise will continue in 2007.

2006 Operations



Activities Related to the International Standards

Activities Directed to the Implementation of International Standards in Turkey

On behalf of the Turkish Standards Institute, Takasbank represents Turkey at the International Standards Organization's ISO TC68/SC4 Committee responsible for developing international standards for securities and related financial instruments. The 2006 meeting of the ISO TC68/SC4 Committee was held on October 17-18, 2006 in Beijing, where Takasbank presented information on securities standards in Turkey.

The international standard used to define securities, ISIN code (ISO 6166), is used in Turkey for stocks, government bonds, Treasury bills, TURKDEX contracts and mutual fund schemes. Takasbank will continue to assign ISIN codes to the structured financial products in 2007 as well.

In 2006, in the domestic market, Takasbank continued working toward the implementation of the ISO 18773 standard, concerning abbreviations of securities and the FISN standard (ISO 18774), a short definition code for securities that include abbreviations identified under ISO 18773, as well as the ISO 16372 (IBEI) standard and planned as the definition code for non-bank institutions.

Activities of the National Numbering Agency

National Numbering Agency

Takasbank is the National Numbering Agency of Turkey, authorized by the Capital Markets Board to assign ISIN codes and CFI codes to securities and other financial instruments issued in Turkey.

ISIN Codes Allocated in 2006

Type of Securities	Number
Stocks	147
Government Bonds and Treasury Bills	91
Total Funds	24
Mutual Funds	13
Pension Investment Funds	7
ISE Mutual Funds	4
TURKDEX Contracts	65
Private Sector Bonds	2
Others	2
Total	331

The Association of National Numbering Agencies - ANNA Efforts

ANNA is an international organization that has members from 68 countries around the world. National Numbering Agencies that are authorized to assign ISIN codes to securities in their home country are entitled to become members.

Having been an active member of ANNA since 1995 in its capacity as the national numbering agency of Turkey, Takasbank has, for the last two years, chaired the Board of Directors of the ANNA Service Bureau (ASB), which aims to collect ISIN codes and basic securities information through the Internet and present this as a product to financial institutions. As the largest ISIN database in the world, the ASB database is a valuable resource for international financial markets.

At the general assemblies convened in Zurich on January 26-27, 2006 and in Buenos Aires on November 16-17, 2006, Takasbank made important contributions to securities standards. These contributions were crucial both with respect to accomplishing its own mission and to enhancing its credibility and reliability vis-à-vis the other member countries.

International Transactions Automation Project

A project was started in 2006 targeting integration with the SWIFT system to offer international settlement and custody services to domestic financial institutions in a fully-automated environment. It is stipulated that this automation system will be completed by the first quarter of 2007. Further work is continuing with a view to restructure the RTGS delivery versus payment system through integration with the SWIFT system.

Member/Concentrator Model Project

A new service, called Member/Concentrator, has been developed by SWIFT to enable lower cost membership for non-member institutions. Within the Member/Concentrator model, a SWIFT member institution can provide non-members easy and low-cost access over its own network. The Member/Concentrator will be responsible for the management of the SWIFT system of those institutions it will provide services for, the setting up of the SWIFTNet connection, the provision of the continuity thereof and the reliable transmission of messages over SWIFTNet. Takasbank is continuing its work with the aim of serving as a Member/Concentrator.

THE DATA PROCESSING CENTER

In 2006 again, the Takasbank Data Processing Center continued to work successfully on the basis of its approach based on the provision of error-free, reliable and uninterrupted services. The targets set for 2006 were attained without a problem..

Projects realized in 2006 were carried out without any deviation from the understanding of basic standards and high performance that has been adopted throughout the entire organization. Requirements of the marketplace as well as regulatory and supervisory bodies were met in a timely fashion without any problems and in compliance with legislation.

The 2006 Projects

- The scope and capacities of the TakasNet system that serves in the Internet environment to provide information to customers have been developed and the infrastructure for data publishing over the Internet was set up.
- Messaging and file sharing systems used at Takasbank was renewed in 2006 and the infrastructure that makes it possible to use the messaging system over the Internet was installed.
- The infrastructure that provides a connection for members to the Emergency Center over ISDN lines was put into operation.
- The infrastructure that provides ultra high speed connections for brokerage firms that are also TURKDEX members was initiated.
- On April 29, 2005, an emergency test was conducted with the participation of a certain number of members and was completed successfully.

- Links were established between data publishing institutions and Takasbank via the Internet.
- High speed lines were installed between data vendors and Takasbank.
- Studies with regard to the systems to which Takasbank is connected (EFT, SWIFT etc.) were completed on time in line with the planning and arrangements of other institutions.
- The Help Desk Service provided for members was carried out successfully in 2006 as well, with quality of the service maintained at a high level.
- The documentation activities for Takasbank projects were performed without any deficiency.

For 2007, renovation work adopting technological innovations has been started to sustain the activities of Takasbank's IT systems and databases at high performance levels and in an uninterrupted manner. Among the systems to be renovated are the database servers and disks at Takasbank headquarters and the database servers at the emergency centers.

The Data Processing Center will continue to serve the Bank's targets by providing rapid, problem-free and high quality IT applications.



Projects realized in 2006 were carried out without any deviation from the understanding of basic standards and high performance that has been adopted throughout the entire organization. Requirements of the marketplace as well as regulatory and supervisory bodies were met in a timely fashion without any problems and in compliance with legislation.

COMPLIANCE WITH RECOMMENDATIONS AND STANDARDS REGARDING INTERNATIONAL SETTLEMENT AND CUSTODY ISSUES

The dramatic speed of fund flows on international capital markets renders it necessary to increase the productivity, efficiency and reliability of settlement and custody systems. These are among the most crucial elements of a country's capital markets infrastructure, not only at the level of local capital markets of a country, but also at international markets. The most important factor in constructing a productive, efficient and reliable settlement and custody system is to offer international market players an environment that will ensure a stable technical and regulatory-supervisory infrastructure.

For countries that participate in the global economy, a series of standards and recommendations have been developed in the areas of settlement and custody with the aim to develop their capital markets and, in particular, their settlement and custody systems and to harmonize these with international capital markets. In conjunction with the EU Directive entitled Settlement Finality in Payment and Securities Settlement Systems, the Standards for Securities Settlement in the EU, the Best Practices for the Development of Settlement and Custody Systems in Changing Economies, the CPSS-IOSCO Recommendations for Securities Settlement and Central Counterparties, the ISSA recommendations, the G-30 recommendations, the Giovannini Barriers and the recommendations for the elimination of Giovannini Barriers are the best-known. They are the most widely used of the standards and recommendations that have been developed.

Within the context of the harmonization of Turkish capital market with international capital markets, Takasbank applies and complies with the totality of the standards related to securities settlement and custody systems, starting with the legal framework, operational reliability, operational efficiency and transparency, settlement principles, settlement hours, the protection of customer values and regulation and supervision.

THE G-30* RECOMMENDATIONS

Takasbank's Compliance

Recommendation 1	Full automation in communication and data gathering	√
Recommendation 2	Message standards and communication protocols	√
Recommendation 3	Reference data standard	√
Recommendation 4	Synchronization between different settlement and custody systems	√
Recommendation 5	Standardization and automation in institutional trade matching.	√
Recommendation 6	“Central Counterparty” practice	√ (in futures transactions)
Recommendation 7	“Securities Lending/Borrowing” practice	√
Recommendation 8	Offering use of corporate rights and tax exemption arrangement services in a standard manner and in an automated environment	√
Recommendation 9	Providing for the financial integrity of the providers of clearing and settlement services (the creation of a reliable and efficient environment through the implementation of the business model, the risk control method, procedures and standards)	√
Recommendation 10	Risk management and control processes	√
Recommendation 11	Synchronized transfer of cash and securities	√
Recommendation 12	Efficient business contingency and Disaster Recovery Planning	√
Recommendation 13	Assessment of the probability of failure of institutions of systemic importance and appropriate planning	√
Recommendation 14	Sanctioning power of contracts in the audit and examination process of service supplier institutions	√
Recommendation 15	Statutory framework for rights ensuing from securities, cash and collateral	√
Recommendation 16	Definition of the valuation and netting relating to transaction closed before maturity	√
Recommendation 17	Experienced Board of Directors	√
Recommendation 18	Fair and easy access to the system	√
Recommendation 19	Impartial, open and efficient corporate governance	√
Recommendation 20	Standard regulation and supervision	√

The G-30*: The G-30 is a group composed of representatives from banks, brokerage firms, exchanges and settlement organizations from developed markets around the world, established with the aim of working toward reducing risk and increasing efficiency and productivity in the area of international clearing and settlement.

THE CPSS - IOSCO* RECOMMENDATIONS

Takasbank's Compliance

Recommendation 1	Clear, transparent, well-founded legal framework	√
Recommendation 2	Same-day trade confirmation	√
Recommendation 3	Rolling Settlement	√
Recommendation 4	“Central Counterparty” practice (CCPs)	√ (in futures transactions)
Recommendation 5	“Securities Lending” practice	√
Recommendation 6	Securities dematerialization and immobilization (CSDs)	√
Recommendation 7	Delivery versus Payment (DvP)	√
Recommendation 8	Timing for settlement finality	√
Recommendation 9	Monitoring the risk of participants' failure to settle	√
Recommendation 10	Cash settlement assets	√
Recommendation 11	Operational reliability	√
Recommendation 12	Protection of customers' securities	√
Recommendation 13	Transparent, efficient and impartial corporate governance	√
Recommendation 14	Fair and easy access to the system	√
Recommendation 15	Operational efficiency of the system (cost, quality, trust)	√
Recommendation 16	International communication procedures and standards in cross-border transactions	√
Recommendation 17	Open, continuous, accurate and timely information	√
Recommendation 18	Transparent and efficient regulation and oversight	√
Recommendation 19	Reduction of settlement risks in cross-border transactions	√

CPSS* - The Committee on Payment and Settlement Systems

IOSCO* - The International Organization of Securities Commissions

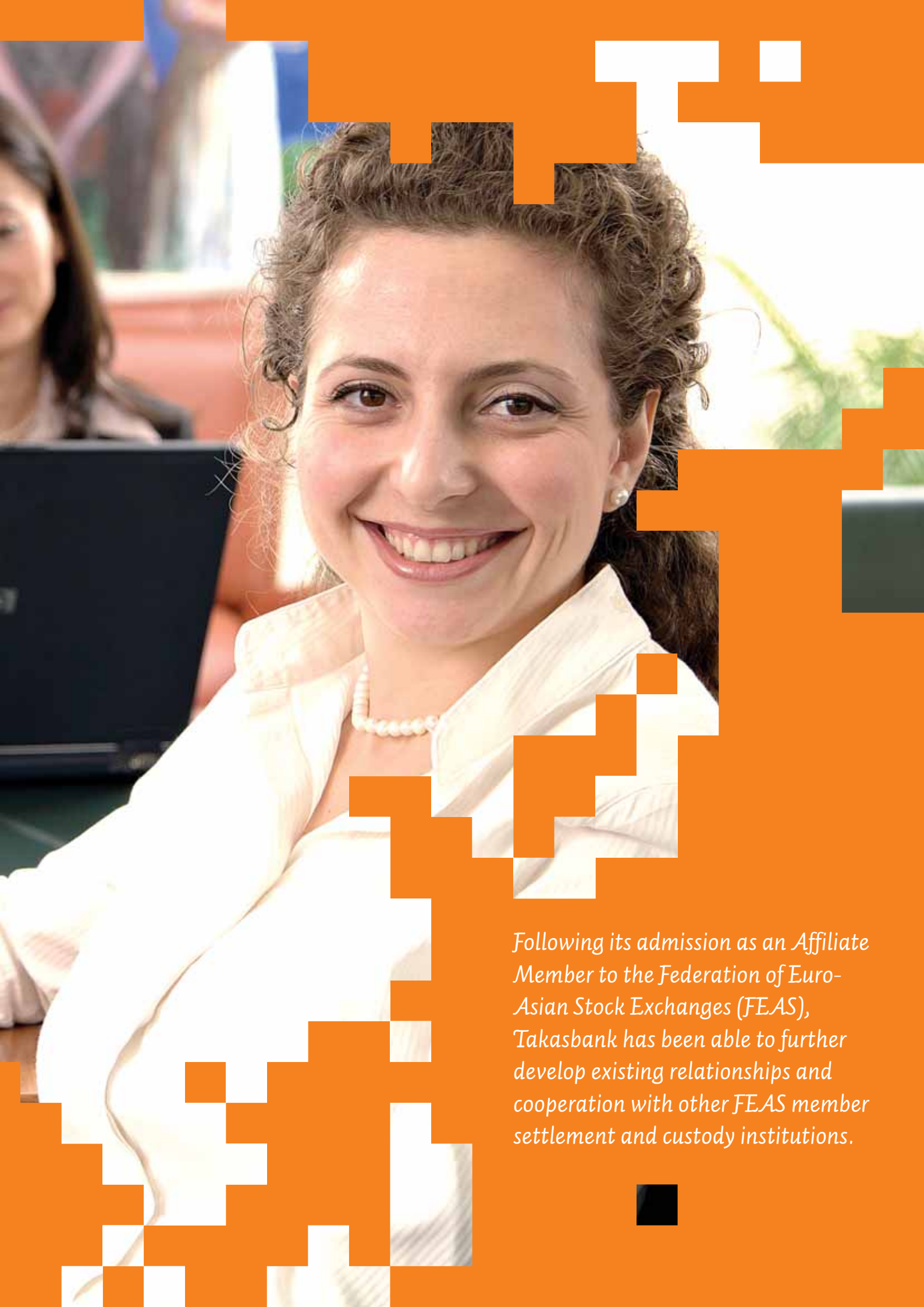
THE ISSA* RECOMMENDATIONS

Takasbank's Compliance

Recommendation 1	Transparent, efficient and impartial corporate governance	√
Recommendation 2	Full automation for interactive communication and business continuity	√
Recommendation 3	Messaging standards and communication protocols	√
Recommendation 4	Standard, open and clear market practices	√
Recommendation 5	Reduction of operational settlement risk (DvP, dematerialization, securities lending/borrowing practice and collateralization etc.)	√
Recommendation 6	Integration of domestic and international securities systems (operational risk and cost reducing, market efficiency increasing impact)	√
Recommendation 7	Investor protection	√
Recommendation 8	Comprehensible and clear legal framework	√

ISSA* - International Securities Services Association





Following its admission as an Affiliate Member to the Federation of Euro-Asian Stock Exchanges (FEAS), Takasbank has been able to further develop existing relationships and cooperation with other FEAS member settlement and custody institutions.



Management and Corporate Governance Practices

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

Name: Osman Birsen

Term: 9 years and 1 month (November 5, 1997)

Title: Chairman

Education: Department of Public Finance, Faculty of Political Sciences, Ankara University

Job Experience:

1968-1979: Deputy Inspector, Ministry of Finance

1979-1983: Secretary General, International Economic Cooperation Organization of the Treasury of the Republic of Turkey

1983-1986: Economic and Financial Counselor to the Turkish Embassy in Washington D.C.

1987-1988: Director General of Public Finance at the Undersecretariat of Treasury and Foreign Trade

1989-1993: Deputy Permanent Representative of Turkish Delegation to the OECD

1993-1994: Deputy Undersecretary, Prime Minister's Office

1994-1995: Undersecretary for Treasury and Foreign Trade

1995-October 1997: Member of the Board of Directors, İktisat Bank

1997-present: ISE Chairman and CEO

Name: Abdullah Cengiz Makas

Term: 2 years and 9 months (March 18, 2004)

Title: Deputy Chairman

Education: B.A., Department of Economics, Faculty of Economics and Administrative Sciences, METU; M.A. in Economics, Social Sciences Institute, Hacettepe University

Job Experience:

1993-1994: Founder and Manager, PRD Ltd.

1994-1996: Legislative Advisor to Turkish Parliament

1996-1997: Advisor to Minister of Finance

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

1998-2002: Legislative Advisor to Turkish Parliament

2001-2002: Advisor, Samsun Waterworks and Sewage Establishment Wastewater Treatment Project sponsored by the World Bank

2002-present: Advisor to Minister, Prime Minister's Office and Advisor to Chairman of the CMB

Name: Dr. Sezai Bekgöz

Term: 8 years and 9 months (March 27, 1998)

Title: Member, Chairman of the Audit Committee

Education: B.A., Faculty of Political Sciences, Ankara University

M.A. in Economics, Istanbul University

Ph.D. in Banking, Social Sciences Institute, Marmara University

Job Experience:

1983-1992: CMB-Deputy Auditor, Auditor

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

Name: İbrahim Kurban

Term: 11 months (January 30, 2006)

Title: Member

Education: Department of Political Science and Public Administration, METU

Job Experience:

1983-1994: Expert, CMB

1994-1999: Head of Division, CMB

1999-present: Chairman, Inspection and Supervision Board, ISE

Name: İlhami Öztürk

Term: 2 years and 9 months (March 18, 2004)

Title: Member

Education: Public Administration, Faculty of Political Science, Ankara University

Job Experience:

1992-1993: Participant, Banking and Commercial Law Research Institute, T. İş Bank

1993-1994: Deputy Inspector, Tütünbank

1994-1995: Candidate Judge in Administrative Law

1995-1999: Deputy Inspector, Ministry of Finance

1999-present: Expert staff (Inspector), ISE

2000-present: Advisor to Minister of State and Deputy Prime Minister

Name: Rıza İhsan Kutlusoy

Term: 2 years and 10 months (February 9, 2004)

Title: Member

Education: B.A., Business Administration, Faculty of Economic and Administrative Sciences, METU

Job Experience:

1988-present: T. İş Bankası - Deputy Inspector, Inspector, Deputy Manager, Group Manager, Securities Manager

Name: Bedii Ensari

Term: 8 years and 9 months (March 27, 1998)

Title: Member, Member of the Credit Committee

Education: Law School, Ankara University

Job Experience:

1961-1966: Lawyer, Mardin Bar Association

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

1974-1976: Lawyer, Istanbul Bar Association

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

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

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

Name: Ekrem Nevzat Öztangut

Term: 6 years and 9 months (March 30, 2000)

Title: Member, Member of the Credit Committee

Education: BA, Economics, Faculty of Economic and Administrative Sciences, Hacettepe University

Job Experience:

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

1994-1995: Advisor, Garanti Investment Bank

1995-1996: Deputy General Manager, Garanti Men. Değ. A.Ş.

1996-present: General Manager, Garanti Men. Değ. A.Ş.

Name: Ekrem Kerem Korur

Term: 4 years and 9 months (March 22, 2002)

Title: Member, Member of the Audit Committee

Education: B.A., Economics (English), Istanbul University Economics Institute, University of Colorado

Job Experience:

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

Name: Emin Server Çatana

Term: 9 years and 7 months (May 29, 1997)

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

Education: B.A., Business Administration, Istanbul Academy of Economic and Commercial Sciences; M.A., Istanbul Academy of Economic and Commercial Sciences

Job Experience:

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

1985-1991: ISE, Market Transactions Manager

1991-1994: General Manager, Brokerage House

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

Name: Yasemin Öney Cankurtaran

Term: 1 month (December 12, 2006)

Title: Member

Education: Business Administration, Faculty of Political Science, Ankara University

Job Experience:

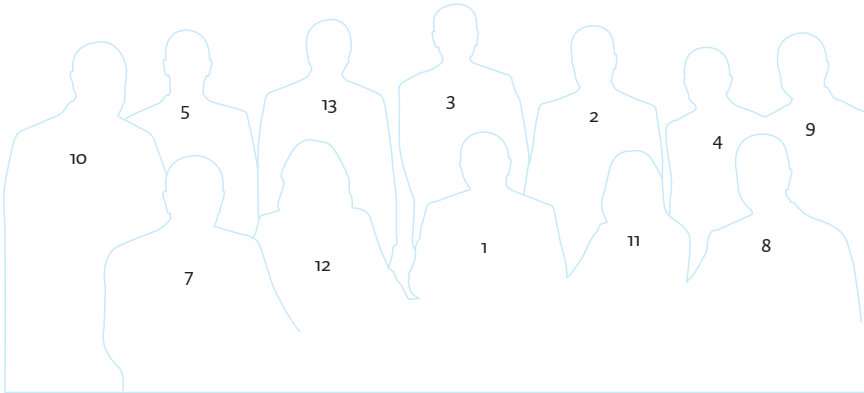
1992-1994: Branch Operations Head, Şekerbank A.Ş.

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

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

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

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



Board of Directors

1. Osman Birsen/Chairman
2. Abdullah Cengiz Makas/Deputy Chairman
3. Sezai Bekgöz/Member (Audit Committee Chairman)
4. İbrahim Kurban/Member
5. İlhami Öztürk/Member
6. Rıza İhsan Kutlusoy/Member (not in the picture)
7. Bedii Ensari/Member (Credit Committee Member)
8. Ekrem Nevzat Öztangut/Member (Credit Committee Member)
9. Ekrem Kerem Korur/Member (Audit Committee Member)
10. Emin Server Çatana/General Manager and Member (Credit Committee Chairman)
11. Yasemin Öney Cankurtaran/Member

Board of Statutory Auditors

12. Berra Mine Kılıç/Statutory Auditor
13. Arıl Seren/Statutory Auditor

Management and Corporate Governance Practices

GENERAL MANAGER AND ASSISTANT GENERAL MANAGERS

Name: Emin Server Çatana
Term: 9 years and 7 months (May 29, 1997)
Title: General Manager and Member of the Board of Directors
Education: B.A., Business Administration, Istanbul Academy of Economic and Commercial Sciences; M.A., Istanbul Academy of Economic and Commercial Sciences
Job Experience:
 1979-1985: Planning Expert, Deva Holding A.Ş.
 1985-1991: ISE, Market Transactions Manager
 1991-1994: General Manager, Brokerage House
 1994-present: Assistant General Manager, Deputy General Manager, General Manager, Board Member, Takasbank

Name: H. Nezir Bakır
Term: 11 years and 11 months (January 6, 1995)
Title: Custody Manager, Loans and BPP-Stock Exchange Money Market- Manager, Treasury Management Manager, Operations Manager, Personnel and Training Manager, Accounting Manager, Administrative Affairs and Procurement Manager, Security and Protection Manager
Education: B.A., Faculty of Economics, Istanbul University
Job Experience:
 1976-1984: Expert, Manager, Assistant General Manager, MEBAN Men. Değ. Bank. ve Fin. A.Ş.
 1984-1994: Manager of Securities Department, Assistant General Manager, Pamukbank A.Ş.
 1994-1995: Advisor to ISE Chairman
 1995-present: Takasbank Assistant General Manager

Name: Yusuf Çiçek
Term: 8 years and 5 months (July 1, 1998)
Title: Software and Operations Manager, Systems Development Manager
Education: B.S., Mathematics, Gazi University, Ankara
Job Experience:
 1981-1983: Programmer, Mining Research and Exploration Agency (MTA)
 1983-1994: Programmer - Expert Analyst, Project Officer and Assistant Manager, Central Bank of the Republic of Turkey
 1994-1995: Group Manager, Intertech
 1995-present: Takasbank Group Manager, Assistant General Manager

HEADS OF UNITS COMPRISING THE INTERNAL SYSTEMS OF TAKASBANK

Name: Şevket Yaşöz
Term: 11 years and 7 months (May 24, 1995)
Area of Responsibility: Inspection Board
Education: Economics and Public Finance, Faculty of Political Science, Ankara University
Job Experience:
 1971-1972: Tax Official, Controller, Ministry of Finance
 1975-1976: Assistant Inspector, Güven Sigorta
 1976-1988: Assistant Inspector, Chief Inspector, Denizcilik Bankası T.A.O
 1988-1992: Assistant Manager in Charge of Credits for Istanbul Region, Vakıflar Bankası T.A.O.
 1992-1994: Fund Manager, KOSGEB-SME Development Agency
 1994-present: Chief Inspector, Chairman of the Inspection Board, Takasbank

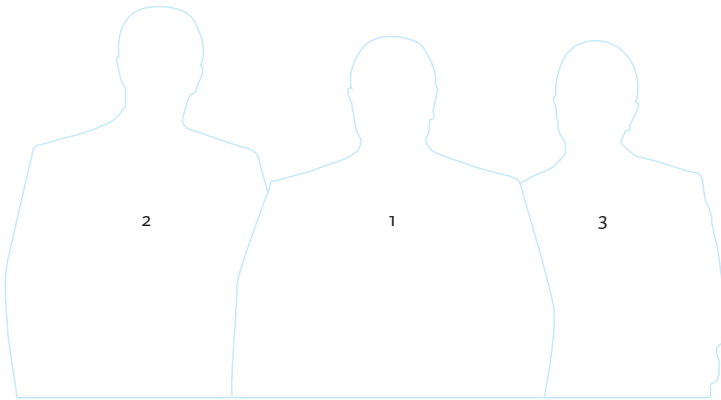
Name: Hasan Aykın
Term: 6 months (July 1, 2006)
Area of Responsibility: Internal Control
Education: B.A., Economics, Boğaziçi University M.A., Banking and Insurance Institute, Marmara University
Job Experience:
 1994-1995: Assistant Coordinator for Capital Markets, Medya Holding
 1995-present: Assistant Inspector, Inspector, Project Manager, Chief Inspector, Manager, Takasbank

Name: Murat Koç
Term: 1 year (January 1, 2006)
Area of Responsibility: Risk Management
Education: Economics (English), Istanbul University M.A. in Banking and Insurance, Social Sciences Institute, Marmara University
Job Experience:
 1994-1995: Apprentice Assistant Auditor, Değer-DYMM A.Ş.
 1995-present: Assistant Inspector, Inspector, Head of Division, Manager, Takasbank

MEMBERS OF THE BOARD OF STATUTORY AUDITORS

Name: Arıl Seren
Term: 9 months (March 31, 2006)
Title: Member of the Board of Statutory Auditors, Auditor
Education: B.A. in Economics, METU M.A. in Econometrics and Mathematics, Chicago University
Job Experience:
 1966-1989: Taught at METU Senior management duties in financial and industrial companies at home and abroad
 1989-present: Secretary General, Deputy Chairman, ISE

Name: Berra Mine Kılıç
Term: 10 years and 9 months (March 22, 1996)
Title: Member of the Board of Statutory Auditors, Auditor
Education: B.A. in Business Administration, Faculty of Economic and Administrative Sciences, Marmara University M.A. in Business Administration, Faculty of Political Science, Ankara University, Ph.D. in Business Administration, Faculty of Political Science, Ankara University
Job Experience:
 1983-1991: Assistant Expert, Authorized Assistant Expert, Expert, CMB
 1991-1997: Assistant General Manager, Board Member, Ata Menkul Kıymetler A.Ş.
 1997-1999: General Manager and Board Member, Meksa Menkul Değerler A.Ş.
 1999-2000: Member of the Board of Directors of Esbank T.A.Ş. as representative of the Savings Deposits Insurance Fund (SDIF)
 1999-2002: Chairperson of the Board of Directors of Es Menkul Değerler ve Yatırım A.Ş. and Chairperson of the Board of Directors of Esfacto Factoring Hizmetleri A.Ş. in the capacity of SDIF Representative
 2002-2004: General Manager and Board Member, Es Menkul Değ. Yat. A.Ş.
 2004-2005: General Manager, Marbaş Men. Değ. A.Ş.
 2005-present: General Manager, Turkish Yatırım ve Menkul Değerler A.Ş.



1. Emin Server Çatana/General Manager and Member of the Board of Directors
2. H. Nezir Bakır/Assistant General Manager
3. Yusuf Çiçek/Assistant General Manager
4. Şevket Yaşöz/Chairman of the Inspection Board (not in the photo)

Management and Corporate Governance Practices

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

Credit Committee

Emin Server Çatana, Chairman - General Manager

Bedii Ensari, Member

Ekrem Nevzat Öztangut, Member

Audit Committee

Sezai Bekgöz, Chairman

Ekrem Kerem Korur, Member

Activities of the Board of Directors, the Audit Committee, the Credit Committee and Committees Established within the Risk Management Systems and Attendance of their Members at Meetings during the Year

A- Board of Directors

Members of the Takasbank Board are elected at Shareholders Meetings. Four members of the Board are nominated by the ISE, representing Class A shares; five members are nominated by banks and brokerage houses that own Class B shares. The Capital Markets Board in accordance with Article 275 of the Turkish Commercial Code appoints one Member to the Takasbank Board of Directors. In line with the provisions of the Banking Law, the General Manager is a natural member of the Board of Directors. The composition of the Takasbank Board of Directors indicates that the Bank is owned and managed by and is at the service of the sector.

The Takasbank Board of Directors holds meetings and takes decisions in accordance with relevant legislation and the provisions of its Articles of Association. It is the duty of the Chairman or, in his absence, of the Deputy Chairman, to convene the Board, to prepare the agenda, to chair the meeting and to follow up the decisions of the Board. Takasbank's Articles of Association allows the Board of Directors to make resolutions via the written consent of Board members to a motion, provided that none of the directors has requested deliberations on the matter.

The Board of Directors, charged with meeting at least once a month by the Articles of Association, met 14 times in the course of the year 2006. One member did not attend the meeting in June, one member did not attend the meeting in July and two members did not attend the meeting in August. Apart from this, the Chairman, the Deputy Chairman and Board Members attended all of the meetings.

B- Audit Committee

In the past the internal audit and risk management units of Takasbank used to report to the Board Member in charge of Internal Audit and Risk Management. However, later and in line with the resolution made at Meeting No. 152 of the Bank's Board of Directors held on September 27, 2006 and pursuant to the provision of Article 24 titled The Audit Committee of the Banking Law, No. 5411, an Audit Committee reporting to the Board of Directors was established and an Audit Committee Regulation describing the procedures and principles of the mandate, the duties, powers and responsibilities of this Committee was accepted and came into being. At the Bank's Board of Directors meeting in question, Sezai Bekgöz, who had been carrying as Board Member in charge of Internal Audit and Risk Management, was appointed as the Chairman of the Audit Committee and Ekrem Kerem Korur was appointed as a Member of the Audit Committee.

The Takasbank Audit Committee was created to assist the Board of Directors in developing internal control, risk management and the internal audit systems of the Bank in accordance with relevant legislation. The function of this Committee ensures the functionality, appropriateness and adequacy of these systems and safeguards the soundness of the financial reporting systems and determines the division of powers and responsibilities within the Bank, as well as in carrying out activities relating to auditing and supervision. Acting with these aims, the Audit Committee held its first meeting on October 11, 2006, its second and third meetings were held on November 22, 2006 and December 19, 2006, respectively. Full attendance by Committee members was achieved at these meetings.

C- Credit Committee

Although the authority to extend credit lines belongs to the Boards of Directors of the banks, banking legislation permits the delegation of this power to the Credit Committee or General Manager's Office.

According to the principle adopted and implemented by Takasbank's management, all cash and non-cash credit limits are set by the Board of Directors in compliance with the relevant legislation.

The Takasbank Credit Committee, chaired by General Manager Emin Çatana and composed of members Bedii Ensari and Ekrem Nevzat Öztangut, did not meet in 2006 and all duties assigned to the Credit Committee were fulfilled by the Takasbank Board of Directors.

D- Risk Management Group

Takasbank Risk Management Group, structured and working in accordance with the now repealed Regulation on the Internal Audit and Risk Management Systems of Banks, is composed of an Executive Risk Committee, which reports to the Board of Directors, the Risk Committee, which for its part reports to the former and the lower-level Market and Credit Risks Committee and Operational Risk Committee.

The Executive Risk Committee is responsible for developing Takasbank's risk management strategies and policies, submitting such strategies and policies to the approval of the Board of Directors, monitoring implementation and carrying out other duties specified in the relevant legislation. It is chaired by Sezai Bekgöz and includes General Manager Emin Çatana and Manager Responsible for Risk Management Murat Koç as members. Takasbank Risk Committee is composed of Murat Koç and Ayşe Arıkan. Takasbank's risk committees met monthly in 2006. The chairmen and members of the respective committees attended all of the meetings. In the Takasbank Regulation on Organization and Duties that came into effect on December 1, 2006, on the basis of a resolution of the Board of Directors, the Risk Management Group was restructured as a Directorate and attached to the Board of Directors via the Audit Board.

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

Takasbank 2006 Summary Board of Directors Report

Esteemed Shareholders,

Welcome to the 12th Ordinary Shareholders Meeting of Takasbank.

As we present you the Reports of the Board of Directors and the Auditors as well as the Profit and Loss Statement for the accounting year 2006, we respectfully greet you, our esteemed shareholders, their representatives and our guests.

Within the context of the economic stabilization program, the downward trend in interest rates continued in the first few months of 2006 while the ISE-100 index climbed to new record heights. In the months that followed, the decline in liquidity as a consequence of the decision of the central banks from developed countries to raise the interest rates, the gradual rise in energy prices and certain adverse developments in our region resulted in economic volatility. In the second half of the year, the earlier positive development in international markets lost momentum. Although the U.S. Federal Reserve ceased the rate hike, withholding tax on securities income was annulled for foreign investors and as a result, foreign exchange rates started to decline once again and interest rates remained at their previous high levels.

Since 2007 is an election year in Turkey, the difficulties that we experienced at the end of 2006 were carried over to 2007 unresolved and one may expect problems in the financing of the current account and trade deficits and one may predict that all these may lead to economic vulnerability and consequently, market volatility.

The total volume of transactions in the Takasbank Money Market in 2006 was TRY 44.98 billion, with the daily average transaction volume standing at TRY 179.21 million, while in the Securities Lending/Borrowing Market, where all shares traded on the National Market can be borrowed and lent, 127 million shares were exchanged with a transaction volume of TRY 769 million.

Studies were carried out together with the Central Registry Agency (CRA) for developing the method of invalidation and destruction, the last phase of the dematerialization process. The implementation is planned to begin in 2007.

Starting from the second half of 2006, Takasbank began to finalize the settlement transactions of private sector bonds traded on the ISE Bonds and Bills Market.

Studies carried out in coordination with the CRA and the Central Bank of the Republic of Turkey regarding the dematerialization of Government Domestic Debt Securities, to be then followed up on a customer name basis, was completed and the system has been made ready for use.

Takasbank has a paid-in capital of TRY 60 million and the number of shareholders as of year-end stood at 87; the principal shareholder is the ISE with a 32.63% stake. The shares that represent the remaining part of the capital belong to 86 shareholders. While 19 banks own 34.48% of these, the remaining 32.89% belongs to 67 brokerage firms.

Total assets of Takasbank rose in 2006 by 34.37% compared to the previous year and reached TRY 594,961,000. Its shareholders' equity increased by 3.12% in the same period to a level of TRY 236,325,000. Return on assets was calculated at 6.79% and return on equity at 17.09% for 2006. Pre-tax profit for the year stood at TRY 40,383,000 while after-tax net profit was TRY 32,561,000.

Takasbank sustains its operations in compliance with the relevant legislation and the provisions of its Articles of Association. As we present our Annual Report containing our operational results and financial statements for the period ending on December 31, 2006, we would like to welcome you once again with all due respect, our esteemed shareholders and their representatives.

On behalf of the İMKB Takas ve Saklama Bankası A.Ş.
Board of Directors

Osman BİRSEN
Chairman



Emin ÇATANA
General Manager and Member



Management and Corporate Governance Practices

Human Resources Practices

At the end of 2006, the total number of employees of Takasbank was 184. Of these employees, 135 are college graduates and 16% hold a graduate degree or a doctorate.

Recruitment

As stipulated in Article 11 of the Personnel Regulations, the Personnel Committee makes appointments to vacant positions or recruits new staff if required.

Existing employees of the Bank whose career development plans and performance evaluations are deemed appropriate for the positions in question are given priority in these appointments. The appointment is made upon the approval of the relevant departments and the new employee can assume the vacant position.

Candidates are required to meet the conditions specified in the Bank's Personnel Regulations and are expected to:

- Be a Turkish citizen,
- Be at least 18 years of age,
- Have completed or been granted respite from military service (for males),
- Be a high school graduate (for operational staff positions),
- Be a graduate of a distance learning program or a two-year university program (for tellers' positions),
- Be a graduate of a two-year higher education program (for officers' positions),
- Be a graduate of a four-year university program (for specialist positions),
- Have no physical disability that may prevent working anywhere in the country,
- Not have been deprived of the enjoyment of public rights,
- Not have been sentenced to imprisonment for infamous offenses such as fraud, forgery and abuse of power,

- Have passed the written exam and interview organized when deemed necessary depending on the nature of the position,
- Not to have an obligation to provide mandatory services to government agencies, institutions or organizations.

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

Persons found suitable by the head of the relevant department and the Assistant General Manager and whose job application is accepted by the authorities holding the power to appoint (the General Manager, the Assistant General Manager in charge of the Personnel and Training Department, the Manager of the Personnel and Training Department) are recruited upon completion of all required documentation and an employment contract is signed.

Appointments and Promotions

The power to appoint Assistant General Managers resides with the Board of Directors and the power to make appointments and assignments for positions below those resides with the General Manager. Decisions regarding the appointment, promotion and dismissal of the Chairman and members of the Audit Board, the managers and personnel of the Risk Management Department and the Internal Control Directorate are made by the Board of Directors.

Promotion means upgrading the position or title of an employee in terms of authority and responsibility along with increasing compensation. Decisions on promotions are subject to the approval of the General Manager. The Personnel and Training Department is responsible for completing the necessary procedure to put the promotion into effect.

As a general principle, the following requirements must be met for a promotion to be finalized:

- The employee must have conducted his/her current duties in compliance with the job description and must have received a positive rating in the performance evaluation process.
- There must be a vacant position for the superior post.
- General Manager's Office must approve the filling of this vacant position.
- The employee must have the skills and qualifications required for the new position and must be equipped with the competencies needed for the position.
- The employee must have completed the minimum waiting period in their current position.
- The employee must have passed the relevant exam (if deemed necessary) and successfully completed any training given.

The minimum waiting period may be shortened, subject to the approval of the General Manager, if there is a vacant position that has to be filled quickly and if the candidate's superiors state that the candidate will be capable of handling the higher position.

Upon the written proposal from the head of the relevant department, the Personnel and Training Department will evaluate the eligible employee for promotion. Those promotions approved by the Personnel Committee are submitted for approval to the General Manager or the Board of Directors, depending on the title involved. It is the Personnel and Training Department that gives notification to the employee regarding the promotion decision.

Training

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

- To improve the level of both skill and knowledge of the employee with a view to equip him/her with the know-how to ensure the application of the state-of-the-art industry practices and cutting-edge service levels,
- Focus on and development of efficient, creative, problem-solving abilities,
- To improve the general organizational knowledge of the employee and to ensure that he/she understands the importance of human relations and teamwork,
- To equip the employee with the knowledge and skill required for the management competencies in line with his/her career plans and with a view to help further promotion in the Bank.

When it is deemed necessary, the personnel are provided educational or internship opportunities, domestically or abroad. They are further encouraged to attend courses, seminars, on-the-job training sessions, job rotation schemes, orientation activities and training programs at home and abroad organized by the experts or specialized organizations in the areas of relevance to the duties and development of the staff.

Due to the specialized nature of the services it offers, Takasbank provides intensive training to its newly-recruited personnel and to staff who need to specialize in certain areas. The newly-recruited employee will first undergo theoretical training, after which he/she is subjected to rotation in different units and given practical on-the-job training.

In 2006, 184 personnel participated in 85 different training programs, resulting in an average of 6.6 hours of training per person.

For 2007, plans will be made for training and social events of a nature that will improve the performance and motivation of the personnel.

Performance Evaluation

The purpose of performance evaluation is to determine in an impartial and fair manner the successes, capabilities, strengths and weaknesses in attitude and behavior, training needs, pecuniary compensation, promotions and assignments of the personnel covered by evaluation. Another aim is to develop communications between the superiors and subordinates via the open evaluation interview.

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

Related-Party Transactions

Within the framework of transactions Takasbank carries out with its own risk group, transactions with the Istanbul Stock Exchange (ISE), the largest shareholder of the Bank, take precedence. The settlement of the transactions on the ISE Stock Market and Bonds and Bills Market is handled by Takasbank.

Default provisions apply to those members who are unable to fulfil their settlement obligations on time in the ISE Stock and Bonds and Bills Markets and a default penalty is charged. The default penalty collected from the members is transferred to the ISE's Guarantee Fund accounts according to relevant markets. Furthermore, to ensure that the settlement obligations of members concerning transactions on ISE markets are fulfilled in a timely manner and to avoid the infliction of all damage to members in case of default, the ISE Stock and Bonds Guarantee Funds were created. The Other External Sources item of Takasbank's balance sheet as of December 31, 2006 included Stock Guarantee Funds of TRY 38,234,000 and Bonds Guarantee Funds totaling TRY 46,161,000. In accordance with the protocol between Takasbank and the ISE, Takasbank charges interest on ISE Stock and Bonds Guarantee Funds on the interbank money market and the interbank secondary market, as a result of which the Bank earns interest commission.

Areas Where the Bank Received Support Services and Persons and Establishments from Which Such Services Were Obtained

Takasbank receives no support services which are of the nature of an extension of or complementary to banking operations within the scope of the "Regulations on Banks Receiving Support Services and the Authorization of Organizations That Provide These Services" promulgated by the Banking Regulation and Supervision Agency.



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ANNUAL REPORT

Compliance Opinion

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

We have been appointed to audit the annual activity report of İMKB Takas ve Saklama Bankası A.Ş. (the "Bank") as of 31 December 2006. 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 set out by the Banking Act No: 5411. Those standards require that we planned and performed 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, 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 31 December 2006 in accordance with the prevailing accounting principles and standards set out as per Article 40 of the Banking Act No: 5411. 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**

Hasan Kılıç

Partner

İstanbul, 13 March 2007



*On behalf of the Turkish Standards
Institute, Takasbank represented
Turkey on the ISO TC68/SC4
Committee of the International
Standards Organization.*



İMKB TAKAS VE SAKLAMA BANKASI A.Ş.
INDEPENDENT AUDITORS' REPORT, FINANCIAL
STATEMENTS AND NOTES TO THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2006

Translated into English from the Original Turkish Report

ASSESSMENTS ON FINANCIAL POSITION AND RISK MANAGEMENT

Statutory Auditors' Report

STATUTORY AUDITORS REPORT 2006 TO THE GENERAL ASSEMBLY OF İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

Title of Partnership : İMKB TAKAS VE SAKLAMA BANKASI A.Ş.
Number of Shares : 600,000,000
Number of Shareholders : 87

Field of Activity: To provide settlement and custody services and conduct investment banking transactions for securities traded on the Istanbul Stock Exchange and other securities deemed appropriate by CMB.

Auditors:

Berra KILIÇ 31 March 2006
Representing Class B Shares for 2 years
Arıl SEREN (full), Emin Ali GÜNDEZ (substitute) 31 March 2006
Representing Class A Shares

According to article 353, clause 1, sub-clause 4 of the Turkish Commercial Code;

As a result of the audits carried out as of 31 December 2006, it has been concluded that the Bank has kept its records in compliance with relevant laws, transactions have been conducted with due concern, the Bank's cash balance corresponds to the figures recorded in the accounting books and that all securities delivered to the Bank have been recorded properly.

According to the article 353, clause 1, sub-clause 4 of Turkish Commercial Code;

The Bank's cash balances were counted and documented in writing and the Bank records were found to comply with these documents on 21 April 2006, 17 May 2006, 21 June 2006, 31 July 2006, 23 August 2006, 25 September 2006, 11 October 2006, 17 November 2006 and 29 December 2006.

Complaints and malpractices reported and relevant action taken;

No complaints or malpractices were reported.

We have audited the accounts and transactions of İMKB Takas ve Saklama Bankası A.Ş. for the period 1 January 2006 - 31 December 2006 according to the Turkish Commercial Code, Articles of Association of the Bank and other legislation and generally established accounting principles and standards. The Bank's balance sheet as of 31 December 2006, audited and deemed appropriate on our behalf, reflects the actual financial position of the Bank on the specified date; the income statement for the period 1 January 2006 - 31 December 2006 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



Dr. Berra Kılıç



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 2006

According to the Board of Directors' decision in meeting no: 152 on 27 September 2006, pursuant to article 24 entitled "Audit Committee" of the Banking Law 5411, an "Audit Committee" was established under the supervision of the Board of Directors. The "Audit Committee Communiqué" describing the operational methods and principles, duties, powers and responsibilities of the Committee was accepted and became effective.

The Bank'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.

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 2006 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 the Bank's Executive Management and Board of Directors and fulfilling the requirements of the reports.

The general risk level of the Bank'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, the Bank 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, the Bank 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.

The Bank 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.

The external audit reports prepared by Independent External Audit Company states that the financial statements of the Bank fairly reflect the Bank's financial position as of 31 December 2006 along with the results of its operations and cash flows for the period ending on the same date, in compliance with the accounting principles and standards set forth in relevant regulations under the Banking Law.

The Bank carries out its operations in conformity with applicable legislation, its general policies and internal arrangements. The Bank'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 the Bank.

Sezai Bekgöz
President of the Audit Committee



Ekrem Kerem Korur
Member of the Audit Committee



To the Board of Directors of
İMKB Takas ve Saklama Bankası A.Ş.
İstanbul

**İMKB TAKAS VE SAKLAMA BANKASI A.Ş.
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR 1 JANUARY - 31 DECEMBER 2006**

We have been appointed to audit the accompanying balance sheet of İMKB Takas ve Saklama Bankası A.Ş. as at 31 December 2006, and the related statements of income, changes in equity and cash flows 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 these financial statements in accordance with the regulation on "Procedures And Principles Regarding The Accounting Practices And Documentation of Banks" published in the Official Gazette dated 1 November 2006 and numbered 26333 and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations 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 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 judgment, 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 31 December 2006 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 and other regulations and pronouncements in respect of accounting and financial reporting made by BRSA.

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 Banks'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**



Hasan Kılıç
Partner

İstanbul, 2 March 2007

İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

BALANCE SHEET

IN THOUSAND OF NEW TURKISH LIRA (TRY)

ASSETS	Note Ref.	CURRENT PERIOD			PRIOR PERIOD		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	20,217	630	20,847	8,822	224	9,046
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	2,445	0	2,445	2,378	0	2,378
2.1 Financial assets held for trading		2,445	0	2,445	2,378	0	2,378
2.1.1 Public sector debt securities		2,445	0	2,445	2,378	0	2,378
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
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	(3)	101,216	6,081	107,297	46,961	8,891	55,852
IV. MONEY MARKET PLACEMENTS		333,952	0	333,952	176,978	0	176,978
4.1 Interbank money market placements		326,475	0	326,475	172,629	0	172,629
4.2 Istanbul Stock Exchange money market placements		0	0	0	0	0	0
4.3 Receivables from reverse repurchase agreements		7,477	0	7,477	4,349	0	4,349
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	461	0	461	324	0	324
5.1 Share certificates		461	0	461	324	0	324
5.2 Public sector debt securities		0	0	0	0	0	0
5.3 Other marketable securities		0	0	0	0	0	0
VI. LOANS	(5)	20,372	0	20,372	18,870	0	18,870
6.1 Loans		20,372	0	20,372	18,870	0	18,870
6.2 Non-performing loans		0	0	0	0	0	0
6.3 Specific provisions (-)		0	0	0	0	0	0
VII. FACTORING RECEIVABLES		0	0	0	0	0	0
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	88,980	0	88,980	148,065	0	148,065
8.1 Public sector debt securities		88,980	0	88,980	148,065	0	148,065
8.2 Other marketable securities		0	0	0	0	0	0
IX. INVESTMENTS IN ASSOCIATES (Net)	(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
X. INVESTMENTS IN SUBSIDIARIES (Net)	(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
XI. ENTITIES UNDER COMMON CONTROL (Net)	(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
XII. LEASE RECEIVABLES (Net)	(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
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(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
XIV. TANGIBLE ASSETS (Net)	(12)	8,852	0	8,852	9,519	0	9,519
XV. INTANGIBLE ASSETS (Net)	(13)	214	0	214	332	0	332
15.1 Goodwill		0	0	0	0	0	0
15.2 Other		214	0	214	332	0	332
XVI. TAX ASSET	(14)	5,110	0	5,110	15,043	0	15,043
16.1 Current tax asset		5,110	0	5,110	15,043	0	15,043
16.2 Deferred tax asset		0	0	0	0	0	0
XVII. ASSETS HELD FOR SALE (Net)	(15)	0	0	0	0	0	0
XVIII. OTHER ASSETS	(16)	1,606	0	1,606	1,535	0	1,535
TOTAL ASSETS		588,250	6,711	594,961	433,652	9,115	442,767

The accompanying notes form an integral of the financial statements.

İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

BALANCE SHEET

		IN THOUSANDS OF NEW TURKISH LIRA (TRY)					
		CURRENT PERIOD			PRIOR PERIOD		
		Audited (31/12/2006)			Audited (31/12/2005)		
LIABILITIES	Note Ref.	TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	0	0	0	0	0	0
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	0	0	0	0	0	0
III. FUNDS BORROWED	(3)	0	0	0	0	0	0
IV. MONEY MARKET BALANCES		0	0	0	0	0	0
4.1 Interbank money market borrowings		0	0	0	0	0	0
4.2 Takasbank money market borrowings		0	0	0	0	0	0
4.3 Funds obtained under repurchase agreements		0	0	0	0	0	0
V. MARKETABLE SECURITIES ISSUED (Net)		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
VI. FUNDS		0	0	0	0	0	0
VII. SUNDRY CREDITORS		246,998	6,177	253,175	90,000	8,793	98,793
VIII. OTHER LIABILITIES	(4)	93,755	0	93,755	92,180	0	92,180
IX. FACTORING PAYABLES		0	0	0	0	0	0
X. LEASE PAYABLES (Net)	(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
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(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
XII. PROVISIONS	(7)	2,594	0	2,594	1,504	0	1,504
12.1 General loan loss provisions		766	0	766	355	0	355
12.2 Restructuring provisions		0	0	0	0	0	0
12.3 Reserve for employee benefits		1,703	0	1,703	1,149	0	1,149
12.4 Insurance technical reserves (Net)		0	0	0	0	0	0
12.5 Other provisions		125	0	125	0	0	0
XIV. TAX LIABILITY	(8)	9,112	0	9,112	21,110	0	21,110
14.1 Current tax liability		8,792	0	8,792	21,110	0	21,110
14.2 Deferred tax liability		320	0	320	0	0	0
XV. PAYABLES RELATED TO ASSETS HELD FOR SALE	(9)	0	0	0	0	0	0
XIII. SUBORDINATED LOANS	(10)	0	0	0	0	0	0
XVI. SHAREHOLDERS' EQUITY	(11)	236,325	0	236,325	229,180	0	229,180
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 reserve		0	0	0	0	0	0
16.2.5 Intangible assets revaluation reserve		0	0	0	0	0	0
16.2.6 Bonus shares obtained from associates, subsidiaries and jointly controlled entities	0	0	0	0	0	0	0
16.2.7 Hedging funds (Effective portion)		0	0	0	0	0	0
16.2.8 Value increase on assets held for sale		0	0	0	0	0	0
16.2.9 Other capital reserves		96,788	0	96,788	96,788	0	96,788
16.3 Profit reserves		48,018	0	48,018	30,479	0	30,479
16.3.1 Legal reserves		9,993	0	9,993	5,741	0	5,741
16.3.2 Statutory reserves		0	0	0	0	0	0
16.3.3 Extraordinary reserves		34,756	0	34,756	21,469	0	21,469
16.3.4 Other profit reserves		3,269	0	3,269	3,269	0	3,269
16.4 Profit or loss		31,519	0	31,519	41,913	0	41,913
16.4.1 Prior years' profit/losses		(1,042)	0	(1,042)	(769)	0	(769)
16.4.2 Current year profit/loss		32,561	0	32,561	42,682	0	42,682
TOTAL LIABILITIES AND EQUITY		588,784	6,177	594,961	433,974	8,793	442,767

The accompanying notes form an integral of the financial statements.

İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

IN THOUSANDS OF NEW TURKISH LIRA (TRY)

	Note Ref.	CURRENT PERIOD Audited (31/12/2006)			PRIOR PERIOD Audited (31/12/2005)		
		TRY	FC	Total	TRY	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		479,665	0	479,665	443,533	0	443,533
I. GUARANTEES AND WARRANTIES	(1), (3)	479,527	0	479,527	443,533	0	443,533
1.1. Letters of guarantee		0	0	0	0	0	0
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		479,527	0	479,527	443,533	0	443,533
1.9. Other warranties		0	0	0	0	0	0
II. COMMITMENTS	(1), (3)	138	0	138	0	0	0
2.1. Irrevocable commitments		138	0	138	0	0	0
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	0	0	0
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. Receivables from short sale commitments		0	0	0	0	0	0
2.1.11. Payables for short sale commitments		0	0	0	0	0	0
2.1.12. 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
III. DERIVATIVE FINANCIAL INSTRUMENTS	(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 swaps-buy		0	0	0	0	0	0
3.2.2.2. Foreign currency swaps-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. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		3,679,713,694	171,672	3,679,885,366	3,241,346,704	95,776	3,241,442,480
IV. ITEMS HELD IN CUSTODY		3,677,574,867	0	3,677,574,867	3,238,674,334	0	3,238,674,334
4.1. Assets under management		27	0	27	27	0	27
4.2. Investment securities held in custody		3,677,573,340	0	3,677,573,340	3,238,672,807	0	3,238,672,807
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
V. PLEDGED ITEMS		2,138,827	171,672	2,310,499	2,672,370	95,776	2,768,146
5.1. Marketable securities		1,716,739	171,602	1,888,341	2,559,562	94,894	2,654,456
5.2. Guarantee notes		4	0	4	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		422,084	0	422,084	112,804	0	112,804
5.7. Pledged items-depository		0	70	70	0	882	882
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		0	0	0	0	0	0
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		3,680,193,359	171,672	3,680,365,031	3,241,790,237	95,776	3,241,886,013

The accompanying notes form an integral of the financial statements.

İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

STATEMENT OF INCOME

		IN THOUSAND OF NEW TURKISH LIRA (TRY)	
		CURRENT PERIOD	PRIOR PERIOD
		Audited	Audited
INCOME / (LOSS) ACCOUNTS	Note Ref.	(01/01/2006-31/12/2006)	(01/01/2005-31/12/2005)
I. INTEREST INCOME	(1)	38,463	41,888
1.1 Interest on loans		3,881	3,276
1.2 Interest received from reserve deposits		1,073	329
1.3 Interest received from banks		14,320	5,518
1.4 Interest received from money market placements		755	964
1.5 Interest received from marketable securities portfolio		18,405	31,782
1.5.1 Financial assets held-for-trading		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		18,405	31,782
1.6 Finance lease income		0	0
1.7 Other interest income		29	19
II. INTEREST EXPENSE	(2)	999	33
2.1 Interest on deposits		0	0
2.2 Interest on funds borrowed		999	33
2.3 Interest on money market borrowings		0	0
2.4 Interest on securities issued		0	0
2.5 Other interest expense		0	0
III. NET INTEREST INCOME (I - II)		37,464	41,855
IV. NET FEES AND COMMISSIONS INCOME		506	2,683
4.1 Fees and commissions received		1,799	3,609
4.1.1 Cash loans		0	0
4.1.2 Non-cash loans		1,799	3,609
4.1.3 Other		0	0
4.2 Fees and commissions paid		1,293	926
4.2.1 Cash loans		0	0
4.2.2 Non-cash loans		0	178
4.2.3 Other		1,293	748
V. DIVIDEND INCOME	(3)	0	0
VI. NET TRADING INCOME	(4)	18	(2)
6.1 Profit/losses on securities trading (net)		0	0
6.2 Foreign exchange gains/losses (net)		18	(2)
VII. OTHER OPERATING INCOME	(5)	21,366	39,366
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		59,354	83,902
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	411	114
X. OTHER OPERATING EXPENSES (-)	(7)	18,560	22,578
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		40,383	61,210
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		0	0
XIII. GAIN / (LOSS) ON EQUITY METHOD		0	0
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		0	0
XV. INCOME/(LOSS) BEFORE TAXES (XI+XII+XIII+XIV)	(8)	40,383	61,210
XVI. PROVISION FOR TAXES ON INCOME (±)	(9)	7,822	18,528
16.1 Provision for current income taxes		7,502	18,528
16.2 Provision for deferred taxes		320	0
XVII. NET OPERATING INCOME AFTER TAXES (XV±XVI)	(10)	32,561	42,682
17.1 Discontinued Operations		0	0
17.2 Other		0	0
XVIII. NET PROFIT/(LOSS)	(11)	32,561	42,682
18.1 Profit/(Loss) of the Group		32,561	42,682
18.2 Minority Rights Profit/(Loss)		0	0

İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

IN THOUSANDS OF NEW TURKISH LIRA (TRY)

CHANGES IN SHAREHOLDERS' EQUITY	Note Ref.	Paid in Capital	Effect of Inflation Accounting on Paid in Capital (*)	Share Cancellation Premiums	Share Certificate Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Revaluation Funds	Value Increase Revaluation Fund	Marketable Securities Value Increase Fund	Total Shareholders' Equity	
																3,253
Audited																
PRIOR PERIOD 01/01/2005 - 31/12/2005																
I. Beginning Balance		60,000	96,788	0	0	3,253	0	12,357	3,269	0	30,940	0	0	0	206,607	
II. Corrections according to TAS 8		0	0	0	0	0	0	0	0	(273)	(769)	0	0	0	(1,042)	
2.1 The effect of corrections of errors		0	0	0	0	0	0	0	0	(273)	(769)	0	0	0	(1,042)	
2.2 The effects of changes in accounting policy		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
III. New balance (I+II)		60,000	96,788	0	0	3,253	0	12,357	3,269	(273)	30,171	0	0	0	205,565	
Changes in period																
IV. Increase/Decrease related to merger		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
V. Investment securities available for sale		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
VI. Hedging Transactions		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
6.1 Cash-flow hedge		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
6.2 Hedge of net investment in foreign operations		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Transfers																
VII. Investment securities available for sale		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
VIII. Hedging transactions		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8.1 Cash-flow hedge		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8.2 Hedge of net investment in foreign operations		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
IX. Profit distribution		0	0	0	0	2,488	0	9,112	0	42,955	(30,940)	0	0	0	42,955	
10.1 Dividends distributed		0	0	0	0	2,488	0	8,468	0	0	(19,984)	0	0	0	(19,340)	
10.2 Transfers to reserves		0	0	0	0	0	0	0	0	0	(10,956)	0	0	0	(10,956)	
X. Capital increase		0	0	0	0	0	0	644	0	0	0	0	0	0	644	
11.1 Cash		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.2 Tangible assets value increase in revaluation fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.3 Bonus shares from associates, subsidiaries and jointly controlled entities		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.4 Marketable securities value increase fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.5 Initiation adjustment to paid-in capital		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.6 Issuance of share certificates		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.7 Foreign exchange differences		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.8 Other		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
XII. The disposal of assets		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
XIII. The reclassification of assets		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
XIV. Primary subordinated loans		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
XV. Secondary subordinated loans		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
XVI. The effect of changes in associates' equities		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Closing Balance (III+IV+.....+XIV+XV+XVI)		60,000	96,788	0	0	5,741	0	21,469	3,269	42,682	(769)	0	0	0	229,180	
Audited																
CURRENT PERIOD																
01/01/2006 - 31/12/2006																
I. Prior Period Balance		60,000	96,788	0	0	5,741	0	21,469	3,269	0	41,913	0	0	0	229,180	
Changes in period																
II. Increase/Decrease related to merger		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
III. Investment securities available for sale		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
IV. Hedging transactions		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
4.1 Cash-flow hedge		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
4.2 Hedge of net investment in foreign operations		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Transfers																
V. Investments securities available for sale		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
VI. Hedging transactions		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
6.1 Cash-flow hedge		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
6.2 Hedge of net investment in foreign operations		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Profit distribution																
VII. Profit distribution		0	0	0	0	4,252	0	13,287	0	32,561	(42,855)	0	0	0	32,561	
8.1 Dividends distributed		0	0	0	0	4,252	0	13,287	0	0	(26,007)	0	0	0	(25,416)	
8.2 Transfers to reserves		0	0	0	0	0	0	0	0	0	(16,948)	0	0	0	(16,948)	
8.3 Other		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
IX. Capital increase		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9.1 Cash		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9.2 Tangible assets value increase in revaluation fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9.3 Bonus shares from associates, subsidiaries and jointly controlled entities		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9.4 Marketable securities value increase fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9.5 Initiation adjustment to paid-in capital		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9.6 Issuance of share certificates		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9.7 Foreign exchange differences		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9.8 Other		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
X. The disposal of assets		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
XI. The reclassification of assets		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
XII. Primary subordinated loans		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
XIII. Secondary subordinated loans		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
XIV. The effect of changes in associates' equities		0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Closing Balance (I+II+III+.....+XII+XIII+XIV)		60,000	96,788	0	0	9,993	0	34,756	3,269	32,561	(1,042)	0	0	0	236,325	

(*) The balances on "Effect of Inflation Accounting on Paid in Capital" is shown on "Other Capital Reserves" in financial statements.

The accompanying notes form an integral of the financial statements.

İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

STATEMENT OF CASH FLOWS

	Note Ref.	IN THOUSAND OF NEW TURKISH LIRA (TRY)	
		CURRENT PERIOD	PRIOR PERIOD
		Audited (01/01/2006-31/12/2006)	Audited (01/01/2005-31/12/2005)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1		12,033	44,391
1.1.1		23,550	23,005
1.1.2		(999)	(33)
1.1.3		0	0
1.1.4		1,799	2,683
1.1.5		21,721	38,329
1.1.6		0	0
1.1.7		13,302	(14,365)
1.1.8		(18,888)	(251)
1.1.9	(1)	(28,452)	(4,977)
1.2		160,264	85,099
1.2.1		63	(32)
1.2.2		0	0
1.2.3		0	0
1.2.4		(2,533)	(7,301)
1.2.5		9,862	17,206
1.2.6		0	0
1.2.7		0	0
1.2.8		0	0
1.2.9		(2,433)	0
1.2.10	(1)	155,305	75,226
I.		172,297	129,490
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.		71,978	(3,869)
2.1		0	0
2.2		0	0
2.3		(276)	(626)
2.4		495	1
2.5		(137)	(90)
2.6		0	0
2.7		(15,011)	(93,311)
2.8		69,837	90,157
2.9	(1)	17,070	0
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.		(26,008)	(19,984)
3.1		0	0
3.2		0	0
3.3		0	0
3.4		(26,008)	(19,984)
3.5		0	0
3.6	(1)	0	0
IV.	(1)	18	(2)
V.		218,285	105,635
VI.		240,535	134,900
VII.		458,820	240,535

The accompanying notes form an integral of the financial statements.

İMKB TAKAS VE SAKLAMA BANKASI A.Ş. THE UNCONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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

Telephone and Fax : (0 212) 315 25 25 / (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 Accompanying Policies and Disclosures consists of the sections listed below:

- General Information About The Bank
- Unconsolidated Financial Statements Of The Bank
- Explanations On The Corresponding Accounting Policies Applied In The Related Period
- Information On Financial Structure Of The Bank
- Explanations And Disclosures On Unconsolidated Financial Statements
- Other Explanations And Footnotes
- Independent Auditors' Report

The unconsolidated financial statements and the explanations and disclosures, unless otherwise indicated, are prepared in thousands of New Turkish Lira, have been independently audited and presented below 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.

2 March 2007

Osman Birsen
President of the
Board of Directors

Emin Çatana
General Manager

Nezir Bakır
Assistant General
Manager

Cengiz Özübek
Accounting
Manager

Sezai Bekgöz
President of Audit
Committee

E. Kerem Korur
Member of Audit
Committee

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

Name-Surname/Title : Cengiz ÖZÜBEK / Accounting Manager

Telephone No : (0 212) 315 22 25

Fax No : (0 212) 315 22 34

İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

(Amounts expressed in thousands of New Turkish Lira [TRY] unless otherwise stated).

SECTION ONE GENERAL INFORMATION

1.1. 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.

1.2. 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

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 remaining 67.37% shares of the Bank's owned by brokerage houses and other banks.

Takasbank shares with nominal value of TRY 3,000,000 owned by Demirbank T.A.Ş., TRY 129,421 owned by İktisat Bankası T.A.Ş., TRY 641.616 owned by Med Menkul Değerler A.Ş., TRY 21,818 owned by Erciyes Menkul Değerler A.Ş. and TRY 460 owned by Tür Menkul Değerler ve Finansman A.Ş. with TRY 3,793,315 total nominal value have been purchased by İstanbul Stock Exchange "ISE" during 2006 and these sales have been recorded in the statutory shareholders registry. ISE's share increased from 26.3% to 32.63% in the shareholders structure with these acquisitions.

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

<u>Title:</u>	<u>Name and Surname</u>
Chairman of the Board of Directors	Osman BİRSEN
Members of the Board of Directors	Abdullah Cengiz MAKAS
	Sezai BEKGÖZ
	İlhami ÖZTÜRK
	İbrahim KURBAN
	Ekrem Kerem KORUR
	Rıza İhsan KUTLUSOY
	Bedii ENSARİ
	Ekrem Nevzat ÖZTANGUT
	Yasemin Öney CANKURTARAN
	Emin ÇATANA
General Manager	Emin ÇATANA
Assistant General Managers	H.Nezir BAKIR
	Yusuf ÇİÇEK
Statutory Auditors	Berra KILIÇ
	H. Arıl SEREN

Chairman of Board of Directors and other members stated above do not own any shares of the Bank. In the current period, İlhami ÖZTÜRK and İbrahim KURBAN, representing İstanbul Stock Exchange, have been appointed as Board of Directors members instead of Hüseyin ERKAN and Esin AKBULUT. Also, Yasemin Öney CANKURTARAN has been appointed as the brokerage houses representative due to Sencer TANRIVERDİ's resignation.

İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

(Amounts expressed in thousands of New Turkish Lira [TRY] unless otherwise stated).

1.4. 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 2006. The preferred shares belonging to ISE, provides the shareholder to be represented with more members in the Board of Directors.

1.5. 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").

İMKB TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

(Amounts expressed in thousands of New Turkish Lira [TRY] unless otherwise stated).

SECTION THREE ACCOUNTING POLICIES

3.1. 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 correspondant explanations and disclosures are expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

Accounting Policies Used:

The prior period financial statements, are restated as described below, in line with the principles of Turkish Accounting Standards No:1 "Fundamentals of Preparing and Presenting Financial Statements" published in the Official Gazette on 16/1/2005 with No: 25702, and in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards; and other principles, methods and explanations about accounting and financial reporting procedures issued by BRSA. The adjustments to the prior period profits, are summarized below:

As of 31 December 2005	Profit for the period	Retained Earnings
As previously reported	42,955	-
Employee benefit obligations adjustment	(273)	(769)
As restated	42,682	(769)

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.

3.2. 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 resource is the shareholders' equity of the Bank. The other resources consist of the short-term placements of the members with the Bank which are then placed by 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.

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.

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3.3. 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.

3.4. Interest Income and Expenses

Interest income and expenses are recognized in the income statement on an accrual basis; and the income generating transactions and profits are recorded along with the related costs and expenses in accordance with periodicity and accrual principles of accounting. When the Bank management estimates and judges that the collection becomes doubtful, then interest income is not recognized until the collection is made.

3.5. 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.

3.6. 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.

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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.

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 are comprises 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:

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 uncollectable in accordance with the related regulations.

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3.7. 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.

3.8. 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.

3.9. 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.

3.10. Explanations on Assets Held for Sale and Discontinued Operations

Highly saleable condition requires a plan by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of 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.

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.

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3.11. Explanations on Goodwill and Other Intangible Assets

As of the balance sheet date, there is no goodwill in the unconsolidated financial statements of the Bank.

Other intangible assets, purchased before 1 January 2005, are accounted for at restated cost until 31 December 2004 in accordance with inflation accounting, after 31 December 2004 are accounted for at the acquisition cost less accumulated amortisation and reserve for impairment, if any. Intangible assets are amortized with straight-line method based on their economic lives. The amortization method and the term is revised periodically at the end of every year. The intangible assets of the Bank comprise softwares.

3.12. 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.

	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.

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.

Normal maintenance and repair cost of the fixed assets are expensed.

3.13. Explanations on Leasing Transactions

The Bank enters into leasing transactions as lessee. The assets acquired under financial leases are accounted under fixed assets by using the lower of discounted total lease payments or market value and the corresponding entries are recorded as financial lease payables in liabilities. The financing costs of leasing transactions are spread over leasing period by calculating a constant periodic rate of return. Assets acquired under financial leases are depreciated over their useful lives. Impairment provision is made if necessary. Leasing payments are deducted from leasing payables.

The Bank has not terminated any finance lease agreements before their lease periods expire through 31 December 2006. The Bank does not engage in finance leasing transactions as a lessor.

3.14. 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.

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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 in 2005 and the overtime pays, whose contracts were terminated as of 31 December 2005 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.

3.15. 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 2006, 15 of the Bank's 184 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 15 members. The Bank has no obligation to the Fund.

3.16. 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 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.

3.17. Additional Explanations on Borrowings

The Bank has not issued any convertible bonds. The Bank has not also issued any borrowing instruments.

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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.

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 have received total cash guarantee of TRY 239,227 Thousand, TRY 223,658 Thousand as the trading collateral and TRY 5,569 Thousand as guarantee fund collateral, 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.

3.18. Explanations on Share Certificates

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

3.19. 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.

3.20. Explanations on Government Incentives

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

3.21. Explanations on Segment Reporting

As the Bank predominantly renders settlement and custody services under its non-deposit taking bank status and does not engage in commercial banking activities and has no activity in the context of reporting according to segments. Therefore, related segmental reporting and explanations have not been prepared.

3.22. 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.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

4.1. Explanations Related to the Capital Adequacy Standard Ratio

The capital adequacy ratio calculated based on the financial statements of the Bank was 194.11 % as at 31 December 2006. Bank uses standard method in determination of capital adequacy ratio.

As per the Banking Law, related with capital adequacy standard ratio calculation, risk weighted assets, liabilities, and non-cash loans are classified according to guarantee groups and evaluated in related risk group.

	Risk Weights			
	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non-Cash Loans				
Balance Sheet items (Net)	449,214	102,981	0	34,746
Cash	6	0	0	0
Matured Marketable Securities	0	0	0	0
Due From Central Bank of Turkey	19,813	0	0	0
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	0	99,740	0	5,339
Interbank Money Market Placements	326,000	0	0	0
Receivables From Reverse Repurchase Agreements	7,467	0	0	0
Reserve Deposits	455	0	0	0
Loans	300	0	0	20,035
Non-performing loans (Net)	0	0	0	0
Lease Receivables	0	0	0	0
Financial Assets Available For Sale	0	0	0	461
Held to Maturity Investments	76,168	0	0	0
Receivables From Installment Sales of Assets	0	0	0	0
Sundry Debtors	0	856	0	18
Interest and Income Accruals	13,870	2,385	0	41
Subsidiaries, Associates and Entities Under Common Control (Net)	0	0	0	0
Tangible Assets	0	0	0	8,852
Other Assets	5,135	0	0	0
Off-Balance Sheet Items	180,309	294,347	0	4,871
Guarantees and Commitments	180,309	294,347	0	4,871
Derivative Financial Instruments	0	0	0	0
Non Risk Weighted Accounts	0	0	0	0
Total Value at Risk	629,523	397,328	0	39,617

Summary information related to the capital adequacy ratio:

	Bank Current Period
Total Risk Weighted Assets (TRWA)	119,083
Amount Subject to Market Risk (ASMR)	188
Amount Subject to Operational Risk (ASOR) (*)	0
Shareholders' Equity	231,516
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	194.11

(*) Effective after 30 June 2007.

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Information related to the components of shareholders' equity:

CORE CAPITAL	Current Period
Paid-in capital	60,000
Nominal capital	60,000
Capital commitments (-)	0
Inflation adjustment to share capital	96,788
Share premiums	0
Share cancellation profits	0
Legal reserves	9,993
First legal reserve (Turkish Commercial Code 466/1)	7,312
Second legal reserve (Turkish Commercial Code 466/2)	2,681
Other legal reserve per special legislation	0
Statutory reserves	0
Extraordinary reserves (*)	38,025
Reserves allocated by the General Assembly	38,025
Retained earnings	0
Accumulated losses	0
Foreign currency share capital exchange differences	0
Inflation adjustment on legal reserves, statutory reserves and extraordinary reserves	0
Profit	31,519
Current period profit	32,561
Prior years' profits	(1,042)
Provision for possible losses up to 25% of the Core Capital	0
Gains on sale of associates and subsidiaries and properties to be added to capital	0
Primary subordinated loans up to 15% of the Core Capital	0
Losses that cannot be covered by reserves (-)	0
Net current period loss	0
Prior years' losses	0
Leasehold improvements (-)	0
Prepaid expenses (-)	(536)
Intangible assets (-)	(214)
Deferred tax asset exceeding 10% of the Core Capital	0
Excess amount in the Article 56, Clause 3 of the Banking Law	0
Total Core Capital	236,325

(*) Other profit reserves of TRY 3,269 Thousand have been included in extraordinary reserves.

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	Current Period
SUPPLEMENTARY CAPITAL	
General loan loss provisions	766
45% of the revaluation reserve for movable fixed assets	0
45% of the of revaluation reserve for properties	0
Bonus shares obtained from associates, subsidiaries and entities under common control	0
Primary subordinated loans excluded in the calculation of the Core Capital	0
Secondary subordinated loans	0
45% of marketable securities value increase fund	0
Associates and subsidiaries	0
Available for sale securities	0
Inflation adjustment on capital reserves, profit reserves and retained earnings (Except Inflation adjustment on legal reserves, statutory reserves and extraordinary reserves)	0
Total Supplementary Capital	766
TIER III CAPITAL	0
CAPITAL	237,091
DEDUCTIONS FROM THE CAPITAL	
Shareholdings of unconsolidated banks and financial institutions (Domestic, Foreign) in which the Bank holds more than ten percent of their capital	(4,825)
Shareholdings of 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	0
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and borrowings that possess Primary or Secondary Subordinated Debt nature from them	0
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	0
The net book value of immovables exceeding fifty percent of equity and immovables held for resale and immovables and commodity to be disposed according to Article 57 of the legislation and have not been disposed after 5 years since foreclosure	0
Total deductions from the capital	(5,575)
Total Shareholder's Equity	231,516

The current period capital adequacy table is prepared as per BRSA Communique on Measurement and Assessment of Capital Adequacy of Banks published on 1 November 2006. Since the new capital adequacy table is not comparable to prior period, the prior period capital adequacy table is not presented above. As of 31 December 2005, the capital adequacy standard ratio prepared as per prevailing BRSA Communique as of 31 December 2005 was 304.21%.

4.2. 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.

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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 has 21 cash loan customers as at the balance sheet date.

The Bank has 34 non cash loan customers as at the balance sheet date.

The Bank calculates general provisions for credit risk and receives liquid collaterals. The Bank recorded TRY 766 Thousand general provision for the exposed credit risks exposed.

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Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Equity Investments ***	Net Income /Loss
Current Period					
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	0	0	0	4,825	0
Unallocated Assets/Liabilities (**)	0	0	0	0	0
Total	589,675	358,636	479,527	5,286	32,561
Prior Period					
Domestic	428,744	213,587	443,533	324	42,651
European Union Countries	7,018	0	0	0	0
OECD Countries (*)	0	0	0	0	0
Off-shore Banking Regions	0	0	0	0	0
USA, Canada	1,856	0	0	0	31
Other Countries	0	0	0	0	0
Associates, Subsidiaries and Entities Under Common Control	0	0	0	4,825	0
Unallocated Assets/Liabilities (**)	0	0	0	0	0
Total	437,618	213,587	443,533	5,149	42,682

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

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

(***) Equity investments are written in "Equity Investments" column, and these amounts are excluded from "Assets" column.

Sector concentration for cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	0	0.00	0	0.00	0	0.00	0	0.00
Farming and Raising Livestock	0	0.00	0	0.00	0	0.00	0	0.00
Forestry, Wood and Paper	0	0.00	0	0.00	0	0.00	0	0.00
Fishery	0	0.00	0	0.00	0	0.00	0	0.00
Manufacturing	0	0.00	0	0.00	0	0.00	0	0.00
Mining and Quarry	0	0.00	0	0.00	0	0.00	0	0.00
Production	0	0.00	0	0.00	0	0.00	0	0.00
Electricity, Gas and Water	0	0.00	0	0.00	0	0.00	0	0.00
Construction	0	0.00	0	0.00	0	0.00	0	0.00
Services	20,372	100.00	0	0.00	18,866	100.00	0	0.00
Wholesale and Retail Trade	0	0.00	0	0.00	0	0.00	0	0.00
Hotel, Tourism, Food and Beverage Services	0	0.00	0	0.00	0	0.00	0	0.00
Transportation and Communication	0	0.00	0	0.00	0	0.00	0	0.00
Financial Institutions	20,372	100.00	0	0.00	18,866	99.98	0	0.00
Real Estate and Renting Services	0	0.00	0	0.00	0	0.00	0	0.00
Self-Employment Services	0	0.00	0	0.00	0	0.00	0	0.00
Education Services	0	0.00	0	0.00	0	0.00	0	0.00
Health and Social Services	0	0.00	0	0.00	0	0.00	0	0.00
Other	0	0.00	0	0.00	4	0.02	0	0.00
Total	20,372	100.00	0	0.00	18,870	100.00	0	0.00

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4.3. 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.

Information Related to Market Risk:

	Tutar
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	15
(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)	15
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	188

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

	Current Period			Prior Period		
	Avarage	Maximum	Minimum (*)	Avarage	Maximum	Minimum
Interest Rate Risk	9,847	14,238	188	13,624	15,713	9,625
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
Total Value Subject to Risk	9,847	14,238	188	13,624	15,713	9,625

(*) 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.

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4.4. Explanations Related to Operational Risk

According to Communiqué on Measurement and Assessment of Capital Adequacy of Banks, which was published on 1 November 2006, the operational risk will be calculated from 1 June 2007.

4.5. 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:

	31 December 2006			
	1 USD	1 EURO	1 GBP	1 JPY
"FC Valuation Rate" of the Bank	1.405600	1.851500	2.756900	0.011797
Previous days;				
29 December 2006 (1. working day)	1.4131	1.8586	2.7689	0.011872
28 December 2006 (2. working day)	1.4192	1.8668	2.7803	0.011937
27 December 2006 (3. working day)	1.4198	1.8650	2.7806	0.011919
26 December 2006 (4. working day)	1.4222	1.8686	2.7937	0.011952
25 December 2006 (5. working day)	1.4186	1.8725	2.7869	0.011958

The simple arithmetic averages of USD, EURO, GBP and JPY exchange buying rates of the Bank for the thirty days before 31 December 2006 are as follows: 1.4241, 1.8810, 2.7955 and 0.0121.

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Information on the foreign currency risk of the Bank (Thousand TRY):

	EURO	USD	Yen	Other	Total
Current Period					
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	0	630	0	0	630
Due From Other Banks and Financial Institutions	562	5,519	0	0	6,081
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
Total Assets	562	6,149	0	0	6,711
Liabilities					
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	537	5,640	0	0	6,177
Derivative Financial Liabilities for Hedging Purposes	0	0	0	0	0
Other Liabilities	0	0	0	0	0
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
Prior Period					
Total Assets	565	8,548	0	2	9,115
Total Liabilities	(551)	(8,242)	0	0	(8,793)
Net Balance Sheet Position	14	306	0	2	322
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

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4.6. 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.

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	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Assets							
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 and Financial Institutions	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
Total Assets	431,746	66,050	57,378	1,497	16,647	21,643	594,961
Liabilities							
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
Total Liabilities	325,448	0	0	0	0	269,513	594,961
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
Total Position	106,298	66,050	57,378	1,497	16,647	(247,870)	0

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Average interest rates applied to monetary financial instruments:

Current Period	EURO	USD	Yen	TRY
	%	%	%	%
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	0	0	0	13.12
Due From Other Banks and Financial Institutions	0	5.05	0	21.09
Financial Assets at Fair Value Through Profit and Loss	0	0	0	16.00
Money Market Placements	0	0	0	17.54
Financial Assets Available-For-Sale	0	0	0	0
Loans	0	0	0	21.59
Held to Maturity Investments	0	0	0	16.00
Liabilities				
Bank Deposits	0	0	0	0
Other Deposits	0	0	0	0
Money Market Borrowings	0	0	0	0
Sundry creditors	0	0	0	19.31
Securities Issued	0	0	0	0
Funds Provided From Other Financial Institutions	0	0	0	17.98

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

Prior Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	9,044	0	0	0	0	2	9,046
Due From Other Banks and Financial Institutions	30,214	25,638	0	0	0	0	55,852
Financial Assets at Fair Value Through Profit and Loss	218	239	390	1,200	331	0	2,378
Money Market Placements	176,978	0	0	0	0	0	176,978
Financial Assets Available-For-Sale	0	0	0	0	0	324	324
Loans	18,870	0	0	0	0	0	18,870
Held-To-Maturity Investments	0	9,707	29,870	45,367	63,121	0	148,065
Other Assets	60	0	0	0	0	31,194	31,254
Total Assets	235,384	35,584	30,260	46,567	63,452	31,520	442,767
Liabilities							
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	84,078	0	0	0	0	14,715	98,793
Securities Issued	0	0	0	0	0	0	0
Funds Provided From Other Financial Institutions	91,543	0	0	0	0	637	92,180
Other Liabilities	0	0	0	0	0	251,794	251,794
Total Liabilities	175,621	0	0	0	0	267,146	442,767
Balance Sheet Position	59,763	35,584	30,260	46,567	63,452	(235,626)	0
Off-Balance Sheet Position	0	0	0	0	0	0	0
Total Position	59,763	35,584	30,260	46,567	63,452	(235,626)	0

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Average interest rates applied to monetary financial instruments:

Prior Period	EURO	USD	Yen	TRY
	%	%	%	%
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	0	0	0	10.25
Due From Other Banks And Financial Institutions	0	3.92	0	18.03
Financial Assets At Fair Value Through Profit And Loss	0	0	0	19.60
Money Market Placements	0	0	0	13.60
Financial Assets Available-For-Sale	0	0	0	0
Loans o	0	0	17.39	
Held-To-Maturity Investments	0	0	0	19.60
Liabilities				
Bank Deposits	0	0	0	0
Other Deposits	0	0	0	0
Money Market Borrowings	0	0	0	0
Sundry Creditors	0	0	0	18.03
Securities Issued	0	0	0	0
Funds Provided From Other Financial Institutions	0	0	0	18.03

4.7. 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.

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Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Undistrib uted(*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	6	20,841	0	0	0	0	0	20,847
Due From Other Banks and Financial Institutions	740	56,410	50,147	0	0	0	0	107,297
Financial Assets at Fair Value Through Profit and Loss	0	0	321	429	1,497	198	0	2,445
Money Market Placements	0	333,952	0	0	0	0	0	333,952
Financial Assets Available-For-Sale	461	0	0	0	0	0	0	461
Loans	0	20,372	0	0	0	0	0	20,372
Held-To-Maturity Investments	0	0	15,582	56,949	0	16,449	0	88,980
Other Assets	5,984	171	0	0	0	0	14,452	20,607
Total Assets	7,191	431,746	66,050	57,378	1,497	16,647	14,452	594,961
Liabilities								
Bank Deposits	0	0	0	0	0	0	0	0
Other Deposits	0	0	0	0	0	0	0	0
Funds Provided From Other Financial Institutions	0	91,873	0	0	0	0	1,882	93,755
Money Market Borrowings	0	0	0	0	0	0	0	0
Securities Issued	0	0	0	0	0	0	0	0
Sundry Creditors	0	233,575	0	0	0	0	19,600	253,175
Other Liabilities	0	1,290	0	7,502	0	0	239,239	248,031
Total Liabilities	0	326,738	0	7,502	0	0	260,721	594,961
Liquidity Gap	7,191	105,008	66,050	49,876	1,497	16,647	(246,269)	0
Prior Period								
Total Assets	24,984	227,389	34,946	30,260	46,567	63,452	15,169	442,767
Total Liabilities	(12,061)	(180,857)	(18,528)	0	0	0	(231,321)	(442,767)
Liquidity Gap	12,923	46,532	16,418	30,260	46,567	63,452	(216,152)	0

(*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in short periods such as tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses and loans under follow-up are included in this column.

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

The table below shows the book value and the fair value of the financial assets and liabilities in the financial statements of the Bank.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	551,062	400,089	549,461	402,697
Money Market Placements	333,952	176,978	333,952	176,978
Due From Other Banks and Financial Institutions	107,297	55,852	107,297	55,852
Financial Assets Available-For-Sale	461	324	461	324
Held-To-Maturity Investments	88,980	148,065	87,379	150,673
Loans	20,372	18,870	20,372	18,870
Financial Liabilities	254,465	98,793	254,465	98,793
Bank Deposits	0	0	0	0
Other Deposits	0	0	0	0
Funds Provided From Other Financial Institutions	0	0	0	0
Securities Issued	0	0	0	0
Sundry Creditors	253,175	98,793	253,175	98,793

4.8. 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.

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.

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON FINANCIAL STATEMENTS

5.1. Explanations Related to the Assets

5.1.1. Information on cash and balances with the Central Bank of Turkey:

5.1.1.1. Information on cash and balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	6	0	2	0
Balances with the Central Bank of Turkey	20,211	630	8,820	224
Other	0	0	0	0
Total	20,217	630	8,822	224

5.1.1.2. Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposit (*)	20,211	630	8,820	224
Unrestricted time deposit	0	0	0	0
Restricted time deposit	0	0	0	0
Total	20,211	630	8,820	224

(*) TRY 458 (2005- TRY 163) of unrestricted demand deposit balance comprises of reserve deposits.

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

5.1.2.1. 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 31 December 2006 and 31 December 2005.

5.1.2.2. 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 31 December 2006 and 31 December 2005.

5.1.2.3. 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 31 December 2006 and 31 December 2005.

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5.1.3. Information on banks and other financial institutions:

5.1.3.1. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	101,216	6,081	49,961	8,891
Domestic	101,216	32	49,961	17
Foreign	0	6,049	0	8,874
Branches and head office abroad	0	0	0	0
Other Financial Institutions	0	0	0	0
Total	101,216	6,081	49,961	8,891

5.1.3.2. Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	702	7,018	0	0
USA and Canada	5,347	1,856	0	0
OECD Countries*	0	0	0	0
Off-shore banking regions	0	0	0	0
Other	0	0	0	0
Total	6,049	8,874	0	0

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

5.1.4. Information on financial assets available-for-sale portfolio:

5.1.4.1. 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 31 December 2006 and 31 December 2005.

5.1.4.2. Available-for-sale securities subject to repo transactions:

The Bank has no available-for-sale securities subject to repo transactions as at 31 December 2006 and 31 December 2005.

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5.1.4.3. Information on available for sale securities:

Available for sale securities consist of the investment in which the Bank has 3% shareholding in Izmir 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 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	324
Quoted on a stock exchange	0	0
Not quoted	461	324
Impairment provision(-)	0	0
Total	461	324

5.1.5. Information on loans:

5.1.5.1. 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	12,862	102,853	14,594	81,940
Corporate shareholders	12,862	102,853	14,594	81,940
Real person shareholders	0	0	0	0
Indirect loans granted to shareholders	0	0	0	0
Loans granted to employees	0	0	4	0
Total	12,862	102,853	14,598	81,940

5.1.5.2. 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
Non-specialized loans	20,372	0	0	0
Discount notes	0	0	0	0
Export loans	0	0	0	0
Import loans	0	0	0	0
Loans given to financial sector	20,372	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
Total	20,372	0	0	0

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5.1.5.3. Loans according to their maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term loans and other receivables	20,372	0	0	0
Non-specialized loans	20,372	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

5.1.5.4. 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 31 December 2006. The Bank has TRY 4 Thousand personnel loans as at 31 December 2005.

5.1.5.5. Information on commercial loans with installments and corporate credit cards:

The Bank has no commercial loans with installment and corporate credit cards as at 31 December 2006 and 31 December 2005.

5.1.5.6. Loans according to borrowers:

	Current Period	Prior Period
Public	0	0
Private	20,372	18,870
Total	20,372	18,870

5.1.5.7. Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	20,372	18,870
Foreign loans	0	0
Total	20,372	18,870

5.1.5.8. Loans granted to subsidiaries and associates:

The Bank has no loans granted to subsidiaries and associates as of the balance sheet date.

5.1.5.9. Specific provisions provided against loans:

The Bank has no specific provisions provided against loans as of the balance sheet date.

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5.1.5.10. Information on non-performing loans (net):

5.1.5.10.1. 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.

5.1.5.10.2. Information on non-performing loans movement

The Bank has no non-performing loans as of the balance sheet.

5.1.5.10.3. Information on foreign currency non-performing loans and other receivables

The Bank has no foreign currency non-performing loans.

5.1.5.11. Main principles of liquidating loans and receivables deemed losses:

The Bank has no liquidating loans and other receivables deemed losses.

5.1.6. Information on held-to-maturity investments:

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

The Bank's held to maturity investment securities given as collateral or blocked is TRY 76,168 Thousand, the accrual amount of this investment is TRY 12,812 Thousand as of 31 December 2006. (31 December 2005: TRY 130,996 Thousand, the accrual amount of this investment is TRY 17,069 Thousand).

5.1.6.2. Held-to-maturity securities subject to repo transactions:

The Bank has no held-to-maturity securities subject to repo transactions as at 31 December 2006 and 31 December 2005.

5.1.6.3. Information on public sector debt investments held-to-maturity:

	Current Period	Prior Period
Government Bond	88,980	148,065
Treasury Bill	0	0
Other public sector debt securities	0	0
Total	88,980	148,065

5.1.6.4. Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	88,980	148,065
Quoted on a stock exchange	88,980	148,065
Not quoted on a stock exchange	0	0
Impairment provision (-)	0	0
Total	88,980	148,065

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5.1.6.5. Movement of held-to-maturity investments:

	Current Period	Prior Period
Beginning balance	148,065	127,842
Foreign currency differences on monetary assets	0	0
Purchases during year	10,753	110,380
Disposals through sales and redemptions	(69,838)	(90,157)
Impairment provision	0	0
Closing Balance	88,980	148,065

5.1.7. Information on associates (net):

5.1.7.1. Information on associates:

The Bank has no associates as of the balance sheet date.

5.1.7.2. Movement of associates:

The Bank has no associates as of the balance sheet date.

5.1.7.3. Sectoral information on associates and recorded amounts:

The Bank has no associates as of the balance sheet date.

5.1.7.4. Associates quoted on stock exchange:

The Bank has no associates as of the balance sheet date.

5.1.8. Information on subsidiaries (Net):

5.1.8.1. Information on nonconsolidated subsidiaries:

Description	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
Merkezi Kayıt Kuruluşu A.Ş.	İstanbul/Türkiye	28.57	65.00

Although the Bank's share in Merkezi Kayıt Kuruluşu A.Ş. ("Central Securities Registry Agency") is 65%, the Bank has not consolidated this subsidiary since its voting right is 2/7 according to its Articles of Association and it has no control power. 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
(*) 17,194	13,597	5,668	640	128	8,345	(2,477)	-

(*) Information obtained from the unaudited financial statements as at 31 December 2006.

5.1.9. Information on entities under common control

The Bank has no entities under common control as at 31 December 2006 and 31 December 2005.

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5.1.10. Information on lease receivables (net):

The Bank has no lease receivables as at 31 December 2006 and 31 December 2005.

5.1.11. Information on derivative financial assets for hedging purposes:

The Bank has no financial assets for hedging purposes as at 31 December 2006 and 31 December 2005.

5.1.12. Information on tangible assets: (Net):

	Land and Building	Assets held under finance leases	Vehicles	Other	Total
Cost					
1 January 2005 Beginning Balance	11,492	8,646	1,072	4,971	26,181
Additions	0	0	0	515	515
Disposals	0	0	0	0	0
Scraps	0	0	0	(1,723)	(1,723)
31 December 2005 Ending Balance	11,492	8,646	1,072	3,763	24,973
1 January 2006 Beginning Balance	11,492	8,646	1,072	3,763	24,973
Additions	0	0	0	214	214
Disposals	0	0	(172)	0	(172)
Scraps	0	0	0	(315)	(315)
31 December 2006 Ending Balance	11,492	8,646	900	3,662	24,700
Accumulated Depreciation and Impairment					
1 January 2005 Beginning Balance	(3,030)	(7,168)	(665)	(4,386)	(15,249)
Depreciation charge	(169)	(1,213)	(150)	(396)	(1,928)
Disposals	0	0	0	0	0
Scraps	0	0	0	1,723	1,723
31 December 2005 Ending Balance	(3,199)	(8,381)	(815)	(3,059)	(15,454)
1 January 2006 Beginning Balance	(3,199)	(8,381)	(815)	(3,059)	(15,454)
Depreciation charge	(169)	(265)	(137)	(286)	(857)
Disposals	0	0	148	0	148
Scraps	0	0	0	315	315
31 December 2006 Ending Balance	(3,368)	(8,646)	(804)	(3,030)	(15,848)
31 December 2005 Net Book Value	8,293	265	257	704	9,519
31 December 2006 Net Book Value	8,124	0	96	632	8,852

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5.1.13. Information on intangible assets:

The other intangible assets of the Bank comprise softwares.

The current and prior period movement of other intangible assets are shown below:

	Rights	Total
Cost		
1 January 2005 Beginning Balance	1,514	1,514
Additions	110	110
Disposals	0	0
Scraps	0	0
31 December 2005 Ending Balance	1,624	1,624
1 January 2006 Beginning Balance	1,624	1,624
Additions	64	64
Disposals	0	0
Scraps	0	0
31 December 2006 Ending Balance	1,688	1,688
Accumulated Amortisation an Impairment		
1 January 2005 Beginning Balance	(1,124)	(1,124)
Amortisation Charge	(168)	(168)
Disposals	0	0
Scraps	0	0
31 December 2005 Ending Balance	(1,292)	(1,292)
1 January 2006 Beginning Balance	(1,292)	(1,292)
Amortisation Charge	(182)	(182)
Disposals	0	0
Scraps	0	0
31 December 2006 Ending Balance	(1,474)	(1,474)
31 December 2005 Net Book Value	332	332
31 December 2006 Net Book Value	214	214

5.1.14. Explanations on deferred tax asset:

According to the tax legislation, deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized, except for general loan loss provisions, to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax asset, amounting to TRY 853 Thousand, and deferred tax liability, amounting to TRY 320 Thousand, have been calculated over the deferred tax basis, which consists of retirement pay liability, valuation differences and useful life differences of fixed assets as per TAS and Tax Law. However, the Bank has not reflected the calculated deferred tax asset and consequently the deferred tax benefit to the accompanying financial statements. The Bank reflected TRY 320 Thousand deferred tax liability to the accompanying financial statements.

As of 31 December 2005 TRY 1,594 Thousand net deferred tax asset was calculated. However, The Bank has not reflected the calculated deferred tax asset and consequently the deferred tax benefit to the accompanying financial statements.

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5.1.15. Information on assets held for sale:

The Bank has no assets held for sale as of the balance sheet date.

5.1.16. Information on other assets:

5.1.16.1. 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:

There are no other assets which exceed 10% of the balance sheet total.

5.2. Explanations Related to the Liabilities

5.2.1. Information on deposits:

5.2.1.1. Information on maturity structure of deposits: Current Period (31.12.2006):

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

5.2.1.2. Information on maturity structure of deposits : Prior Period (31.12.2005):

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

5.2.1.3. Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

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

5.2.1.4. Information about the saving deposits of Turkish branches of banks abroad if covered by insurance in the country of the foreign bank:

The Bank's head office is in Turkey.

5.2.1.5. Saving deposits which are not under the guarantee of deposit insurance fund:

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

5.2.2. Information on derivative financial liabilities held for trading:

The Bank has no derivative financial liabilities held for trading as at 31 December 2006 and 31 December 2005.

5.2.3. Information on funds borrowed:

5.2.3.1. Information on banks and other financial institutions:

The Bank has no funds borrowed as at 31 December 2006 and 31 December 2005.

5.2.3.2. Maturity analysis of funds borrowed:

The Bank has no funds borrowed as at 31 December 2006 and 31 December 2005.

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5.2.3.3. Additional information about the concentrated areas of liabilities and the reasons of concentration based on the customers, sectors or other criteria leading to such concentration:

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.

5.2.4. Other liabilities 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:

	Current Period	Prior Period
ISE Guarantee Fund - Share Certificates	38,234	34,080
ISE Guarantee Fund - Bond	46,161	53,116
Other	9,360	4,984
Total	93,755	92,180

5.2.5. Explanations on lease payables (net):

The Bank has no leasing agreements as at 31 December 2006 and 31 December 2005.

5.2.6. Information on derivative financial liabilities for hedging purposes:

The Bank has no derivative financial liabilities for hedging purposes as at 31 December 2006 and 31 December 2005.

5.2.7. Information on provisions:

5.2.7.1. Information on general loan loss provisions:

	Current Period	Prior Period
General Loan Loss Provisions	766	355
Provisions for First Group Loans and Receivables	200	294
Provisions for Second Group Loans and Receivables	0	0
Provisions for Non-Cash Loans	566	61
Other	0	0

5.2.7.2. Foreign exchange losses on the foreign currency indexed loans and finance lease receivables:

The Bank has no foreign exchange losses on the foreign currency and finance lease receivables as at 31 December 2006 and 31 December 2005.

5.2.7.3. The specific provisions provided for unindemnified non cash loans amount:

The bank has no specific provisions provided for unindemnified non cash loans as at 31 December 2006 and 31 December 2005.

5.2.7.4. Reserve for employee benefits:

Bank has calculated reserve for employee termination benefits and unused vacation provision based on TAS No: 19 and reflected this in the financial statements.

As at 31 December 2006, the Bank provided a reserve of TRY 757 Thousand (2005- TRY 581 Thousand) for the unused vacations and shown on Reserve for Employee Benefits in the financial statements.

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Movement of employee termination benefits:

	Current period	Prior Period
As of January 1	568	437
Utilized/ Paid	-	-
Charge for the year	378	131
Total	946	568

5.2.7.5. Liabilities Resulting From Retirement Benefits:

5.2.7.5.1. Liabilities for pension funds established in accordance with "Social Security Institution":

The Bank has no liabilities for pension funds established in accordance with "Social Security Institution" as of the balance sheet date.

5.2.7.5.2. Liabilities resulting from all kinds of pension funds, foundations, which provide post retirement benefits for the employees:

As at 31 December 2006, 15 of the Bank's 184 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 15 members. The Bank has no obligation to the Fund.

5.2.7.6. Information on other provisions:

5.2.7.6.1. Information on provisions for possible losses:

The Bank has no provisions for possible losses as at 31 December 2006 and 31 December 2005.

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

The Bank's other provisions do not exceed 10% of the total provisions as at 31 December 2006 and 31 December 2005.

5.2.8. Explanations on taxes liability:

5.2.8.1. Information on current tax liability:

5.2.8.1.1. Information on tax provision:

The Bank is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Bank's results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 2006 is 20% (2005: 30%).

The Bank's tax provision in the current year is TRY 7,502 Thousand and TRY 18,528 Thousand in the prior period.

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5.2.8.1.2. Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	0	0
Taxation of securities	249	1,727
Property tax	0	0
Banking Insurance Transaction Tax (BITT)	260	232
Foreign Exchange Transaction Tax	0	0
Value Added Tax Payable	7	4
Other	382	394
Total	898	2,357

5.2.8.1.3. Information on premiums payable:

	Current Period	Prior Period
Social Security Premiums-Employee	150	85
Social Security Premiums-Employer	211	122
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	10	6
Unemployment insurance-Employer	21	12
Other	0	0
Total	392	225

5.2.8.2. Explanations on deferred tax liabilities:

As of the balance sheet date, the Bank has calculated TRY 320 Thousand deferred tax liability on the valuation differences of TAS and Tax Law of held to maturity investments and reflected the deferred tax liability to the accompanying financial statements.

5.2.9. Information on payables related to assets held for sale:

The Bank has no payables related to assets held for sale as at 31 December 2006 and 31 December 2005.

5.2.10. 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:

The Bank has no subordinated loans as at 31 December 2006 and 31 December 2005.

5.2.11. Shareholders' Equity:

5.2.11.1. Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock	60,000	60,000
Preferred stock	0	0

The Bank has TRY 200 preferred shares owned by Istanbul Stock Exchange as at 31 December 2006.

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5.2.11.2. Amount of paid in capital, explanation about whether the registered share capital system is used, if this system is used the amount of registered share capital ceiling:

The Bank is not subject to the registered share capital system.

5.2.11.3. Information on share capital increases and their sources; other information on increased capital shares in current period:

During the current period, there was no increase in capital.

5.2.11.4. Information on share capital increases from capital reserves:

The Bank has no share capital increases from capital reserves in the current period.

5.2.11.5. 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:

The Bank has no capital commitments in the last fiscal year and at the end of the following interim period.

5.2.11.6. Indicators of the Bank's income, profitability and liquidity for the previous 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.

5.2.11.7. Information on preferred shares:

As at 31 December 2006, the Bank has preferred stocks with a nominal value of TRY 200. These preferred stocks belong to Istanbul Stock Exchange which give the right to be presented with more members in the Board of Directors.

5.2.11.8. Information on marketable securities value increase fund:

The Bank has no marketable securities value increase fund as at 31 December 2006 and 31 December 2005.

5.2.11.9. Information on minority shares:

There are no minority shares in the accompanying unconsolidated financial statements.

5.3. Explanations Related to the Off-Balance Sheet Contingencies and Commitments

5.3.1. Information on off-balance sheet liabilities:

5.3.1.1. Nature and amount of irrevocable loan commitments:

The bank has no irrevocable loan commitments as at 31 December 2006 and 31 December 2005.

5.3.1.2. Possible losses and commitments related to off-balance sheet items:

5.3.1.2.1. *Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits:*

The Bank has no non-cash loans including guarantees, acceptances, financial guarantee and other letters of credit.

5.3.1.2.2. *Guarantees, suretyships and similar transactions:*

The Bank has no guarantees, suretyships and similar transactions.

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5.3.1.3. Information on Non-Cash Loans:

5.3.1.3.1. 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	479,527	443,533
Total	479,527	443,533

5.3.1.3.2. 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	479,527	100	0	0	443,533	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	479,527	100	0	0	443,533	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
Total	479,527	100	0	0	443,533	100	0	0

5.3.1.3.3. Information on Ist and IInd Group non-cash loans:

	I st Group		II nd Group	
	TRY	FC	TRY	FC
Non-cash loans	0	0	0	0
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 guarantees	0	0	0	0
Other	479,527	0	443,533	0

5.3.2. Information related to derivative financial instruments:

The Bank has no derivative financial instruments as at 31 December 2006 and 31 December 2005.

5.3.3. Information on contingent liabilities and assets:

The Bank has no contingent liabilities and assets as at 31 December 2006 and 31 December 2005.

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5.3.4. 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.

5.4. Explanations Related to the Statement of Income:

5.4.1. Information on interest income:

5.4.1.1. Information on interest on loans:

	Group I		Group II	
	TRY	FC	TRY	FC
Interest on loans	3,881	0	0	0
Short term loans	3,881	0	0	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

5.4.1.2. Information on interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	0	3	0	0
Domestic banks	14,144	0	5,481	6
Foreign banks	0	173	0	31
Branches and head office abroad	0	0	0	0
Total	14,144	176	5,481	37

5.4.1.3. 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	18,405	0	31,782	0
Total	18,405	0	31,782	0

5.4.1.4. Information on interest income received from associates and subsidiaries:

The Bank has no interest income received from associates and subsidiaries in 2006 and 2005.

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5.4.2. Information on interest expense:

5.4.2.1. Information on interest expense on funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	999	0	33	0
The Central Bank of Turkey	0	0	0	0
Domestic banks	999	0	33	0
Foreign banks	0	0	0	0
Branches and head office abroad	0	0	0	0
Other financial institutions	0	0	0	0
Total	999	0	33	0

5.4.2.2. Information on interest expense to associates and subsidiaries:

The Bank has no interest expense to associates and subsidiaries in 2006 and 2005.

5.4.2.3. Information on interest expense on securities issued:

The Bank has no interest expense on securities issued in 2006 and 2005.

5.4.2.4. Allocation of interest expense on deposits based on maturity of deposits:

The Bank has no interest expense paid on deposits in 2006 and 2005.

5.4.3. Information on dividend income:

The Bank has no dividend income in 2006 and 2005.

5.4.4. Information on net trading income (Net):

	Current Period	Prior Period
Income	135	61
Profit on capital market operations	0	0
Profit on derivative financial instruments	0	0
Other	0	0
Foreign exchange gains	135	61
Losses (-)	(117)	(63)
Losses on capital market operations	0	0
Losses on derivative financial instruments	0	0
Other	0	0
Foreign exchange losses	(117)	(63)

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5.4.5. 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.

Extraordinary income resulting from extraordinary transactions and the nature and the quantity of these extraordinary transactions:

The Bank has not generated any extraordinary income effecting its revenues.

The other operating income of TRY 21,366 Thousand consists of banking service income amounting to TRY 17,708 Thousand, other non interest income amounting to TRY 3,654 Thousand and reversal of impairment provision amounting to TRY 4 Thousand.

5.4.6. Provision for loan losses and other receivables of Banks:

	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 loan loss provision expenses	411	114
Provision expenses for possible losses	0	0
Foreign exchange loss of foreign currency indexed loans	0	0
Marketable securities impairment losses	0	0
Financial assets at fair value through profit and loss	0	0
Financial assets available for sale	0	0
Impairment provision expenses	0	0
Associates	0	0
Subsidiaries	0	0
Entities under common control	0	0
Held to maturity investments	0	0
Other	0	0
Total	411	114

5.4.7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	13,302	14,365
Reserve for employee termination benefits	378	131
Bank social aid fund deficit provision	0	0
Depreciation expenses of fixed assets	857	1,928
Amortization expenses of intangible assets	182	168
Other operating expenses	2,728	4,831
Maintenance expenses	91	81
Advertisement expenses	21	51
Other expenses	2,616	4,699
Loss on sale of assets	0	0
Operating lease expenses	0	0
Other	1,113	1,155
Total	18,560	22,578

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5.4.8. Information on income/(loss) before taxes:

As at 31 December 2006, the Bank's income before taxes is TRY 40,383 Thousand.

5.4.9. Information on tax provision:

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.

The Bank's tax charge is TRY 7,502 Thousand as at 31 December 2006. The Bank reflected TRY 320 Thousand deferred tax liability and consequently the deferred tax expense to the accompanying financial statements as at 31 December 2006. The Bank has not reflected the calculated deferred tax asset and consequently the deferred tax benefit to the accompanying financial statements.

Tax provision reconciliation:

	Current Period	Prior Period
Profit before tax	40,383	61,210
Additions	2,883	4,943
Allowances	(5,754)	(4,394)
Corporate Tax Base	37,512	61,759
Corporate tax rate	20%	30%
Tax calculated	7,502	18,528
Deferred tax charge / benefit	320	-
Total	7,822	18,528

5.4.10. Information on net operating income after taxes:

As at 31 December 2006, the Bank's net income after taxes is TRY 32,561 Thousand.

5.4.11. The explanations on net profit/(loss) for the period

5.4.11.1. The nature, amount and frequency of income and expenses arising from ordinary banking activities, if required for understanding the performance of the Bank in the current period:

The Bank has generated a total of TRY 38,463 Thousand interest income, TRY 999 Thousand interest expense and TRY 506 Thousand net fee and commission income from banking operations. On the other hand, TRY 18,560 Thousand expense and TRY 21,366 Thousand income have been recognised for all non banking related operations.

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

There are no changes in the accounting estimates and accordingly any effect on the income/loss for the period.

5.4.11.3. Profit or loss attributable to minority shares:

In the accompanying financial statements, there is no profit or loss attributable to minority shares .

5.4.12. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items:

The Bank has generated TRY 21,366 Thousand income from other income items. TRY 17,707 Thousand of this income is commission income, TRY 3,659 Thousand is non-interest income. The major commission subsidiary accounts consist of custody commission income with TRY 9,086 Thousand, settlement commission income with TRY 3,329 Thousand, guarantee fund operating commission income with TRY 2,286 Thousand, service commission income with TRY 1,085 Thousand and other commission income with TRY 1,921 Thousand. Domestic government bond commission income with TRY 5,690 Thousand, composes the major part of the TRY 9,086 Thousand custody commission income.

The details of other expenses are shown in the note 5.4.7.

5.5. Explanations Related to Statement of Changes in Shareholders' Equity

5.5.1. Paid in Capital:

As at 31 December 2006, the main shareholders and capital structure are shown below:

Name Surname/Title	Share Capital	Shareholding Rate	Paid-in Capital	Unpaid Capital
İstanbul Stock Exchange	19,575	32.63	19,575	0
Other	40,425	67.37	40,425	0
Total	60,000	100.00	60,000	0

As at 31 December 2006, 32.63% of the Bank belongs to Istanbul Stock Exchange ("ISE"). As at 31 December 2006, ISE holds nominal TRY 200 preferred shares of the Bank.

Shares shown on the Other belongs to 67 brokerage houses and 19 banks. The highest share in this item is 5%.

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As at 31 December 2005, the main shareholders and capital structure are shown below:

Name Surname/Title	Share Capital	Shareholding Rate	Paid-in Capital	Unpaid Capital
İstanbul Stock Exchange	15,782	26.3	15,782	0
Other	44,218	73.7	44,218	0
Total	60,000	100.00	60,000	0

Information on dividends:

5.5.2.1. Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements

As of the date of this report, the Bank has not yet calculated its distributable profit and earnings per share for the approval in the General Assembly. Accordingly, a statement of profit distribution is not disclosed in the accompanying financial statements.

5.5.2.2. Dividends per share proposed subsequent to the balance sheet date

There are no dividends proposed by the Bank after the balance sheet date.

5.5.3. Amounts transferred to legal reserves:

	Current Period	Prior Period
Amounts transferred to reserves from retained earnings (+)	4,252	2,488

In its annual shareholders meeting on 31 March 2006, the Bank decided to distribute TRY 42,995 Thousand profit calculated in accordance with prevailing BRSA applications ("Accounting Practices Regulation - APR") for the year ended 31 December 2005. The Bank appropriated the first legal reserve of TRY 1,951 Thousand and the second legal reserve of TRY 2,301 Thousand and in total TRY 4,252 Thousand.

5.6. Explanations Related to Statement Of Cash Flows:

5.6.1. 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" item in "Operating profit before changes in operating assets and liabilities" consist of other operating expenses and fees and commissions paid except for personnel expenses, leasing expenses, reserve for employee termination benefits, depreciation expenses and taxes paid.

"Net increase/decrease in other liabilities" in "Changes in operating assets and liabilities" consist of changes in sundry creditors, other liabilities and interbank money markets. "Net increase/decrease in other assets" consists of changes in sundry creditors and other assets.

The effect of foreign currency change on cash and cash equivalents was TRY 18 Thousand.

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5.6.2. Cash and cash equivalents at the beginning of period:

	01.01.2006	01.01.2005
Cash	15,837	7,025
Cash in TRY/Foreign Currency	2	2
Central Bank -Demand Deposit	8,795	3,322
Banks and Other Financial Institutions-Demand Deposit	7,040	3,701
Cash equivalents	224,698	127,875
Money market placements	176,847	92,211
Banks and Other Financial Institutions - Time deposit with maturity less than 3 months	47,851	35,664
Total Cash and Cash equivalents	240,535	134,900

5.6.3. Cash and cash equivalents at the end of period:

	31.12.2006	31.12.2005
Cash	20,274	15,837
Cash in TRY/Foreign Currency	6	2
Central Bank -Demand Deposit	20,268	8,795
Banks and Other Financial Institutions-Demand Deposit	-	7,040
Cash equivalents	438,546	224,698
Money market placements	333,467	176,847
Banks and Other Financial Institutions - Time deposit with maturity less than 3 months	105,079	47,851
Total Cash and Cash equivalents	458,820	240,535

5.7. Explanations on the Risk Group of the Bank

5.7.1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

5.7.1.1. Current Period:

Related Parties (*)	Subsidiaries and associates		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

(*) The scope of the related parties are defined in the Article 20-2 of the Regulation on the Establishment and Operations of Banks.

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5.7.1.2. Prior Period:

Related Parties (*)	Subsidiaries and associates		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	3,096	0	0	0

(*) The scope of the related parties are defined in the Article 20-2 of the Regulation on the Establishment and Operations of Banks.

5.7.1.3. Information on related party deposits balances

The Bank has no related party deposit balances.

5.7.1.4. Information on forward and option agreements and other similar agreements made with related parties

The Bank has no forward and option agreements and other similar agreements made with related parties.

5.8. Explanations on the Bank's Domestic Branches, Agencies and Branches Abroad and Off-shore Branches

5.8.1. Explanations on the Bank's domestic branches, agencies and branches abroad:

The Bank has no domestic branches, agencies, branches abroad and off-shore branches.

5.8.2. Explanations on Branch and Agency Openings or Closings of the Bank and Changing the Organization Structure:

There is no branch and agency opening or closing matters of the Bank or changing the organization structure during the current period.

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SECTION SIX

OTHER EXPLANATIONS AND FOOTNOTES

6.1. Other Explanations Related to the Operations of the Bank

As at 31 December 2006, under the Financial Assets at Fair Value Through Profit and Loss account, the Bank has government bonds amounting to TRY 2,316 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 7,467 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 129 Thousand and the income accrual of the reverse repo transactions amounting to TRY 10 Thousand based on the difference between the sale and repurchases prices, are recorded under other liabilities without recognizing the amounts in the income statement.

In accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks, the Bank has no obligation to prepare consolidated financial statements.

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

7.1. Explanations on the Independent Auditors' Report

As of and for the year ended 31 December 2006 the financial statements were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu).

The independent auditors' report is at the beginning of the financial statements and footnotes.

7.2. Other Footnotes and Explanations Prepared by Independent Auditors

There is 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, 2006, Takasbank's assets have grown by 34% compared to the previous year figure of TRY 442,767,000 and now reached TRY 594,961,000. The most important factors affecting changes to the Bank's assets are as follows:

- 89% growth on the interbank money market;
- 8% growth in loans;
- 92% growth in the banks and other financial institutions account;
- 40% fall in the securities held-to-maturity account;
- 7% fall in tangible fixed assets.

The Receivables from the Interbank Money Market, which stands out as the largest item on the Bank's balance sheet, rose by 89% to reach the level of TRY 326,475,000 from its previous level of TRY 172,629,000. As for the credit portfolio of the Bank, as of the end of 2006, this figure rose by 8%, to TRY 20,372,000 from a previous level of TRY 18,870,000. Securities held-to-maturity, for its part decreased by 40% falling from a level of TRY 148,065,000 to TRY 88,980,000.

As of the balance sheet date, there were no domestic or foreign loans by Takasbank in the last two years. The Bank's paid-in capital did not change relative to the previous year, remaining at TRY 60,000,000. The highest increase in the Bank's liabilities occurred in the Other Payables item, at a rate of 156%. This item reached TRY 253,175,000 by the end of 2006 compared to TRY 98,793,000 in 2005. This increase mainly occurred due to cash collaterals worth TRY 293,277,000 collected from members of the Turkish Derivatives Exchange, launched on February 4, 2005. The Bank's shareholders' equity grew 3% to reach TRY 236,325,000 at the end of 2006, from an earlier level of TRY 229,180,000 last year.

Disbursements, assets, liabilities and interest rates are compatible with each other. Since there is no disparity between rates, there is no need to measure the possible effect on profitability. The short and long-term liquidity needs of the Bank are met from its own sources. The Bank manages liquidity risk by ensuring that sufficient cash and the equivalent is available to meet existing and probable liabilities, that open market positions are closed and that liabilities to borrowers are funded.

Risk Management Practices in terms of Different Risk Categories

It is the general policy of the Bank to undertake all operations with the least amount of risk and to implement these operations with the utmost prudence. A large part of the transactions at Takasbank are conducted in an electronic environment, in accordance with the business practices and transaction rules specified in the applicable legislation; the Bank has therefore developed its own application software to assure the safety of these transactions. The basic risk incurred at Takasbank is to a great extent similar to that of other financial institutions: Credit, market and operational risk are the basic risk categories to which the Bank is exposed.

a) Credit Risk Management

The credit system of Takasbank includes cash loans in the form of the Securities Credit and non-cash loans from Takasbank Money Market transactions. Credit services present the risk of failure by borrowing members or guarantors to fulfill their contractual obligations (Credit risk).

Credit limits are updated according to the changes in the borrowers' financial position and, as is made clear in the principles governing lending practices, no credit is granted before the necessary collateral has been secured. Operational errors are minimized by continuously controlling limits, risk and collaterals both electronically and on a transaction-by-transaction basis.

In its lending practices, the Bank sets the credit lines by assessing the financial structure and trading volume of the relevant brokerage house and other criteria defined by the Bank. The credit line proposed on the basis of market investigation and financial analysis comes into effect upon approval by the Board of Directors.

Since the credits granted by Takasbank do not require a special provision, only a general provision is made for such credits. In accordance with relevant regulations and principles of practice, liquid and/or liquid-equivalent collaterals are secured against credits. In an effort to manage concentration risk of loan collaterals, a quota is allocated on a per period basis for each item of collateral in the form of stocks by statistically assessing certain data regarding stocks traded on the ISE and used as collaterals.

Credit risk is managed by maintaining a strong and effective collateralization mechanism and by assigning appropriate limits. Up to date, the Bank has not suffered from any loss arising from bad debts from collaterals that were insufficient or could not be liquidated.

b) Market Risk Management

Takasbank's treasury management strategy has been designed to avert liquidity risk, optimizing the risk-return balance, taking minimum risk and achieving maximum return on investment.

According to the portfolio management strategy in effect, transactions are carried out with banks that are extended credit lines by the Board of Directors. Unless necessary, the Bank does not perform FX transactions, carry FX positions or use derivatives. The portfolio of the Bank does not include any securities except for Government Domestic Debt Securities.

Depending on forecasts regarding changes in Turkish lira rates of interest, optimal maturity distribution is achieved by following the strategy of using long-term instruments when interest rates for Turkish lira are expected to fall and short-term instruments when they are expected to increase.

The value at risk is calculated and reported by using the standard method defined by the various 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. According to the standard method, the weight of a risk increases with the term of the portfolio asset (Government Domestic Debt Securities).

The Bank's Executive Management and the Risk Management Unit continuously monitor the concentration of the portfolio on a term and instrument basis and developments in the market. Executive management is informed of, and gives instructions for, all portfolio transactions; it may also revise the treasury management strategy when this is deemed necessary in the light of market developments.

The Bank does not own any foreign liabilities that may be withdrawn under extraordinary circumstances. The Guarantee Funds and collaterals received during operations are entered into 'other debts' or 'provisional liabilities' accounts and liquid assets are made available on the asset side to cover these. Given the Bank's current assets, loan quality, loan collateral concentration and asset structure and given the depth of the securities markets, it is quite improbable for the Bank to experience liquidity problems due to maturity mismatches in meeting its obligations.

The entire current liabilities of the Bank can be met with the liquidity to be obtained from current assets. The fact that assets and liabilities are denominated in the same currency rules out the possibility that the Bank experience an asset-liability imbalance in the case of sudden exchange rate fluctuations.

c) Operational Risk Management

Operational risk is defined as losses which may be incurred due to (i) inappropriate or non-functional business processes; (ii) the human factor; (iii) systems; or (iv) external factors. In general, all non-financial risk is considered as operational risk.

Almost all operations of the Bank are performed electronically. In accordance with its general policy, the Bank does not procure its software applications from vendors, but prefers to develop these in-house. This policy offers a major advantage for the establishment of an effective risk management and internal audit system. The software applications developed not only enable operational units to execute transactions, but allow continuous and effective tracking and control of procedures through the reporting geared modules and components of the software.

Although Takasbank believes that human resources are its most important asset, the principle it adopts with a view toward consolidating an institutionalized structure requires that operations are not focused on individuals but on systems and processes.

IT-related operational risk is managed effectively by keeping the required software, hardware and their backups available at all times, copying data simultaneously in different media, maintaining an uninterrupted communication and power supply, ensuring that necessary human resources are available at all times and preparing contingency plans.

Authorities and responsibilities for critical transactions are separated from each other. Approval-authorization mechanisms ensure management control on procedures. In addition to controls carried out within the management hierarchy, procedures are audited continuously by the Internal Control Center, which reports to the Board of Directors and periodically by the Audit Board.

Another issue that is important with regard to the control and management of operational risk is the risk that is secured by insurance policies. In the "Comprehensive Insurance Policy for Financial Institutions" in which the Bank is involved along with the ISE and the Central Registry Agency, risk such as theft, fraud and abuse of power are covered to a great degree within the scope of the policy.

Ratings by Rating Agencies

Takasbank was not rated by any rating agency.

Five-Year Summary Financial Data

(TRY thousands)	2006*	2005*	2004*	2003*	2002*
Total Assets	597,348	445,027	326,386	277,030	210,755
Shareholders' Equity	239,032	188,337	174,755	119,385	70,226
Paid-in Capital	60,000	60,000	60,000	60,000	60,000
Pre-Tax Profit	39,466	62,672	68,532	74,882	69,741
Interest and Treasury					
Revenue	38,463	41,888	51,944	59,263	53,847
(US\$ thousands)**	2006	2005	2004	2003	2002
Total Assets	424,977	331,664	243,191	198,469	128,941
Shareholders' Equity	170,057	140,361	130,210	85,530	42,965
Paid-in Capital	42,686	44,716	44,706	42,985	36,708
Pre-Tax Profit	28,078	46,707	51,063	53,647	42,668
Interest and Treasury					
Revenue	27,364	31,218	38,703	42,457	32,944
Financial Ratios (%)	2006	2005	2004	2003	2002
Pre-Tax Profit / Total Assets	6.61	14.08	21.00	27.00	33.10
Equity / Total Assets	40.02	42.32	53.50	43.10	33.30
Pre-Tax Profit / Shareholders' Equity	16.51	33.28	39.20	62.70	99.30
Asset Growth	34.22	36.35	17.80	31.50	58.70
Employment Data	2006	2005	2004	2003	2002
Number of Employees	184	199	232	226	230

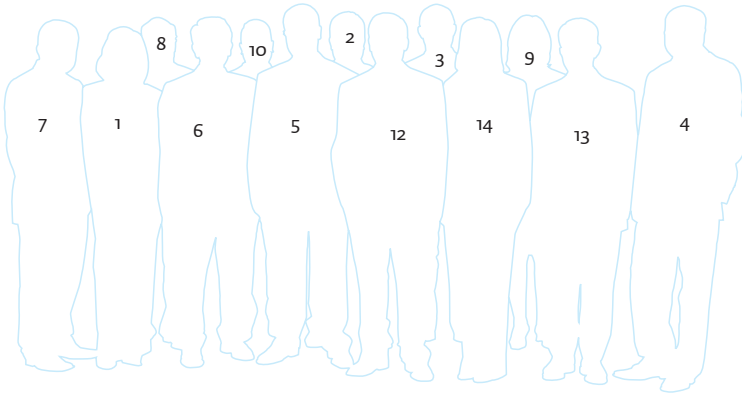
* To enable comparisons against previous years, historical values were calculated based on 2002, 2003, 2005 and 2006 year-end trial balance figures and the accounting standard published by the Banking Supervision and Regulation Agency, which came into effect on July 1, 2002, concerning the inflation adjustment of financial statements, has not been taken into consideration. Since inflation accounting started in 2004 as a result of an amendment to the Tax Procedure Law on the basis of Law No. 5024, figures for 2004 were prepared in conformity with the provisions of the Tax Procedure Law. With a view toward presenting the changes in equity and profitability in a comparable manner, pre-tax profit for the years 2002, 2003, 2004 and 2005 were not included in the equity in line with the previous balance sheet format and practice for the banks.

** US\$ figures were calculated based on US dollar buying rates announced by the Central Bank of the Republic of Turkey (CBRT) on the last day of the relevant year.

CBRT's US dollar buying rates used in the valuation are as follows:

December 31, 2002: TRY 1.6345
 December 31, 2003: TRY 1.3958
 December 31, 2004: TRY 1.3421
 December 31, 2005: TRY 1.3418
 December 31, 2006: TRY 1.4056

MANAGEMENT



1. Arzu Öztürk/Group Head
2. Ender Aybulus/Group Head
3. Mehmet Günel/Group Head
4. Tanju Günel/Group Head
5. Tolga Somuncuoğlu/Group Head
6. Cahit Girgin/Legal Counsel
7. Cengiz Özübek/Accounting Manager
8. Eşref Hatipoğlu/Security Manager
9. Filiz Kaya/International Relations Manager
10. Hasan Aykın/Internal Control Manager
11. Murat Koç/Risk Management Manager (not in the picture)
12. Mustafa Şentürk/Personnel and Training Manager
13. Suat Sevand/Treasury Manager
14. Zehra Taş/Administrative Affairs and Purchasing Manager

TAKASBANK

ISE Settlement and Custody Bank, Inc.

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