

**Turk Ekonomi Bankasi
Anonim Sirketi**

**Consolidated Financial Statements
As of December 31, 2005
Together With Auditors Report**

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH- SEE SECTION III, NOTE XXIV)

**(Convenience Translation of An Auditors' Report And Consolidated Financial Statements
Originally Issued In Turkish - See Section III, Note XXIV)**

**TURK EKONOMI BANKASI ANONIM SIRKETI
AUDIT REPORT AS OF DECEMBER 31, 2005**

To the Board of Directors of Turk Ekonomi Bankasi Anonim Sirketi:

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

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Turk Ekonomi Bankasi Anonim Sirketi and its subsidiaries at December 31, 2005 and the consolidated results of their operations and cash flows for the year then ended in accordance with the accounting principles and standards that are based on the Provisional Article 1 of the Banking Law Number 5411.

Additional paragraph for convenience translation to English:

The above mentioned accounting principles differ from International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board. The effects of the differences between these accounting principles and accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the accompanying financial statements. Such differences primarily related to the accounting for the effects of hyperinflation, deferred taxes, employee termination benefits and presentation. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in the countries of users of the financial statements and IFRS. The Bank's consolidated financial statements prepared in accordance with IFRS will be issued separately.

Guney Serbest Muhasebeci Mali Musavirlik Anonim Sirketi
An Affiliated Firm of Ernst & Young International

Fatma Ebru Yucel, SMMM

February 9, 2006
Istanbul, Turkiye

**(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)**

**THE CONSOLIDATED FINANCIAL REPORT OF TURK EKONOMI BANKASI A.S. FOR THE YEAR
ENDED DECEMBER 31, 2005**

Address : Meclis-i Mebusan Caddesi No : 35
Findikli 34427 - Istanbul

Telephone : (0 212) 251 21 21
Fax : (0 212) 249 65 68

Web Site : www.teb.com.tr

E-mail Address : yatirimciiliskileri@teb.com.tr

The Reporting Package designed by the Banking Regulation and Supervision Agency in line with "Regulation on Accounting Practice numbered 17, Financial Statements to be Announced to the Public and the Accompanying Policies and Disclosures" consists of the sections listed below:

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

The consolidated subsidiaries are as follows:

Subsidiaries

1. The Economy Bank N.V.
2. Petek International Holdings B.V.
3. Stichting Custody Services TEB
4. Kronenburg Vastgoed B.V.
5. TEB Yatirim Menkul Degerler A.S.
6. TEB Finansal Kiralama A.S.
7. TEB Factoring A.S.
8. TEB Portfoy Yonetimi A.S.

Associates

1. Varlik Yatirim Ortakligi A.S.

The consolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **thousands of New Turkish Lira**, have been audited and presented below in accordance with the Regulation on Accounting Practice, related communiqués and the Banks' records.

February 9, 2006

Yavuz Canevi Chairman of the Board of Directors	Alain Pierre André Bailly Chairman of the Audit Committee	Ismail Yanik Vice-Chairman of the Audit Committee	Varol Civil General Manager	E. Sevinc Ozsen Assistant General Manager Responsible from Financial Reporting	B. Ilgaz Dogan Manager Responsible from Financial Reporting
--	---	--	-----------------------------------	--	--

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

Name-Surname/ Title: Guzin Ustun / Investor Relations Director
Telephone Number: (0212) 251 21 21
Fax Number: (0212) 249 65 68

**(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)**

INDEX

	<u>Page no.</u>
SECTION ONE	
General Information	
I. Parent Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue	1
II. Explanations Regarding Parent 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	1
III. Explanations Regarding the Chairman of Board of Directors and Members of Board of Directors, Audit Committee, General Manager and Assistants and their Shares in Parent Bank	2
IV. The Parent Bank's Service Activities and Operating Areas	2
V. Other Explanations	2
SECTION TWO	
Consolidated Financial Statements	
I. Consolidated Balance Sheets - Assets	4
II. Consolidated Statements of Off Balance Sheet Contingencies and Commitments	6
III. Consolidated Income Statements	7
IV. Consolidated Statements of Changes in Shareholders Equity	8
V. Consolidated Statements of Cash Flows	9
SECTION THREE	
Accounting Principles	
I. Basis of Presentation	10
II. Information about the Parent Bank and the Subsidiaries subject to Consolidation	11
III. Explanations on Forward, Option Contracts and Derivative Instruments	12
IV. Offsetting of Financial Assets and Liabilities	12
V. Interest Income and Expense	12
VI. Fees and Commission Income and Expense	12
VII. Securities Held for Trading	13
VIII. Sales and Repurchase Agreements and Lending of Securities	13
IX. Securities Held to Maturity, Securities Available for Sale and Bank Originated Loans and Receivables	13
X. Unconsolidated Participations and Subsidiaries	14
XI. Originated Loans and Receivables and Provisions for Loan Impairment	14
XII. Goodwill and Other Intangible Fixed Assets	15
XIII. Tangible Fixed Assets	15
XIV. Leasing Transactions	16
XV. Provisions and Contingent Liabilities	16
XVI. Liabilities Regarding Employee Benefits	16
XVII. Taxation	17
XVIII. Additional Explanations on Borrowings	18
XIX. Paid-in Capital and Share Certificates	18
XX. Acceptances	18
XXI. Government Incentives	18
XXII. Securities at Custody	18
XXIII. Segment Reporting	18
XXIV. Other Matters	19
SECTION FOUR	
Information on Consolidated Financial Structure	
I. Strategy for the Use of Financial Instruments and Explanations Regarding Foreign Currency Transactions	20
II. Consolidated Capital Adequacy Standard Ratio	20
III. Consolidated Credit Risk	23
IV. Consolidated Market Risk	25
V. Consolidated Foreign Currency Risk	25
VI. Consolidated Interest Rate Risk	27
VII. Consolidated Liquidity Risk	29
VIII. Presentation of Assets and Liabilities with Their Fair Values	30
IX. Transactions in the Name and Account of Third Parties, Fiduciary Transactions	31
X. Segment Reporting	31
SECTION FIVE	
Footnotes and Explanations on Consolidated Financial Statements	
I. Footnotes and Explanations Related to the Consolidated Assets	32
II. Footnotes and Explanations Related to the Consolidated Liabilities	46
III. Footnotes and Explanations Related to the Consolidated Income Statement	54
IV. Footnotes and Explanations Related to the Consolidated Off-balance Sheet Contingencies and Commitments	57
V. Footnotes and Explanations Related to the Consolidated Statements of Shareholders' Equity	61
VI. Footnotes and Explanations Related to the Consolidated Statements of Cash Flows	62
VII. Explanation and Footnotes Related to Mergers and Acquisitions	64
VIII. Footnotes and Explanations on the Risk Group of the Bank	65
IX. Footnotes and Explanations on Inflation Accounting	67
X. Information On the Group's Domestic, Foreign, Off-Shore Branches And Foreign Representatives	69
XI. Explanations Related to Subsequent Events	69
SECTION SIX	
Other Explanations	
I. Other Explanations	70
SECTION SEVEN	
Independent Auditors' Report	
I. Explanations on the Independent Auditors' Report	71
II. Footnotes and Explanations Prepared by the Independent Auditors	71

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

SECTION ONE

GENERAL INFORMATION

I- The Parent Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue

The Bank was incorporated in Turkey in 1927 under the name of Kocaeli Halk Bankasi T.A.S. and in 1982 was acquired by the Colakoglu Group. Its name was changed as Turk Ekonomi Bankasi A.S. and its headquarter moved to Istanbul.

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

As of DECEMBER 31, 2005 and December 31, 2004, the shareholders and their respective percentages of ownership are summarized as follows:

Name of shareholders	Paid in capital	%
TEB Mali Yatirimlar A.S.	48,699	84.25
Publicly Traded	8,766	15.17
Other Shareholders	335	0.58
	57,800	100.00

As of December 31, 2005 and 2004, the Parent Bank's paid-in-capital consists of 115,600 million shares at the historical value of 0.0005 YTL nominal. In accordance with the notification made on February 10, 2005 by TEB Mali Yatirimlar A.S., the ultimate shareholder of the Group, it was announced that TEB Mali Yatirimlar A.S. has transferred shares representing 50% of its capital to BNP Paribas on February 10, 2005, based on the share purchase agreement signed with BNP Paribas on November 22, 2004.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

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

<u>TITLE</u>	<u>NAME</u>
Chairman of Board of Directors	: Yavuz Canevi
Members of Board of Directors	: Dr.Akin Akbaygil Alain Pierre André Bailly (Chairman of Audit Committee)(*) Ismail Yanik (Representative Chairman of Audit Committee) Jean-Jacques Marie Santini(*) Metin Togay(*) Michel Roger Chevalier(*) Refael Taranto Varol Civil (General Manager)
Chairman of Inspection Committee	: Halil Kaya Harac(**)
General Manager Assistants	: Emine Sevinc Ozsen Hakan Tirasin(**) Izzet Cemal Kismir(***) Levent Celebioglu Necdet Osman Kolat Nilsen Altintas(***) Nuri Tuncali Saniye Telci(***) Turgut Boz Turgut Guney Umit Leblebici Unsal Aysun
Auditors	: Ayse Asardag Musa Erden

(*) Become a member of Board of Directors in 2005.

(**) Hakan Tirasin become Chairman of Inspection Committee as of 1.1.2006.

(***) Assigned General Manager Assistants in 2005.

Shares of the Bank owned by the above stated Chairman and Members of Board of Directors, General Manager and Assistants are immaterial.

IV- The Parent Bank's Service Activities and Operating Areas

The Parent Bank's operating areas include, retail, commercial and corporate banking, fund management operations and project financing. Besides the daily banking operations, Bank is handling insurance agency functions by its branches in the name of TEB Sigorta A.S. As of December 31, 2005 Bank has 112 local branches and 1 foreign branch (2004 : 87 local branches, 1 foreign branch).

V- Other Explanations

Commercial name of the Bank	: Turk Ekonomi Bankasi Anonim Sirketi (the Bank)
Address of the head office	: Meclis-i Mebusan Caddesi No: 35 Findikli 34427 - ISTANBUL
Telephone number	: (0212) 251 21 21
Facsimile number	: (0212) 249 65 68
Web page	: www.teb.com.tr
E-mail address	: investorrelations@teb.com.tr
Reporting period	: January 1 – December 31, 2005
Reporting currency	: YTL 1,000

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheets
- II. Consolidated Statements of Off Balance Sheet Contingencies and Commitments
- III. Consolidated Income Statements
- IV. Consolidated Statements of Changes in Shareholders' Equity
- V. Consolidated Cash Flow Statements

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

I- CONSOLIDATED BALANCE SHEETS - ASSETS

	Note Ref. (Section 5)	Current Period 31.12.2005			Prior Period 31.12.2004		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY		118,087	235,431	353,518	34,306	821,288	855,594
1.1 Cash		25,856	11	25,867	12,388	-	12,388
1.2 Foreign currency		-	60,028	60,028	-	67,672	67,672
1.3 Balances with the Central Bank of Turkey	1-1	92,213	173,945	266,158	21,918	752,085	774,003
1.4 Other		18	1,447	1,465	-	1,531	1,531
II. TRADING SECURITIES (Net)		97,693	12,760	110,453	10,584	6,821	17,405
2.1 Public sector debt securities	1-2	97,693	12,162	109,855	10,584	6,266	16,850
2.1.1 Government bonds	1-2	88,042	12,161	100,203	5,680	89	5,769
2.1.2 Treasury bills	1-2	9,651	-	9,651	4,904	-	4,904
2.1.3 Other public sector debt securities	1-2	-	1	1	-	6,177	6,177
2.2 Share certificates		-	-	-	-	-	-
2.3 Other marketable securities		-	598	598	-	555	555
III. BANKS AND OTHER FINANCIAL INSTITUTIONS		284,480	695,908	980,388	100,499	738,283	838,782
3.1 Due from banks		284,480	695,908	980,388	100,499	738,283	838,782
3.1.1 Domestic banks		81,033	47,101	128,134	72,788	43,969	116,757
3.1.2 Foreign banks	1-3	203,447	648,807	852,254	27,711	694,314	722,025
3.1.3 Branches and head office abroad		-	-	-	-	-	-
3.2 Other financial institutions		-	-	-	-	-	-
IV. MONEY MARKET PLACEMENTS		156,533	-	156,533	95,617	-	95,617
4.1 Interbank money market placements		150,000	-	150,000	95,000	-	95,000
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements	1-4	6,533	-	6,533	617	-	617
V. SECURITIES AVAILABLE FOR SALE (Net)		831,323	235,456	1,066,779	295,846	56,498	352,344
5.1 Share certificates	1-5	9	-	9	9	-	9
5.2 Other marketable securities	1-5	831,314	235,456	1,066,770	295,837	56,498	352,335
VI. LOANS		1,802,971	1,656,340	3,459,311	896,862	1,150,318	2,047,180
6.1 Short term	1-6	1,216,278	1,149,940	2,366,218	747,547	861,271	1,608,818
6.2 Medium and long term	1-6	569,863	506,400	1,076,263	139,678	289,047	428,725
6.3 Loans under follow-up	1-6	33,679	-	33,679	20,881	-	20,881
6.4 Specific provisions (-)	1-6	(16,849)	-	(16,849)	(11,244)	-	(11,244)
VII. FACTORING RECEIVABLES	1-7	137,332	30,967	168,299	100,166	25,215	125,381
VIII. SECURITIES HELD TO MATURITY (Net)		2,059	9,584	11,643	65,449	7,594	73,043
8.1 Public sector debt securities	1-8	2,059	9,584	11,643	65,449	7,594	73,043
8.1.1 Government bonds	1-8	100	9,584	9,684	65,449	7,594	73,043
8.1.2 Treasury bills	1-8	1,959	-	1,959	-	-	-
8.1.3 Other public sector debt securities	1-8	-	-	-	-	-	-
8.2 Other marketable securities	1-8	-	-	-	-	-	-
IX. UNCONSOLIDATED INVESTMENTS IN ASSOCIATES (Net)		1,535	-	1,535	656	-	656
9.1 Financial associates	1-9	1,535	-	1,535	656	-	656
9.2 Non-Financial associates		-	-	-	-	-	-
X. UNCONSOLIDATED INVESTMENTS IN SUBSIDIARIES (Net)		-	-	-	-	-	-
10.1 Financial subsidiaries	1-10	-	-	-	-	-	-
10.2 Non-Financial subsidiaries		-	-	-	-	-	-
XI. OTHER INVESTMENTS (Net)	1-11	-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)		19,564	194,432	213,996	5,141	181,875	187,016
12.1 Gross finance lease receivables	1-12	23,645	218,559	242,204	6,445	203,652	210,097
12.2 Unearned income (-)	1-12	(4,081)	(24,127)	(28,208)	(1,304)	(21,777)	(23,081)
XIII. RESERVE DEPOSITS		-	211,383	211,383	26,443	163,727	190,170
XIV. MISCELLANEOUS RECEIVABLES	1-13	8,350	1,073	9,423	4,919	1,467	6,386
XV. ACCRUED INTEREST AND INCOME RECEIVABLES		49,215	32,448	81,663	30,630	19,076	49,706
15.1 Loans	1-14	14,716	17,707	32,423	9,630	8,921	18,551
15.2 Marketable securities	1-14	26,883	6,089	32,972	13,127	509	13,636
15.3 Other	1-14	7,616	8,652	16,268	7,873	9,646	17,519
XVI. PROPERTY AND EQUIPMENT (Net)	1-15	55,592	6,600	62,192	42,122	7,802	49,924
16.1 Book value		144,785	8,176	152,961	124,303	8,900	133,203
16.2 Accumulated depreciation (-)		(89,193)	(1,576)	(90,769)	(82,181)	(1,098)	(83,279)
XVII. INTANGIBLE ASSETS [Net]	1-16	5,360	265	5,625	3,727	186	3,913
17.1 Goodwill		1,686	-	1,686	480	-	480
17.2 Other		14,932	957	15,889	12,696	1,233	13,929
17.3 Accumulated amortization (-)		(11,258)	(692)	(11,950)	(9,449)	(1,047)	(10,496)
XVIII. DEFERRED TAX ASSET	1-17	7,977	-	7,977	3,702	-	3,702
XIV. OTHER ASSETS	1-18	51,267	10,759	62,026	29,972	11,381	41,353
TOTAL ASSETS		3,629,338	3,333,406	6,962,744	1,746,641	3,191,531	4,938,172

The accompanying notes are an integral part of these balance sheets.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.
CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)

I- CONSOLIDATED BALANCE SHEETS - LIABILITIES

	Note Ref. (Section 5)	Current Period 31.12.2005			Prior Period 31.12.2004		
		YTL	FC	Total	YTL	FC	Total
I. DEPOSITS		1,195,330	3,110,346	4,305,676	755,532	2,507,111	3,262,643
1.1 Bank deposits	II-1	78,655	39,720	118,375	43,626	66,291	109,917
1.2 Saving deposits	II-1	513,536	-	513,536	457,149	-	457,149
1.3 Public sector deposits	II-1	684	-	684	166	-	166
1.4 Commercial deposits	II-1	572,269	-	572,269	208,370	-	208,370
1.5 Other institutions deposits	II-1	30,186	-	30,186	46,221	-	46,221
1.6 Foreign currency deposits	II-1	-	3,069,297	3,069,297	-	2,439,131	2,439,131
1.7 Precious metals deposit accounts	II-1	-	1,329	1,329	-	1,689	1,689
II. MONEY MARKET BALANCES		756,614	-	756,614	155,705	-	155,705
2.1 Interbank money market takings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market takings		2,152	-	2,152	-	-	-
2.3 Funds provided under repurchase agreements	II-2	754,462	-	754,462	155,705	-	155,705
III. FUNDS BORROWED		281,436	705,954	987,390	75,168	764,858	840,026
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed	II-3	281,436	705,954	987,390	75,168	764,858	840,026
3.2.1 Domestic banks and institutions	II-3	94,511	79,071	173,582	48,448	72,488	120,936
3.2.2 Foreign banks, institutions and funds	II-3	186,925	626,883	813,808	26,720	692,370	719,090
IV. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills	II-4	-	-	-	-	-	-
4.2 Asset backed securities	II-4	-	-	-	-	-	-
4.3 Bonds	II-4	-	-	-	-	-	-
V. FUNDS	II-5	-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES	II-6	50,702	13,494	64,196	28,456	19,878	48,334
VII. OTHER EXTERNAL RESOURCES	II-7	40,199	4,252	44,451	36,473	8,131	44,604
VIII. TAXES AND OTHER DUTIES PAYABLE	II-8	16,004	400	16,404	10,368	407	10,775
IX. FACTORING PAYABLES	II-9	43,633	17,294	60,927	42,420	13,601	56,021
X. FINANCE LEASE PAYABLES (Net)		-	-	-	-	-	-
10.1 Finance Lease Payables	II-10	-	-	-	-	-	-
10.2 Deferred finance lease expenses (-)	II-10	-	-	-	-	-	-
XI. ACCRUED INTEREST AND EXPENSES PAYABLE		30,947	23,094	54,041	21,928	15,204	37,132
11.1 Deposits	II-11	7,089	7,717	14,806	10,264	3,873	14,137
11.2 Borrowings	II-11	5,858	8,423	14,281	2,103	6,956	9,059
11.3 Repurchase agreements	II-11	630	-	630	78	-	78
11.4 Other	II-11	17,370	6,954	24,324	9,483	4,375	13,858
XII. PROVISIONS		74,626	3,424	78,050	37,878	8,472	46,350
12.1 General provisions	II-12	18,300	-	18,300	10,235	-	10,235
12.2 Reserve for employee termination benefits	II-12	2,945	-	2,945	2,735	-	2,735
12.3 Provisions for income taxes		49,510	3,424	52,934	22,717	8,472	31,189
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions	II-12	3,871	-	3,871	2,191	-	2,191
XIII. SUBORDINATED LOANS	II-12	-	87,217	87,217	-	20,045	20,045
XIV. MINORITY RIGHTS		-	-	-	791	-	791
XV. DEFERRED TAX LIABILITY		14	-	14	-	-	-
XVI. SHAREHOLDERS' EQUITY		462,124	45,640	507,764	374,000	41,746	415,746
16.1 Paid-in capital	II-13	57,800	-	57,800	57,800	-	57,800
16.2 Supplementary capital		260,037	2,062	262,099	256,487	253	256,740
16.2.1 Share premium	II-14	69	-	69	69	-	69
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund	II-15	7,292	2,062	9,354	3,742	253	3,995
16.2.4 Revaluation fund		-	-	-	-	-	-
16.2.5 Value increase in revaluation fund		-	-	-	-	-	-
16.2.6 Other capital reserves		252,676	-	252,676	-	-	-
16.2.7 Effect of inflation accounting on share capital		-	-	-	252,676	-	252,676
16.3 Profit reserves		49,517	36,109	85,626	14,947	32,763	47,710
16.3.1 Legal reserves	II-16	19,955	-	19,955	16,515	-	16,515
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves	II-17	29,562	44,742	74,304	(1,568)	36,013	34,445
16.3.4 Other profit reserves		-	(8,633)	(8,633)	-	(3,250)	(3,250)
16.4 Profit or loss		94,770	7,469	102,239	44,766	8,730	53,496
16.4.1 Prior year income/loss		-	-	-	-	-	-
16.4.1.1 Group's share		-	-	-	-	-	-
16.4.1.2 Minority shares		-	-	-	-	-	-
16.4.2 Current year net income/loss		94,770	7,469	102,239	44,766	8,730	53,496
16.4.2.1 Group's share		94,770	7,469	102,239	44,029	8,730	52,759
16.4.2.2 Minority shares		-	-	-	737	-	737
TOTAL LIABILITIES		2,951,629	4,011,115	6,962,744	1,538,719	3,399,453	4,938,172

The accompanying notes are an integral part of these balance sheets.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.
STATEMENTS OF CONSOLIDATED OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS
AS OF DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)

II- CONSOLIDATED STATEMENTS OF OFF-BALANCE SHEET COMMITMENTS

	Note Ref. (Section 5)	Current Period 31.12.2005			Prior Period 31.12.2004		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		1,689,993	4,101,427	5,791,420	1,080,002	2,087,675	3,167,677
I. GUARANTEES	IV-3,5,8	632,887	1,405,697	2,038,584	514,745	1,015,817	1,530,562
1.1 Letters of guarantee		611,554	571,714	1,183,268	506,150	445,170	951,320
1.1.1 Guarantees subject to State Tender Law		29,271	48,899	78,170	31,235	3,152	34,387
1.1.2 Guarantees given for foreign trade operations		102,202	34,849	137,051	124,129	33,030	157,159
1.1.3 Other letters of guarantee		480,081	487,966	968,047	350,786	408,988	759,774
1.2 Bank acceptances		23	52,662	52,685	-	45,697	45,697
1.2.1 Import acceptances		23	52,662	52,685	-	45,697	45,697
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		62	696,268	696,330	-	515,191	515,191
1.3.1 Documentary letters of credit		62	662,504	662,566	-	446,620	446,620
1.3.2 Other letters of credit		-	33,764	33,764	-	68,571	68,571
1.4 Guaranteed prefinancing		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		20,465	73,981	94,446	8,589	-	8,589
1.9 Other suretyships		783	11,072	11,855	6	9,759	9,765
II. COMMITMENTS		452,333	270,587	722,920	370,471	249,924	620,395
2.1 Irrevocable commitments		452,333	246,386	698,719	370,471	229,558	600,029
2.1.1 Asset purchase commitments		-	138,188	138,188	10,400	149,380	159,780
2.1.2 Deposit purchase and sales commitments		-	107,344	107,344	-	80,178	80,178
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		104,337	-	104,337	69,803	-	69,803
2.1.5 Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks	IV-3	175,952	-	175,952	131,835	-	131,835
2.1.8 Tax and fund liabilities from export commitments		10,242	-	10,242	30,008	-	30,008
2.1.9 Commitments for credit card expenditure limits	IV-3	161,196	854	162,050	123,660	-	123,660
2.1.10 Receivables from short sale commitments		-	-	-	-	-	-
2.1.11 Payables for short sale commitments		-	-	-	-	-	-
2.1.12 Other irrevocable commitments		606	-	606	4,765	-	4,765
2.2 Revocable commitments		-	24,201	24,201	-	20,366	20,366
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	24,201	24,201	-	20,366	20,366
III. DERIVATIVE FINANCIAL INSTRUMENTS	IV-2	604,773	2,425,143	3,029,916	194,786	821,934	1,016,720
3.1 Forward foreign currency buy/sell transactions		113,268	1,640,899	1,754,167	94,055	475,884	569,939
3.1.1 Forward foreign currency transactions-buy		21,639	851,968	873,607	15,551	266,659	282,210
3.1.2 Forward foreign currency transactions-sell		91,629	788,931	880,560	78,504	209,225	287,729
3.2 Swap transactions related to currency and interest rates		249,633	420,844	670,477	67,247	315,225	382,472
3.2.1 Foreign currency swap-buy		-	256,918	256,918	35,336	150,434	185,770
3.2.2 Foreign currency swap-sell		182,013	91,551	273,564	31,911	157,721	189,632
3.2.3 Interest rate swaps-buy		-	69,650	69,650	-	3,424	3,424
3.2.4 Interest rate swaps-sell		67,620	2,725	70,345	-	3,646	3,646
3.3 Foreign currency and interest rate options		241,711	306,390	548,101	33,484	30,825	64,309
3.3.1 Foreign currency options-buy		121,681	153,071	274,752	16,815	15,348	32,163
3.3.2 Foreign currency options-sell		120,030	153,319	273,349	16,669	15,477	32,146
3.3.3 Interest rate options-buy		-	-	-	-	-	-
3.3.4 Interest rate options-sell		-	-	-	-	-	-
3.3.5 Securities options-buy		-	-	-	-	-	-
3.3.6 Securities options-sell		-	-	-	-	-	-
3.4 Foreign currency futures		161	28,207	28,368	-	-	-
3.4.1 Foreign currency futures-buy		161	28,053	28,214	-	-	-
3.4.2 Foreign currency futures-sell		-	154	154	-	-	-
3.5 Interest rate futures		-	-	-	-	-	-
3.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.6 Other		-	28,803	28,803	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)	IV-6	27,354,859	1,349,584	28,704,443	2,583,502	1,056,303	3,639,805
IV. ITEMS HELD IN CUSTODY		25,839,537	448,286	26,287,823	2,023,104	368,300	2,391,404
4.1 Assets under management		131,198	-	131,198	153,585	-	153,585
4.2 Investment securities held in custody		23,854,341	156,779	24,011,120	652,266	165,413	817,679
4.3 Checks received for collection		1,695,786	146,001	1,841,787	1,148,048	101,209	1,249,257
4.4 Commercial notes received for collection		158,116	84,964	243,080	69,205	49,296	118,501
4.5 Other assets received for collection		23	60,422	60,445	-	52,382	52,382
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		73	120	193	-	-	-
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		1,515,230	901,298	2,416,528	560,398	676,154	1,236,552
5.1 Marketable securities		307,785	21,613	329,398	29,513	13,511	43,024
5.2 Guarantee notes		4,865	3,635	8,500	4,537	4,741	9,278
5.3 Commodity		19	105,405	105,424	4,717	170,992	175,709
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		791,907	510,311	1,302,218	355,224	302,716	657,940
5.6 Other pledged items		410,654	260,334	670,988	166,407	184,194	350,601
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED GUARANTEES AND WARRANTIES		92	-	92	-	11,849	11,849
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		29,044,852	5,451,011	34,495,863	3,663,504	3,143,978	6,807,482

The accompanying notes are an integral part of these statements.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.
CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)

III- CONSOLIDATED STATEMENTS OF INCOME

	Note Ref.	Current Period 31.12.2005	Prior Period 31.12.2004
	(Section 5)	Total	Total
I. INTEREST INCOME	III-1	579,974	489,797
1.1 Interest on loans		337,877	263,936
1.1.1 Interest on TL loans		261,729	200,915
1.1.1.1 Short term loans		215,982	180,127
1.1.1.2 Medium and long term loans		45,747	20,788
1.1.2 Interest on foreign currency loans		75,296	62,113
1.1.2.1 Short term loans		54,612	44,021
1.1.2.2 Medium and long term loans		20,684	18,092
1.1.3 Interest on loans under follow-up		852	908
1.1.4 Premiums received from Resource Utilization Support Fund		-	-
1.2 Interest received from reserve deposits		9,117	7,782
1.3 Interest received from banks		63,919	34,018
1.3.1 The Central Bank of Turkey		3,366	928
1.3.2 Domestic banks		20,319	11,663
1.3.3 Foreign banks		40,234	21,427
1.3.4 Branches and head office abroad		-	-
1.4 Interest received from money market placements		18,535	61,555
1.5 Interest received from marketable securities portfolio		112,966	83,052
1.5.1 Trading securities		16,118	20,202
1.5.2 Available-for-sale securities		85,117	39,347
1.5.3 Held to maturity securities		11,731	23,503
1.6 Other interest income		37,560	39,454
II. INTEREST EXPENSE	III-2	322,543	283,617
2.1 Interest on deposits		213,006	225,989
2.1.1 Bank deposits		11,790	19,292
2.1.2 Saving deposits		71,017	100,425
2.1.3 Public sector deposits		12	49
2.1.4 Commercial deposits		50,195	77,047
2.1.5 Other institutions deposits		5,198	2,267
2.1.6 Foreign currency deposits		74,794	26,822
2.1.7 Precious metals deposit accounts		-	87
2.2 Interest on money market borrowings		49,259	16,460
2.3 Interest on funds borrowed		59,904	40,985
2.3.1 The Central Bank of Turkey		-	-
2.3.2 Domestic banks		11,044	9,184
2.3.3 Foreign banks		42,463	27,973
2.3.4 Branches and head office abroad		-	-
2.3.5 Other financial institutions		6,397	3,828
2.4 Interest on securities issued		-	-
2.5 Other interest expense		374	183
III. NET INTEREST INCOME (I - II)		257,431	206,180
IV. NET FEES AND COMMISSIONS INCOME		67,013	53,736
4.1 Fees and commissions received		91,696	73,443
4.1.1 Cash loans		10,079	6,867
4.1.2 Non-cash loans		19,480	18,985
4.1.3 Other		62,137	47,591
4.2 Fees and commissions paid		24,683	19,707
4.2.1 Cash loans		4,414	3,458
4.2.2 Non-cash loans		76	187
4.2.3 Other		20,193	16,062
V. DIVIDEND INCOME		5	-
5.1 Trading securities		-	-
5.2 Available-for-sale securities		5	-
VI. NET TRADING INCOME/LOSS		58,192	43,294
6.1 Profit/losses on trading transactions (Net)		73,867	29,888
6.1.1 Profit on trading transactions		165,860	100,726
6.1.1.1 Profit on derivative financial instruments		113,844	55,280
6.1.1.2 Other		52,016	45,446
6.1.2 Losses on trading transactions (-)		(91,993)	(70,838)
6.1.2.1 Losses on derivative financial instruments		(79,306)	(53,861)
6.1.2.2 Other		(12,687)	(16,977)
6.2 Foreign exchange gains/losses (Net)		(15,675)	13,406
6.2.1 Foreign exchange gains		411,270	264,037
6.2.2 Foreign exchange losses (-)		(426,945)	(250,631)
VII. OTHER OPERATING INCOME	III-3	17,798	31,715
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		400,439	334,925
IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	III-4	18,644	10,912
X. OTHER OPERATING EXPENSES (-)	III-5	233,199	204,649
XI. NET OPERATING INCOME (IX-X-XI)		148,596	119,364
XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	III-6	219	65
XIII. NET MONETARY GAIN/(LOSS)		-	(39,163)
XIV. INCOME BEFORE TAXES		148,815	80,266
XV. PROVISION FOR TAXES ON INCOME (-)	III-7	46,576	26,894
15.1 Provision for income taxes		51,612	28,667
15.2 Provision for deferred taxes		(5,036)	(1,773)
XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES		102,239	53,372
XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES		-	124
17.1 Extraordinary net income/expense before taxes		-	124
17.1.1 Extraordinary income		-	124
17.1.2 Extraordinary expense (-)		-	-
17.2 Provision for taxes on extraordinary income	III-8	-	-
XVIII. PROFIT/LOSSES ON UNCONSOLIDATED INVESTMENTS (-)		-	-
XIX. NET PROFIT/LOSSES (XVI+XVII+XVIII)		102,239	53,496
19.1 Group's profit/loss		102,239	52,759
19.2 Minority Profit/Loss	III-1	-	737
Earnings/Losses per share (Full amount)		0.000884	0.000456

The accompanying notes are an integral part of these statements.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.

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

(Currency - Thousands of New Turkish Lira)

IV. CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Note Ref. (Section 5)	Paid-in Capital	Effect of Inflation Accounting on Capital and Other Reserves	Share premium	Share certificate cancellation profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Value Increase Fund Revaluation Fund	Marketable Securities Value Increase Fund	Total Equity
Prior Period - 31.12.2004															
I. Balances at the end of prior period – 31.12.2003		55,125	252,383	-	-	9,095	-	-	2,961	55,062	(9,987)	-	-	184	364,823
II. Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance		55,125	252,383	-	-	9,095	-	-	2,961	55,062	(9,987)	-	-	184	364,823
IV. Net Profit or Losses		-	-	-	-	-	-	-	-	53,496	-	-	-	-	53,496
V. Profit Distribution		-	-	-	-	7,420	-	34,445	-	(55,062)	(3,960)	-	-	-	(17,157)
5.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(17,157)	-	-	-	(17,157)
5.2 Transfers to legal reserves		-	-	-	-	7,420	-	34,445	-	(55,062)	13,196	-	-	-	-
5.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Increase in capital		2,675	(293)	-	-	-	-	-	-	-	(2,968)	-	-	3,811	3,811
6.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Revaluation Fund		2,675	(293)	-	-	-	-	-	-	-	(2,968)	-	-	-	-
6.3 Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.4 Marketable Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.5 Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.6 Issuance of share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.7 Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.8 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Others		-	-	69	-	-	-	-	(6,211)	-	16,915	-	-	3,811	14,584
Balances (I+II+IV+V+VI+VII+VIII)		57,800	252,676	69	-	16,515	-	34,445	(3,250)	53,496	-	-	-	3,995	415,746
Current Period - 31.12.2005															
I. Balances at the end of prior period		57,800	252,676	69	-	16,515	-	34,445	(3,250)	53,496	-	-	-	3,995	415,746
Increases in the period:		-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Investments securities available for sale		-	-	-	-	-	-	-	-	-	-	-	-	5,359	5,359
2.1 Net fair value gains/losses		-	-	-	-	-	-	-	-	-	-	-	-	5,359	5,359
III. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1 Net fair value gains/losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred Amounts		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Investments securities available for sale		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Transferred to net income		-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1 Transferred to net income		-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2 Transferred to assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Net Profit or Losses		-	-	-	-	-	-	-	-	109,239	-	-	-	-	109,239
VII. Profit Distribution		-	-	-	-	3,440	-	40,642	-	(53,496)	-	-	-	-	(9,414)
7.1 Dividends distributed		-	-	-	-	-	-	-	-	(9,414)	-	-	-	-	(9,414)
7.2 Transfers to legal reserves		-	-	-	-	3,440	-	40,642	-	(44,082)	-	-	-	-	-
7.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Increase in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2 Revaluation Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.3 Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.4 Marketable Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.5 Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.6 Issuance of share certificates at end of period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.7 Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.8 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Others		-	-	-	-	-	-	(783)	(5,383)	-	-	-	-	-	(6,166)
Closing Balances (I+II+III+IV+V+VI+VII+VIII+IX)		57,800	252,676	69	-	19,955	-	74,304	(8,633)	102,239	-	-	-	9,354	507,764

The accompanying notes are an integral part of these statements.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED
DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

V. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note Ref. Section 5	Current Period 31.12.2005	Prior Period 31.12.2004
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		130,372	58,813
1.1.1 Interest received		555,010	497,358
1.1.2 Interest paid		(316,100)	(289,134)
1.1.3 Dividend received		5	-
1.1.4 Fees and commissions received		91,696	82,865
1.1.5 Other income		97,830	37,845
1.1.6 Collections from previously written off loans and other receivables		7,513	6,872
1.1.7 Payments to personnel and service suppliers		(121,504)	(96,653)
1.1.8 Taxes paid		(47,844)	(32,596)
1.1.9 Others	VI-1	(136,234)	(147,744)
1.2 Changes in operating assets and liabilities		82,414	25,780
1.2.1 Net (increase) decrease in trading securities		(94,674)	33,499
1.2.2 Net (increase) decrease in due from banks and other financial institutions		(110,930)	(30,215)
1.2.3 Net (increase) decrease in loans		(1,430,535)	(328,877)
1.2.4 Net (increase) decrease in other assets		(114,755)	(32,217)
1.2.5 Net increase (decrease) in bank deposits	VI-1	609,367	(41,928)
1.2.6 Net increase (decrease) in other deposits		1,034,575	248,888
1.2.7 Net increase (decrease) in funds borrowed		147,364	248,690
1.2.8 Net increase (decrease) in matured payables		-	-
1.2.9 Net increase (decrease) in other liabilities	VI-1	42,002	141,895
1.2.10 Others	VI-1	-	(213,955)
I. Net cash provided from banking operations		212,786	84,593
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(686,080)	(354,484)
2.1 Purchase of investments, associates and subsidiaries	VI-2	(2,234)	-
2.2 Sale of investments, associates and subsidiaries	VI-3	-	(4,500)
2.3 Fixed assets purchases		(30,172)	(17,318)
2.4 Fixed assets sales		345	1,259
2.5 Purchase of securities available for sale		(1,635,394)	(352,335)
2.6 Sale of securities available for sale		920,957	-
2.7 Purchase of held-to-maturity securities		(12,441)	(33,401)
2.8 Redemption of held-to-maturity securities		72,859	53,825
2.9 Extraordinary items		-	-
2.10 Others	VI-1	-	(2,014)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		57,758	(16,051)
3.1 Cash obtained from funds borrowed and securities issued		67,172	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		(9,414)	(17,157)
3.5 Payments for finance leases		-	-
3.6 Extraordinary items		-	-
3.7 Others	VI-1	-	1,106
IV. Effect of change in foreign exchange rate on cash and cash equivalents		5,118	(12,036)
V. Net increase / (decrease) in cash and cash equivalents(I+II+III)		(410,418)	(297,978)
VI. Cash and cash equivalents at beginning of the period	V-1	1,765,570	2,063,548
VII. Cash and cash equivalents at end of the period	V-1	1,355,152	1,765,570

The accompanying notes are an integral part of these statements.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

SECTION THREE

ACCOUNTING PRINCIPLES

I. Basis of Presentation

The Parent Bank prepares its financial statements in accordance with the Provisional Article 1 of the Banking Law Number 5411 and the "Accounting Application Regulations" (AAR) and related communiqués and related explanations and further communiqués that add or cause a change on the content of the relevant communiqués.

Presentation of the financial statements in accordance with the current purchasing power of money

In accordance with the declaration of the Banking Regulation and Supervision Agency (BRSA) numbered 1623 and dated April 21, 2005 and the circular dated April 28, 2005, banks are not required to apply in their financial statements the Communiqué number 14 "Accounting Standard on Financial Statements at Hyperinflation Periods" since the indicators defined in Article 5 of the Communiqué are not deemed to be applicable. Accordingly, starting from January 1, 2005 inflation accounting has not been applied and, prior period financials presented for comparative presentation purposes are expressed in purchasing power of December 31, 2004.

As a result of a long period of high inflation, the TL has ended up in large denominations, creating difficulty in expressing and recording transactions. A new law was enacted on January 31, 2004 to introduce Yeni Turk Lirasi (New Turkish Lira, YTL), as the new currency unit for the Republic of Turkey effective January 1, 2005. Conversion rate for TL against YTL is fixed at YTL 1 (in full digits) to TL 1,000,000 (in full digits) through out the one year period until complete phase-out of TL. Effective January 1, 2005 the Parent Bank's functional and presentation currency is YTL and current period consolidated financial statements together with prior period/year comparative figures are presented in thousands of YTL, in accordance with BRSA's circular dated January 5, 2005.

Other valuation methods

Basis of valuation used for assets and liabilities in the preparation of consolidated financial statements are explained in the accounting principles for the related assets and liabilities.

Changes in Accounting Policies and Valuation Methods in the Current Period

Accounting policies that are applied in the preparation of consolidated year-end financials, except for the discontinuation of the application of inflation accounting with respect to Communiqué No: 14 of AAR for annual consolidated financial statements are used without any change and summarized below.

Certain reclassifications have been made to the prior year financial statements to be consistent with the current year presentation. Such reclassifications relate to classifications of amounts previously reported under "Prior year income/loss" as of December 31, 2004 to "Extraordinary Reserves".

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

II- Information about the Parent Bank and the Subsidiaries subject to Consolidation

Turk Ekonomi Bankasi Anonim Sirketi and its financial institutions, The Economy Bank N.V. (Economy Bank), Petek International Holdings B.V. (Petek International), Stichting Custody Services TEB (Stichting), Kronenburg Vastgoed B.V. (Kronenburg), TEB Yatirim Menkul Degerler A.S. (TEB Yatirim), TEB Finansal Kiralama A.S. (TEB Leasing), TEB Factoring A.S. (TEB Factoring) and TEB Portfoy Yonetimi A.S. (TEB Portfoy) are included in the accompanying consolidated financial statements by full consolidation method. The accompanying consolidated financial statements are prepared in accordance with AAR Communiqué No:15 "Accounting Standard on Consolidated Financial Statements, Subsidiaries, Joint Ventures and Associates". The Parent Bank and the institutions included in the consolidation hereafter will be referred to as "the Group".

Certain changes were made on the financial statements of the subsidiaries, which were prepared in accordance with the principles and rules regarding financial statement and report presentation stated in the Turkish Commercial Code and/or Financial Leasing Law and communiqués of the Capital Market Board, in order to present their financial statements in accordance with AAR.

Explanations on Consolidation Method and Scope

The commercial names of the institutions included in consolidation and the locations of the head offices of these institutions:

<u>Commercial Name</u>	<u>Head Office</u>
Economy Bank	Netherlands
Petek International	Netherlands
Stitching	Netherlands
Kronenburg	Netherlands
TEB Yatirim	Turkey
TEB Leasing	Turkey
TEB Factoring	Turkey
TEB Portfoy	Turkey

Full consolidation method is used for all the financial institutions included in the consolidation.

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the AAR principles considering the materiality. The financial statements of the subsidiaries are prepared as of December 31, 2005 and 2004.

The transactions and balances between the consolidated entities belonging to the financial group are eliminated.

Associates and subsidiaries that were acquired during the period are explained in notes 6 and 7 of Section V, Part I.

Explanations on Foreign Currency Transactions

Gains or losses arising from foreign currency transactions are reflected in the income statement as they are realized during the year. Foreign currency assets and liabilities at each period-end are translated into Turkish lira at the period-end foreign exchange buying rates announced by the Parent Bank and the resulting foreign exchange gains or losses are recorded in the income statement as foreign exchange gain or loss. The USD exchange rate used for translating foreign currency transactions into New Turkish Lira and reflecting these to consolidated financial statements as of December 31, 2005 is YTL 1.3418 (December 31, 2004 - YTL 1.3363 (in full YTL)).

There are no capitalized foreign exchange losses.

The information regarding the principles of foreign currency risk management are stated in Section Four, Note III.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

There are no debt securities issued. Foreign exchange gains and losses arising from translating monetary financial assets are reflected to foreign exchange gains / (losses) in the income statement.

The foreign currency net investment in consolidated foreign subsidiaries to be consolidated are translated into New Turkish Lira using the exchange rate prevailing at the balance sheet date for their assets and liabilities and 12 months average exchange rate for their income statement items.

The currency translation loss derived from the translation of shareholders' equity items amounting to YTL 8,633 (2004 - YTL 3,250) has been reflected in "Other Profit Reserves" under shareholders' equity.

III- Explanations on Forward, Option Contracts and Derivative Instruments

In the absence of forward foreign currency market rates and reliable forward rate estimations in a volatile market, values of foreign currency forward, and swap transactions are determined by comparing the period end Bank foreign exchange rates with the forward rates discounted to the balance sheet date. The resulting gain or loss is reflected to the income statement. In determination of the fair values of interest rate swaps, discounted values calculated using the fixed and floating interest rates between the transaction date and repricing date are used. Fair value of option transactions are determined by comparing the option rates discounted to balance sheet with the period end foreign exchange rates of the Bank and the resulting gain or loss is reflected to the income statement taken into account of exercisability of the option. Premiums, received and paid for the option transactions, are calculated on accrual basis using the effective interest method. Also the Parent Bank has entered into future agreements. Future transactions are valued daily by the primary market prices and related gains or losses are reflected in the income statement.

There are no embedded derivatives separated from the host contract or that are designated as hedging instruments.

IV- Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset when the Group has a legally enforceable right and sanction regarding netting off, and when the Group has the intention of collecting or paying the net amount of related assets and liabilities or when the Group has the right to off set the assets and liabilities simultaneously.

V- Interest Income and Expense

Interest income and expense are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method. In accordance with the related regulation, the due and not due interest accruals of the non-performing loans are cancelled and interest income related to these loans are recorded as interest income only when collected.

VI- Fees and Commission Income and Expense

Fees for various banking services are recorded as income when collected and commission income collected in advance is recorded as deferred income and reflected to the income statement by using effective interest method in the related period.

Fees and commissions for funds borrowed paid to other financial institutions, which are a part of the transaction costs, are recorded as prepaid expenses and accordingly expensed on monthly basis.

The dividend income is reflected to the financial statements on cash basis when the profit distribution is realized by the associates and the subsidiaries.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

VII- Securities Held for Trading

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

Trading securities are initially recognized at cost. Transaction costs of the related securities are included in the initial cost. The positive difference between the cost and fair value of such securities is accounted for as interest and income accrual, and the negative difference is accounted for as "Provision for Decrease in Value of Marketable Securities".

VIII- Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers are recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly, in the financial statements the government bonds and treasury bills sold to customers under repurchase agreements are classified under securities held for trading and available for sale depending on the portfolio they are originally included in, and are valued according to the valuation principles of the related portfolios of the Group. Funds obtained from repurchase agreements are classified as a separate sub account under money markets borrowings account in the liabilities. The interest expense accruals are calculated using the effective interest method for the funds obtained under repurchase agreements and are reflected to the interest and other expense accruals account in the balance sheet.

The above-mentioned transactions are short-term and consist of Turkish government domestic public sector debt securities and Eurobonds.

The income and expenses generated from above mentioned transactions are reflected to the "Interest Income on Marketable Securities" and "Interest Expense on Marketable Securities subject to Repurchase Agreement" accounts in the income statements.

Securities purchased with resale commitments (reverse repo) are shown under 'Money Market Placements' as a separate line and are remeasured at amortized cost by using effective interest rate and related gain is reflected under other income accruals in the accompanying financial statements.

As of December 31, 2005, the Group does not have any lent marketable securities (2004 – None).

IX- Securities Held to Maturity, Securities Available for Sale and Bank Originated Loans and Receivables

Securities held to maturity include securities with fixed or determinable payments and fixed maturity where there is intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability exist. This portfolio excludes bank originated loans and receivables.

Securities available for sale include all securities other than bank originated loans and receivables, securities held to maturity and securities held for trading.

The marketable securities are initially recognized at cost including the transaction costs.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

After the initial recognition, available for sale securities are measured at fair values and the unrealized gain/loss originating from the difference between the initial cost and the fair value is recorded in "Securities Value Increase Fund" under the equity. The difference between fair value and amortized cost of investments by using effective interest method is considered while calculating value increase/decrease of investments. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices. In the absence of prices formed in an active market the fair values of these securities are determined using other valuation methods stated in the articles of the AAR's Communiqué No:1, "Accounting Standards of Financial Instruments".

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

Held to maturity securities are remeasured at amortized cost by using original effective interest rate and reserve for impairment in value is provided, if any.

The interests received from securities held to maturity are recorded as interest income. There are no dividends related with any marketable securities that are held to maturity.

There are no financial assets that were previously classified as securities held to maturity but cannot be currently classified as held to maturity for the next two years due to the breaching of "tainting" rules.

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

The sale and purchase transactions of the securities held to maturity are recorded at the settlement dates.

X- Unconsolidated Participations and Subsidiaries

Turkish lira investment in associate in which the Group's effective shareholding is below 50% but in which the Group has controlling power is accounted for under the equity method in the accompanying financials, as the effect is not material.

XI- Originated Loans and Receivables and Provisions for Loan Impairment

The Group initially records originated loans and receivables at cost. In the subsequent periods, in accordance with the AAR, Communiqué No: 1, these loans are remeasured at amortized cost by using effective interest rate method.

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

Provision is set for the loans that may be doubtful and the amount is expensed at the current period. The provisioning criteria for the non-performing loans are determined by the Parent Bank's management for compensating the probable losses of the current loan portfolio, by means of evaluating the portfolio for its quality and risk factors and by means of considering the economical conditions, other facts and related regulations.

Specific reserves are computed and provided for Group III, IV and V loans in accordance with the Provisional Article 1 of Banking Law 5411, the Banking Law No.4389 as revised by Law Number 4672, Article 3, Sub Article 11 and Article 11, Sub Article 12 published on the Official Gazette No. 24448 dated June 30, 2001 on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" amended by Communiqués published on the Official Gazette No: 34657 date January 31, 2002. These provisions are reflected in the income statement under "Provision and Impairment Expenses - Special Provision Expense". The collections made regarding these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

The collections made related to loans for which provision is made in the current period are deducted from the "Provision for Loans and Other Receivables" account in the income statement. The collections made related to loans written off or for which provision was made in prior years are recorded under "Other Operating Income" account and related interest income is credited under the "Interest Received from Non-performing Loans" account.

Releases of loan provisions are recorded in the "Provision and Impairment Expenses - Special Provision Expense" account as income. Foreign currency indexed loans are accounted in their YTL equivalent as of granting date. Any foreign exchange gain related to these loans is recorded in interest income on loans, whereas any foreign exchange loss is recorded to provision for loan losses or other receivables.

In addition to the specific provision provided for loans, Parent Bank is also providing general provision for loans and other receivables according to regulations mentioned above. General provision is calculated over 5 per thousand for cash loans and other receivables, 1 per thousand for non-cash loans. Economy Bank, the Group Bank abroad, is subject to provisions according to the internal regulation of Netherlands.

XII- Goodwill and Other Intangible Fixed Assets

The positive difference of YTL 1,686 (2004 - YTL 480), between the acquisition cost and share in equity of acquired subsidiaries is reflected under the intangible fixed assets as goodwill in the accompanying consolidated financial statements.

The intangible fixed assets are reflected at their restated costs until December 31, 2004 in accordance with inflation accounting and depreciated with straight-line method. The cost of assets subject to depreciation is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

The intangible assets of the Parent Bank comprise mainly software. The requirements of the Turkish Tax Procedural Code are taken into consideration in determining the useful lives and no other specific criteria are used. The useful lives of these assets acquired prior to 2004 are determined as 5 years and for the year 2004 and forthcoming years, as 3 years. Software used are mainly developed within the Parent Bank by the Bank's personnel, and the expenses regarding these are not capitalized. Software is purchased only in emergency cases and for special projects.

There are no anticipated changes in the accounting estimates about the depreciation rate and method and residual values that would have a significant impact in the current and future periods.

XIII- Tangible Fixed Assets

Buildings are reflected at their restated costs until December 31, 2004, less reserve for impairment, if any. The straight-line method for depreciation is used for buildings and useful life is considered as 50 years.

Other tangible fixed assets are reflected at their restated costs until December 31, 2004, and depreciated by straight-line method. A prorata basis is used for depreciation of assets held less than one year as of the balance sheet date. The leasehold improvements are depreciated in accordance with the lease period by straight-line method. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Motor vehicles	20
Furniture, fixtures and office equipment and others	5-50
Leasehold improvements	Lease period

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

Gains or losses resulting from disposals of the tangible fixed assets are reflected to the income statement as the difference between the net proceeds and net book value.

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

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

There are no anticipated changes in the accounting estimates, which could have a significant impact in the current and future periods.

XIV- Leasing Transactions

Tangible fixed assets acquired by financial leases are accounted in accordance with AAR, Article 7 of the Communiqué No:4, "Accounting Standard for Leasing Transactions." In accordance with the above-mentioned article, the leasing transactions, which consist only foreign currency liabilities, are translated to New Turkish Lira with the exchange rates effective at the transaction dates and they are recorded both as an asset and a liability. The foreign currency liabilities are translated to New Turkish Lira with the period end exchange rates. The increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The financing cost resulting from leasing is distributed through the agreement period to form a fixed interest rate.

In addition to interest expense, depreciation is provided for the leased assets in each period. The depreciation rate is determined in accordance with AAR 2:"Accounting Standard for Tangible Fixed Assets" and the depreciation rate used is 20%.

The gross lease receivables including interest and principal amounts regarding the Group's financial leasing activities conducted by TEB Leasing as "Lessor" are stated under the receivables from the financial leasing activities. The difference between the total of rent payments and the cost of the related fixed assets are reflected to the "unearned income" account. The interest income is calculated and recorded to provide a stable periodic income ratio over the lessor's investment on the leased item.

Operating lease payments are recognized as expense in the income statements in the periods in which they are incurred.

XV- Provisions and Contingent Liabilities

The provisions and contingent liabilities are determined in accordance with AAR, Communiqué No:8, except for the general and specific provisions set for the loans and other receivables. Provisions are recognized for present obligations as a result of past events immediately at the estimated amounts.

XVI- Liabilities Regarding Employee Benefits

In accordance with the existing social legislation, the Parent Bank and its subsidiaries operating in Turkey are required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The retirement pay is calculated for every working year within the Group over the wage for 30 days and the notice pay is determined by the relevant notice period time calculated over the years worked within the Group. In accordance with AAR, Communiqué No:10, the Parent Bank sets provision for retirement and notice pay liabilities by taking the actual payment rates for the previous 5 years into consideration.

The Group has no employees contracted for determined periods.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

As of December 31, 2005 and 2004 the arithmetical average of the actual payments realized for the previous five years are 8.35% and 8.54% respectively for the Parent Bank. The Parent Bank's consolidated subsidiaries provided reserve for retirement pay for the eligible personnel as of December 31, 2005 and December 31, 2004, at estimated amounts.

The employees of the Group are members of Tebliler Foundation. The Parent Bank and subsidiaries do not have any other liability to this foundation other than paying 20 % of the first monthly contribution fee of the employee.

There are no liabilities that require additional provisions related to other employee rights.

XVII- Taxation

Corporate Tax

The corporate tax rate for 2005 is 30% (2004 – 33%).

In accordance with the tax legislation, a temporary tax of 30% (2004-33 %) is to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

Tax returns are required to be filed until the fifteenth of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

By the enactment of Law no: 5024 on inflation accounting on 17 December 2003, effective from 1 January 2004, inflation accounting standards have been introduced for corporate and income tax payers. According to Law no: 5024 which is inserted in the Repeated Article 298 of the Tax Procedures Law, the following should be considered: Regarding the temporary tax applications, inflation adjustment on financial statements shall be applied only if the increase in the general Wholesale Price Index (WPI) is higher than 100% for the last 36 months including the last month of a three months period and higher than 10% for the last twelve months, and also inflation accounting shall not be applied if one of the said two conditions is not satisfied. Because the conditions were satisfied for the year 2004.

Inflation adjustment on financial statements was applied and the corporate income tax was calculated over inflation adjusted financial statements. However, since the conditions were not satisfied for the year 2005, and also as indicated in the Tax Procedure Circular numbered 21, dated 17 October 2005 published by the Ministry of Finance, the corporate income tax has been calculated according to the unadjusted financial statements for the whole 2005 accounting period.

Current tax related with items that are credited or charged directly to equity are charged or credited to equity under "Marketable securities value increase fund". As of December 31, 2005, YTL 1,322 is charged to equity under "Marketable securities value increase fund".

Tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The Tax Procedural Code does not allow the corporate and income tax to be calculated on a consolidated basis. Accordingly, the current and deferred taxes in the accompanying financial statements are calculated separately for each entity.

Effective tax rate of foreign subsidiaries is 31.5%.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

Deferred tax

As of June 30, 2004 and prior periods, the Group calculated and reflected deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

As of December 31, 2005 and 2004, in accordance with Communiqué Number 18 of AAR published on August 12, 2004 and effective from July 1, 2004 and the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004 the Group calculated deferred tax asset on all deductible temporary differences except for general loan reserve, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. The net deferred tax asset and liabilities of the Bank and its subsidiaries are presented on the financial statements separately in accordance with AAR 18 as deferred tax amounts related to the Bank and its subsidiaries could not be net off with each other.

The net deferred tax asset is included in other assets and net deferred tax liability is reflected under other external resources on the balance sheets. YTL 5,036 of deferred tax credit is stated under the tax provision in the income statement. YTL 789 of deferred tax asset resulting from differences related to items that are credited or charged directly to equity is netted with the related accounts under shareholders' equity.

Furthermore, as per the above mentioned circular of BRSA, deferred tax income balance resulting from netting of deferred tax assets and liabilities should not be subjected to dividend distribution and capital increase.

XVIII-Additional Explanations on Borrowings

There are no debt securities issued by the Parent Bank.

The Group has not issued convertible bonds.

XIX- Paid-in Capital and Share Certificates

The Parent Bank does not have any costs related to issuance of share certificates.

XX- Acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as commitments of the Group in off-balance sheet accounts.

XXI- Government Incentives

There are no government incentives utilized by the Group.

XXII- Securities at Custody

Securities held by the Group at custody on behalf of customers are not included in the balance sheet since they are not assets of the Group. As of December 31, 2005, securities at custody in the off-balance sheet include investment funds denominated as thousand share units (December 31, 2004 – billion share units).

XXIII-Segment Reporting

In accordance with AAR 17, segment reporting disclosures will be presented after January 1, 2006.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

XXIV-Other Matters

Explanation for convenience translation to English:

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

There are no other matters required to be disclosed.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)

SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP

I- Strategy for the Use of Financial Instruments and Explanation Regarding the Foreign Currency Transactions

The Group aims to develop and market products concerning the needs of all types of clients from small to medium sized companies to multinationals or private investors, in accordance with the regulations. While fulfilling the clients' needs, the Group's first priority is to maintain liquidity. Therefore, approximately 49% of the financial sources created are invested in liquid products. These investments are made with ultimate care at maturity management and aiming the maximum income possible under current conditions.

While conducting asset and liability management, the Group aims to generate a positive margin between the financing cost and product income and an optimum maturity risk.

As a part of the Parent Bank's risk management strategy, any kind of risk creating position generated from short-term exchange rate, interest and price movements is managed by the treasury according to the limits specified by the Board of Directors. The Parent Bank's asset and liability management committee, while determining the short-term, middle and long-term pricing strategies, principally aims at managing maturity mismatch and as a pricing policy, aims to work with positive balance sheet margins.

Among the operational areas of the Parent Bank, the main activities generating yields over calculated average yields are marketable securities transactions.

The Parent Bank's Board of Directors permits risks to be taken at the money, capital and commodity markets with respect to treasury transactions, and the risk taken is controlled by the product-based limits.

The strategies for hedging exchange rate risk generated from the Parent Bank's foreign currency available for sale capital instruments are explained in exchange rate risk section and the applications regarding the hedging of interest rate risk generated from deposits with fixed or floating interest rates are explained at interest rate risk section in detail.

When the asset and liability committee of the Parent Bank decides to invest in available for sale capital instruments denominated in foreign currency, which are suitable for the structure of the balance sheet, the committee also approves making swaps, foreign currency futures and similar derivative instruments in order to be able to hedge the changes in interest and exchange rates.

The hedging of foreign currency investment in foreign entities are established by spots and foreign currency forward transactions similar to other foreign currency transactions, in accordance with the Parent Bank's general strategy to hedge foreign currency positions within legal limitations

II- Consolidated Capital Adequacy Standard Ratio

The method used for risk measurement for capital adequacy standard ratio: Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published on January 31, 2002 in the Official Gazette numbered 24657. As of December 31, 2005, the Parent Bank's consolidated capital adequacy ratio is % 13.76 (2004 - %16.27).

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

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

The amounts deducted from the capital in the shareholders' equity computation are not considered while calculating risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and depletion among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

While calculating the basis of non-cash loans subject to credit risk, the net receivable amount from the counter parties found by means of deducting the provision amount set in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" is multiplied by the rates presented at the Clause 1, Article 21 of the "Communiqué on Regulations on the Establishment and Operations of Banks", and included in the related risk group and weighted by the related group's risk.

Receivables from counter parties generated from derivative foreign currency and interest rate transactions are included in the related risk group at the loan conversion rates stated in Clause 2, Article 21 of the "Communiqué on Regulations on the Establishment and Operations of Banks" and weighted for a second time by the weight of the related risk group.

Information related to the capital adequacy ratio:

	Consolidated				Parent Bank			
	Risk Weight				Risk Weight			
	0%	20%	50%	100%	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non Cash Loans								
Balance Sheet items (Net)	993,847	991,375	690,251	2,993,480	868,910	337,805	476,254	2,369,789
Cash	87,335	25	-	-	87,321	7	-	-
Due from banks	266,158	960,256	-	20,132	266,158	308,724	-	326
Interbank money market placements	150,000	-	-	-	150,000	-	-	-
Receivables from reverse repo transactions	6,533	-	-	-	-	-	-	-
Reserve deposits	211,383	-	-	-	211,383	-	-	-
Special finance houses	-	-	-	-	-	-	-	-
Loans	231,549	23,117	469,128	2,886,986	121,929	23,117	469,128	2,307,640
Loans under follow-up (Net)	-	-	-	16,830	-	-	-	16,830
Subsidiaries, associates and investments held to maturity	-	-	-	-	-	-	-	-
Miscellaneous receivables	-	-	-	9,423	-	-	-	1,779
Marketable securities held to maturity (Net)	-	-	-	-	-	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-	-	-	-	-
Financial lease receivables	-	-	213,996	-	-	-	-	-
Leased assets (Net)	-	-	7,127	-	-	-	7,126	-
Fixed assets (Net)	-	-	-	39,585	-	-	-	31,602
Other assets	40,889	7,977	-	20,524	32,119	5,957	-	11,612
Off balance sheet items	217,597	746,076	499,476	182,552	177,200	667,061	440,957	167,470
Guarantees and pledges	67,788	741,400	179,107	114,572	28,238	662,385	121,195	112,659
Commitments	146,335	-	320,369	-	145,481	-	319,762	-
Other off balance sheet items	-	-	-	-	-	-	-	-
Transactions related with derivative financial instruments	-	-	-	35,559	-	-	-	24,330
Interest and income accruals	4,329	4,676	-	32,421	3,481	4,676	-	30,481
Non risk weighted accounts	-	-	-	-	-	-	-	-
Total Assets Subject to Risk	1,211,444	1,737,451	1,189,727	3,176,032	1,046,110	1,004,866	917,211	2,537,259
Total Risk Weighted Assets	-	347,490	594,864	3,176,032	-	200,973	458,606	2,537,259

Summary information related to the capital adequacy ratio:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
Total Risk Weighted Assets	4,118,386	2,575,912	3,196,883	1,784,135
Amount Subject to Market Risk	145,788	54,288	142,000	48,009
Shareholders' Equity	586,808	427,864	411,722	261,749
Shareholders' Equity / (TRWA + ASMR) *100	13.76	16.27	12.33	14.29

TRWA: Total Risk Weighted Assets

ASMR: Amount Subject to Market Risk

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

Information related to the components of shareholders' equity:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
MAIN CAPITAL				
Paid-in Capital	57,800	57,800	57,800	57,800
Nominal capital	57,800	57,800	57,800	57,800
Capital commitments (-)	-	-	-	-
Effect on Inflation Accounting on Share Capital	252,676	252,676	252,676	252,676
Share Premium	69	69	-	-
Legal Reserves	11,322	13,265	9,253	6,838
First legal reserve (Turkish Commercial Code 466/1)	15,243	10,829	5,479	3,789
Second legal reserve (Turkish Commercial Code 466/2)	4,712	5,686	3,774	3,049
Other legal reserve per special legislation	(8,633)	(3,250)	-	-
Statute Reserves	-	-	-	-
Extraordinary reserves	74,304	34,445	61,218	39,247
Reserves allocated by the General Assembly	74,304	34,445	61,218	39,247
Retained earnings	-	-	-	-
Accumulated loss	-	-	-	-
Foreign currency share capital exchange difference	-	-	-	-
Minority Rights	-	791	-	-
Profit	102,239	53,496	78,717	33,800
Current period profit	102,239	53,496	78,717	33,800
Prior period profit	-	-	-	-
Loss (-)	-	-	-	-
Current period loss	-	-	-	-
Prior period loss	-	-	-	-
Total Main Capital	498,410	412,542	459,664	390,361
SUPPLEMENTARY CAPITAL				
Revaluation Fund	-	-	-	-
Furniture, fixture and vehicles	-	-	-	-
Buildings	-	-	-	-
Profit on sale of associates, subsidiaries and buildings to be transferred to share capital	-	-	-	-
Revaluation fund of leasehold improvement	-	-	-	-
Increase in the Value of Revaluation Fund	-	-	-	-
Foreign Exchange Differences	-	-	-	-
General Reserves	18,300	10,235	18,300	10,235
Provisions for Possible Losses	-	-	-	-
Subordinated Loans	83,997	16,036	83,997	16,036
Marketable Securities and Investment Securities Value Increase Fund	9,354	3,995	9,147	3,836
Associates and subsidiaries	-	-	-	-
Available for sale securities	9,354	3,995	9,147	3,836
Structured positions	-	-	-	-
Total Supplementary Capital	111,651	30,266	111,444	30,107
TIER III CAPITAL				
CAPITAL	610,061	442,808	571,108	420,468
DEDUCTIONS FROM THE CAPITAL	23,253	14,944	159,386	158,719
Investments in unconsolidated financial companies whose main activities are money and capital markets, insurance and that operate with licenses provided in accordance with special laws	1,535	656	139,230	146,474
Leasehold improvements	15,480	7,461	15,287	6,846
Start-up costs	-	-	-	-
Prepaid expenses	5,032	6,827	4,869	5,399
The negative difference between the market values and the carrying amounts for unconsolidated investments, subsidiaries, other investments and fixed assets	-	-	-	-
Subordinated loans given to other banks which operate in Turkey	-	-	-	-
Goodwill (Net)	1,206	-	-	-
Capitalized expenses	-	-	-	-
Total Shareholder's Equity	586,808	427,864	411,722	261,749

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

III- Consolidated Credit Risk

Credit risk represents the risk generating from counter party's not fulfilling its responsibilities stated in the agreement either partially or totally.

Credit allocations are made within limits defined by individual borrowers or borrower groups. Various financial and non-financial criteria are taken into account in the Bank's internal rating system used in the credit approval process. Geographical and industrial segments are included in these criteria. Sectoral distribution of loans is monitored closely. In accordance with the Bank's credit policy, the ratings of the borrowers, credit limits and collateralization process are collectively considered and credit risks are monitored.

The risks and limits generated from treasury are followed up daily. Additionally, the control of the limits of the correspondent banks is determined by their ratings and the control of the acceptable maximum risk level according to the Group's equity is performed daily.

The credibility of the debtors of the Group is assessed periodically in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves." Majority of the financial statements obtained from the borrowers are audited. The sole reason for accepting unaudited financials is the timing differences between the lending of the money and the audit period of the borrowers. The unaudited financials are replaced with the audited statements when they become available. The loan limits are determined based on the audited financials and the guarantees are determined by the loan committee according to the borrowers' financial structure and the quality of the transactions.

Transaction limits for the forward and other similar agreement positions held by the Parent Bank is determined by the Board of Directors and transactions are realized within these limits.

The fulfillment of liabilities in the forward agreements is only possible at the maturity of the agreement. However, in order to be able to minimize the risk, when deemed necessary, reverse positions of the present positions are taken from the market to close the risk.

Indemnified non-cash loans are weighted in the same risk group with the non-performing loans.

Since the volume of the restructured loans is not material to the financial statements, no additional follow up methodology is developed, except as stated in the regulations.

Foreign country and foreign financial institution risks of the Bank are generally taken for foreign countries and financial institutions, which are rated at the investment level by the international rating companies and thus carrying minimum level of default risk. Accordingly, the possible risks that may occur are minor risks when the financial structure of the Bank is considered.

The Parent Bank does not hold a major credit risk when compared to other financial institutions together with their financial activities as an active participant at the international banking markets.

As of December 31, 2005, the total loan balance of the top 100 cash loan clients of the Group is YTL 1,171,007 (2004 – YTL 695,586) and the percentage to the total loan portfolio is 34.02 % (2004 – 34.14 %).

As of December 31, 2005, the total balance of the top 100 non-cash loan clients of the Group is YTL 884,594 (2004 – YTL 543,649) and the percentage to the total non-cash loan portfolio is 43.39 % (2004 – 35.52 %).

As of December 31, 2005, the percentage of the total cash and non-cash loans balances of the top 100 clients to the total of assets and off-balance sheet items is 30.98 % (2004 – 26.21 %).

As of December 31, 2005, general provision for loans set by the Parent Bank amounted to YTL 18,300 (2004 - YTL 10,235).

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit/Loss
Current Period					
Domestic	5,592,805	4,347,824	1,625,792	1,535	94,526
European Union Countries	601,685	460,054	38,865	-	7,713
OECD Countries (*)	431,780	509,023	98,243	-	-
Off-shore Banking Regions	118,499	930,631	103,248	-	-
USA, Canada	141,157	192,406	124,761	-	-
Other Countries	75,283	14,942	47,675	-	-
Unallocated Assets/liabilities(**)	-	-	-	-	-
Total	6,961,209	6,454,980	2,038,584	1,535	102,239
Prior Period					
Domestic	3,958,926	2,913,831	1,413,466	656	45,330
European Union Countries	570,344	379,610	19,644	-	8,166
OECD Countries (*)	69,327	49,554	7,767	-	-
Off-shore Banking Regions	51,798	183,678	5,386	-	-
USA, Canada	211,580	222,169	46,358	-	-
Other Countries	75,541	772,793	37,941	-	-
Unallocated Assets/liabilities(**)	-	-	-	-	-
Total	4,937,516	4,521,635	1,530,562	656	53,496

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

(**) Unallocated assets / liabilities which could not be distributed according to consistent criteria.

Sectoral Breakdown of Cash Loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	36,039	2.02	103,310	6.24	23,433	2.64	44,129	3.84
Farming and raising livestock	25,692	1.44	93,739	5.66	17,962	2.02	39,799	3.46
Forestry	8,365	0.47	8,953	0.54	4,903	0.55	3,597	0.31
Fishing	1,982	0.11	618	0.04	568	0.07	733	0.07
Manufacturing	874,056	48.94	1,050,324	63.41	543,396	61.25	669,406	58.19
Mining	70,507	3.95	37,836	2.28	21,912	2.47	25,159	2.19
Production	801,066	44.85	994,708	60.06	519,983	58.61	644,143	55.99
Electric, gas and water	2,483	0.14	17,780	1.07	1,501	0.17	104	0.01
Construction	74,810	4.19	52,917	3.19	23,842	2.69	20,836	1.81
Services	399,249	22.35	411,989	24.87	195,313	22.01	389,526	33.86
Wholesale and retail trade	139,281	7.80	58,255	3.52	80,958	9.12	108,846	9.46
Hotel, food and beverage services	19,605	1.10	53,260	3.22	12,940	1.46	19,011	1.65
Transportation and telecommunication	74,193	4.15	74,137	4.48	23,356	2.63	58,297	5.07
Financial institutions	115,089	6.44	218,882	13.21	60,100	6.77	196,089	17.04
Real estate and renting services	20,625	1.15	2,400	0.14	9,761	1.1	1,715	0.15
Self-employment services	9,623	0.54	983	0.06	3,246	0.37	403	0.04
Education services	3,169	0.18	4,015	0.24	614	0.07	4,228	0.37
Health and social services	17,664	0.99	57	0.00	4,338	0.49	937	0.08
Other	401,987	22.50	37,800	2.29	101,241	11.41	26,421	2.30
Total	1,786,141	100.00	1,656,340	100.00	887,225	100.00	1,150,318	100.00

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

IV- Consolidated Market Risk

The Group has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqués on “Internal Control and Risk Management Systems of Banks”, and “Measurement and Assessment of Capital Adequacy of Banks”.

The Board of Directors of the Parent Bank determines the limits for the basic risk that the Bank is exposed to. Those limits are revised periodically in line with the strategies of the Bank. Additionally, the Board of Directors of the Parent Bank has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Bank.

The interest rate and exchange rate risks of the financial positions taken by the Parent Bank related to balance sheet and off-balance sheet accounts are measured and while calculating the capital adequacy, the amount subject to VAR is taken into consideration by the standard method. VAR for Market risks using international models Scenario analysis and stress tests are calculated and such tests supported by results are reported to senior management.

	Consolidated	Parent Bank
Capital to be employed for interest rate risk – standard method	8,057	7,786
Capital to be employed for general market risk	8,057	7,786
Capital to be employed for specific risk	-	-
Capital to be employed for options subject to interest rate risk	-	-
Capital to be employed for common stock position risk – Standard method	-	-
Capital to be employed for general market risk	-	-
Capital to be employed for specific risk	-	-
Capital to be employed for options subject to common stock position risk	-	-
Capital to be employed for currency risk – Standard method	3,606	3,574
Capital liability	3,158	3,126
Capital to be employed for options subject to currency risk	448	448
Total Value-at-risk (VAR)-Internal Model	-	-
Total capital to be employed for market risk	11,663	11,360
Amount subject to market risk	145,788	142,000

V- Consolidated Foreign Currency Risk

Foreign currency risk indicates the probabilities of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Group are taken into consideration and value at risk is calculated by using the standard method.

The Board of Directors of the Parent Bank sets limits for the positions, which are followed up daily. Also any possible changes in the foreign currency transactions in the Parent Bank’s positions are monitored.

As an element of the Group’s risk management strategies, foreign currency liabilities are hedged against exchange rate risk by derivative instruments.

The Treasury Department of the Parent Bank is responsible for the management of Turkish Lira or foreign currency price, liquidity and affordability risks that could occur in the domestic and international markets within the limits set by the Board of Directors. The monitoring of risk and risk related transactions occurring in the money markets is performed daily and reported to the Bank’s Asset-Liability Committee.

As of December 31, 2005, the Group's net short position is YTL 3,998 (2004 - YTL 40,343 net long) resulting from short position amounting to YTL 298,220(2004 - YTL 9,417) on the balance sheet and long position amounting to YTL 294,222 (2004 - YTL 49,760) from off-balance sheet position.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

The announced current foreign exchange buying rates of the Parent Bank at the balance sheet date and the previous five working days are as follows:

	23.12.2005	26.12.2005	27.12.2005	28.12.2005	29.12.2005	30.12.2005
USD	1.3435	1.3424	1.3433	1.3422	1.3430	1.3418
CHF	1.0225	1.0200	1.0211	1.0249	1.0186	1.0188
GBP	2.3325	2.3273	2.3300	2.3306	2.3092	2.3121
JPY	1.1500	1.1510	1.1455	1.1437	1.1373	1.1400
EUR	1.5943	1.5922	1.5929	1.5994	1.5904	1.5875

The simple arithmetical average of the major current foreign exchange buying rates of the Parent Bank for the thirty days before December 31, 2005, is as follows:

	Monthly Average FX rates
USD	1.3458
CHF	1.0290
GBP	2.3479
JPY	1.1343
EUR	1.5956

Information on the foreign currency risk of the Group:

Current Period	EUR	USD	YEN	OTHER FC	TOTAL
Assets					
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	45,480	397,307	65	3,962	446,814
Due from other banks and financial institutions	62,686	620,194	675	12,353	695,908
Trading securities	8,331	3,831	-	598	12,760
Money market placements	-	-	-	-	-
Investment securities available-for-sale	-	235,456	-	-	235,456
Loans (**)	754,403	1,172,578	10,993	52,800	1,990,774
Investments in associates and subsidiaries	-	-	-	-	-
Investment securities held-to-maturity	-	9,584	-	-	9,584
Property and equipment	6,600	-	-	-	6,600
Goodwill	-	-	-	-	-
Other assets (**)	162,111	89,169	96	15,579	263,955
Total Assets	1,039,611	2,525,119	11,829	85,292	3,661,851
Liabilities					
Bank deposits	7,470	13,376	47	18,827	39,720
Foreign currency deposits (*)	497,998	2,516,117	8,391	48,120	3,070,626
Money market borrowings	-	-	-	-	-
Funds provided from other financial institutions	526,537	234,967	-	31,667	793,171
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	8,166	2,102	3,209	17	13,494
Other liabilities(**)	16,989	18,059	-	8,012	43,060
Total liabilities	1,057,160	2,784,621	11,647	106,643	3,960,071
Net Balance Sheet Position	(17,549)	(259,502)	182	(21,351)	(298,220)
Net Off-Balance Sheet Position	59,815	216,285	(3,023)	21,145	294,222
Financial derivative assets	519,369	816,007	5,011	81,422	1,421,809
Financial derivative liabilities	459,554	599,722	8,034	60,277	1,127,587
Non-cash loans (***)	446,262	907,481	8,175	43,779	1,405,697
Prior Period					
Total Assets	610,373	2,689,819	1,548	48,964	3,350,704
Total Liabilities	601,350	2,621,901	1,707	135,163	3,360,121
Net Balance Sheet Position	9,023	67,918	(159)	(86,199)	(9,417)
Net Off-Balance Sheet Position	35,197	(68,631)	267	82,927	49,760
Non-cash loans (***)	353,422	607,839	12,099	42,457	1,015,817

(*) Gold account deposits amounting to YTL 1,329 (2004 - YTL 1,689) are included in the foreign currency deposits.

(**) FX-indexed loans amounting to YTL 334,434 (2004 - YTL 158,143) are included in loans.

(***) There are no effects on the net off-balance sheet position.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

VI- Consolidated Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Group's position, and it is managed by the Asset-Liability Committee of the Parent Bank. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

The first priority of the Parent Bank's risk management is to protect from interest rate volatility. Duration, maturity and all types of sensitivity analysis performed within this context is calculated by the risk management and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Group. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budget targets.

The Parent Bank management follows the market interest rates daily and revises the interest rates of the Bank when necessary.

The Group defines the risk due from maturity mismatches in advance to carry interest risk at an optimum level.

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

	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Current Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	385,329	-	-	-	-	179,572	564,901
Due from banks and other financial institutions	821,025	84,936	32,000	16,000	-	26,427	980,388
Trading securities	21,601	18,664	13,651	462	55,477	598	110,453
Money market placements	156,533	-	-	-	-	-	156,533
Securities available-for-sale	33,537	577,672	79,262	64,131	312,168	9	1,066,779
Loans	1,090,200	601,312	594,210	429,916	726,843	-	3,442,481
Securities held-to-maturity	-	100	-	684	10,859	-	11,643
Other assets	116,227	67,112	53,783	56,217	99,081	237,146	629,566
Total Assets	2,624,452	1,349,796	772,906	567,410	1,204,428	443,752	6,962,744
Liabilities							
Bank deposits	103,749	12,722	-	170	-	1,734	118,375
Other deposits	2,820,802	406,682	118,968	32,039	144	808,666	4,187,301
Money market borrowings	756,614	-	-	-	-	-	756,614
Miscellaneous payables	-	-	-	-	-	64,196	64,196
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	226,586	196,346	547,451	38,779	65,445	-	1,074,607
Other liabilities	52,540	7,352	3,552	15	-	698,192	761,651
Total Liabilities	3,960,291	623,102	669,971	71,003	65,589	1,572,788	6,962,744
Balance Sheet Interest Sensitivity Gap	(1,335,839)	726,694	102,935	496,407	1,138,839	(1,129,036)	-
Off Balance Sheet Interest Sensitivity Gap	(695)	-	-	-	-	-	(695)
Total Interest Sensitivity Gap	(1,336,534)	726,694	102,935	496,407	1,138,839	(1,129,036)	(695)

Other assets line at the non-interest bearing column includes YTL 62,192 of tangible fixed assets, YTL 5,625 of intangible fixed assets, YTL 81,663 of accrued interest and income receivables, YTL 1,535 of participations and in total YTL 70,003 of deferred tax and other assets and the other liability line includes equity of YTL 507,764.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Prior Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	942,255	-	-	-	-	103,509	1,045,764
Due from Banks and other financial institutions	785,652	23,049	6,892	16,000	-	7,189	838,782
Trading securities	2,274	1,148	2,838	2,659	8,486	-	17,405
Money market placements	95,617	-	-	-	-	-	95,617
Securities available-for-sale	38,872	100,974	7,077	36,927	168,485	9	352,344
Loans	805,677	402,493	384,252	175,819	269,302	-	2,037,543
Securities held-to-maturity	65,349	100	1,021	6,573	-	-	73,043
Other assets	59,932	87,217	49,020	47,644	78,866	154,995	477,674
Total Assets	2,795,628	614,981	451,100	285,622	525,139	265,702	4,938,172
Liabilities							
Bank deposits	87,570	19,776	1,000	-	-	1,571	109,917
Other deposits	2,366,070	509,293	70,082	60,624	50,145	96,512	3,152,726
Money market borrowings	155,705	-	-	-	-	-	155,705
Miscellaneous payables	-	44	-	-	-	48,290	48,334
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	135,629	371,553	169,970	74,678	108,241	-	860,071
Other liabilities	29,142	25,342	1,537	-	-	555,398	611,419
Total Liabilities	2,774,116	926,008	242,589	135,302	158,386	701,771	4,938,172
Balance Sheet Interest Sensitivity Gap	21,512	(311,027)	208,511	150,320	366,753	(436,069)	-
Off Balance Sheet Interest Sensitivity Gap	(163)	-	(59)	-	-	-	(222)
Total Interest Sensitivity Gap	21,349	(311,027)	208,452	150,320	366,753	(436,069)	(222)

Other assets line at the non-interest bearing column includes YTL 49,924 of tangible fixed assets, YTL 3,913 of intangible fixed assets, YTL 49,706 of accrued interest and income receivables, YTL 656 of participations and YTL 45,055 of deferred tax and other assets and the other liability line includes equity of YTL 415,746 and minority interest amounting to YTL 791.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	YTL %
Current Period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	1.61	2.05	-	10.65
Due from banks and other financial institutions	2.23	4.03	-	15.96
Trading securities	6.77	8.80	-	16.30
Money market placements	-	-	-	14.87
Securities available-for-sale	-	5.70	-	15.14
Leasing receivables	9.26	10.33	-	22.04
Factoring receivables	6.06	7.16	-	19.84
Loans	5.21	5.95	4.06	19.84
Securities held-to-maturity	-	10.97	-	15.83
Liabilities				
Bank deposits	2.55	4.00	-	17.61
Other deposits	2.47	4.00	-	14.80
Miscellaneous payables	-	4.59	-	14.61
Money market placements	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	4.08	7.55	-	21.33

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

	EURO %	USD %	YEN %	YTL %
Prior Period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	0.64	0.55	-	10.00
Due from banks and other financial institutions	2.12	2.67	-	20.17
Trading securities	7.56	8.60	-	22.87
Money market placements	-	-	-	17.40
Securities available-for-sale	-	6.50	-	22.17
Leasing receivables	11.14	11.03	-	52.9
Factoring receivables	6.28	5.19	-	29.32
Loans	4.93	4.79	-	24.49
Securities held-to-maturity	-	4.81	-	26.00
Liabilities				
Bank deposits	2.06	1.83	-	20.96
Other deposits	2.88	2.46	-	21.34
Miscellaneous payables	-	-	-	19.64
Money market placements	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	4.37	3.90	-	22.73

VII- Consolidated Liquidity Risk

Liquidity risk occurs when there is not sufficient amount of cash or cash inflows to meet the cash outflows completely and on time, resulting from the unstable cash flows.

Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed quickly at suitable prices and sufficient amounts due to barriers and break-ups at the markets.

The Group's policy is to establish an asset structure that can meet all kinds of liabilities by liquid sources at all times. In this context liquidity problem is not faced in any period. In order to maintain this the Boards of Directors of the Group continuously determines standards for the liquidity ratios, and monitors them.

According to the general policies of the Group, the matching of the maturity and interest rate structure of assets, and liabilities is always established within the asset liability management strategies. A positive difference is managed to be established between the yields of YTL and foreign currency assets and liabilities on the balance sheet and their costs. According to this strategy, maturity risk is managed within the limits defined by the Parent Bank's Board of Directors.

When the funding and liquidity sources are considered, the parent Bank covers majority of its liquidity need by deposits, and in addition to this source, it makes use of prefinancing and syndication products to generate additional sources. The Parent Bank keeps its position as a net lender position in general.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

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	Undistributed (*)	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and Balances with the Central Bank of Turkey	179,572	385,329	-	-	-	-	-	564,901
Due from banks and other financial institutions	79,877	767,575	84,936	32,000	16,000	-	-	980,388
Trading securities	598	21,587	617	13,812	580	73,259	-	110,453
Money market placements	-	156,533	-	-	-	-	-	156,533
Securities available-for-sale	9	-	-	8,962	174,314	883,494	-	1,066,779
Loans	25,204	1,057,555	559,946	557,354	460,607	781,815	-	3,442,481
Securities held-to-maturity	-	-	100	-	684	10,859	-	11,643
Other assets	7,328	167,114	76,652	64,078	66,854	135,552	111,988	629,566
Total Assets	292,588	2,555,693	722,251	676,206	719,039	1,884,979	111,988	6,962,744
Liabilities								
Bank deposits	16,562	88,922	12,721	-	170	-	-	118,375
Other deposits	808,666	2,398,845	699,541	81,823	76,089	122,337	-	4,187,301
Money market borrowings	-	756,614	-	-	-	-	-	756,614
Funds provided from other financial institutions	-	113,624	147,008	138,530	509,491	165,954	-	1,074,607
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	49,484	1,755	-	-	-	-	12,957	64,196
Other liabilities	4,263	130,564	16,419	19,631	48,100	9,780	532,894	761,651
Total Liabilities	878,975	3,490,323	875,690	239,984	633,850	298,071	545,851	6,962,744
Net Liquidity Gap	(586,387)	(934,630)	(153,439)	436,222	85,189	1,586,908	(433,863)	-
Prior Period								
Total Assets	177,833	2,651,380	524,840	472,471	398,074	642,152	71,422	4,938,172
Total Liabilities	791,448	2,136,066	643,736	162,527	478,319	284,601	441,475	4,938,172
Net Liquidity Gap	(613,615)	515,314	(118,896)	309,944	(80,245)	357,551	(370,053)	-

(*) The assets which are necessary to provide banking services and could not be liquidated in a short term, such as property and equipment, investments in subsidiaries and associates, office supply inventory, prepaid expenses and non-performing loans, are classified in this column.

VIII- Presentation of Assets and Liabilities with Their Fair Values

The table below presents fair values and book values of financial assets and liabilities which are not reflected at their fair values in the financial statements.

Securities held for investment purposes in the current period consist of interest bearing held to maturity and available for sale assets. The fair value of the held to maturity assets are determined based on the market prices or if the market prices cannot be determined, the fair values are determined based on the quoted market prices of other marketable securities which are similar in interest rates, maturities and other conditions.

The fair values of the demand deposits, floating rate placements and overnight deposits are considered to be the carrying values due to short maturities. The approximate fair value of the deposits with fixed rates and funds collected from other financial institutions are determined by calculating discounted cash flows by making use of the money market interest rates used for other liabilities with similar quality and maturities. The fair values of loans are calculated through discounted cash flows using current market interest rates. The fair value of other payables is approximate carrying values due to short maturity.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

	Carrying Value (*)		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	2,251,623	1,377,012	2,251,849	1,377,535
Due from banks and other financial institutions	1,140,620	939,368	1,140,556	939,327
Securities available-for-sale	1,099,194	362,271	1,099,484	362,271
Securities held-to-maturity	11,809	75,373	11,810	75,937
Financial Liabilities	6,230,811	4,350,027	6,224,286	4,365,511
Interbank money market deposits	119,304	110,961	119,312	111,108
Other deposits	4,201,179	3,165,819	4,194,656	3,179,316
Funds provided from other financial institutions (**)	1,846,132	1,024,913	1,846,121	1,026,753
Marketable securities issued	-	-	-	-
Miscellaneous payables	64,196	48,334	64,196	48,334

(*) Carrying values include interest accruals as of related period ends.

(**) Funds provided under repurchase agreements are included in funds provided from other financial institutions.

IX- Fiduciary Transactions

The Group makes purchases from auctions in the account of the clients, and provides safe keeping, management and consultancy services.

The Group has no fiduciary transactions.

X- Segment Reporting

In accordance with AAR 17, segment reporting disclosure will be presented after January 1, 2006.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)****SECTION FIVE****FOOTNOTES AND EXPLANATIONS ON CONSOLIDATED FINANCIAL STATEMENTS****I. Footnotes and Explanations Related to the Consolidated Assets****1. Information related to the account of the Central Bank of Turkey:**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted demand deposit	92,213	-	21,918	-
Unrestricted time deposit	-	173,945	-	752,085
Total	92,213	173,945	21,918	752,085

2. Information on trading portfolio (stated at net values):

a) Trading securities given as collateral or blocked:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share Certificates	-	-	-	-
Bond, Treasury Bill and Similar Investment Securities	318	-	866	-
Other	-	-	-	-
Total	318	-	866	-

b) Trading securities subject to repurchase agreements:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	62,526	-	3,138	-
Treasury Bills	71	-	4,786	-
Other Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	62,597	-	7,924	-

As of December 31, 2005, trading securities which are not given as collateral amount to YTL 47,538 (2004 - YTL 8,615).

3. Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union countries	601,685	455,760	-	-
USA and Canada	137,599	168,430	-	-
OECD Countries(*)	49,528	51,596	-	-
Off-shore banking regions	40,025	31,752	20,041	-
Other	3,376	14,487	-	-
Total	832,213	722,025	20,041	-

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

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)

4. Information on reverse repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic transactions				
Central Bank of Turkey	-	-	-	-
Banks	606	-	195	-
Brokerage Firms	5,927	-	422	-
Other financial institutions	-	-	-	-
Other institutions	-	-	-	-
Real persons	-	-	-	-
From foreign transactions				
Central Bank of Turkey	-	-	-	-
Banks	-	-	-	-
Brokerage Firms	-	-	-	-
Other financial institutions	-	-	-	-
Other institutions	-	-	-	-
Real persons	-	-	-	-
Total	6,533	-	617	-

5. Information on available for sale portfolio:

- a) Main types of available for sale securities: Available for sale securities include public sector, domestic and foreign debt securities, other securities and share certificates.
- b) Information on available for sale portfolio:

	Current Period	Prior Period
Debt Securities	1,070,066	355,091
Quoted in a Stock Exchange	999,168	296,889
Not Quoted	70,898	58,202
Share Certificates	9	9
Quoted in a Stock Exchange	-	-
Not Quoted	9	9
Provision for Impairment (-)	(3,296)	(2,756)
Total	1,066,779	352,344

- c) Available for sale securities given as collateral or blocked: Available for sale securities given as collateral consist of public sector debt securities of TL 216,931 (2004 – YTL 54,519) given as collateral for regulatory requirements.
- d) Information on investment securities available-for-sale given as collateral or blocked :

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bond, Treasury Bill and Similar Investment Securities	49,437	167,494	54,519	-
Other	-	-	-	-
Total	49,437	167,494	54,519	-

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)

e) Information on investment securities available-for-sale subject to repurchase agreements:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government bonds	756,798	-	147,941	-
Treasury bills	17,199	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	773,997	-	147,941	-

6. Information on loans:

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans Granted to Shareholders	-	16,179	31	13,024
Corporate Shareholders	-	16,179	31	13,024
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	2,915	-	2,157	18
Total	2,915	16,179	2,188	13,042

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-Specialized Loans	3,434,534	-	-	7,947
Discount Notes	101,661	-	-	-
Export Loans	787,192	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	221,049	-	-	-
Foreign Loans	243,441	-	-	-
Consumer Loans	377,217	-	-	-
Credit Cards	25,027	-	-	-
Precious Metals Loans	43,633	-	-	-
Other	1,635,314	-	-	7,947
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	3,434,534	-	-	7,947

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)

c) Loans according to their maturity structure :

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Cash Loans	Loans and Other Receivables
Short-term loans	2,365,840	-	-	378
Non-specialized loans	2,365,840	-	-	378
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans	1,068,694	-	-	7,569
Non-specialized loans	1,068,694	-	-	7,569
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	3,434,534	-	-	7,947

d) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

	Short Term	Medium and Long Term	Total	Interest Income Accrual
Consumer Loans-YTL	28,358	289,330	317,688	2,784
Real Estate Loans	965	126,873	127,838	952
Automotive Loans	5,859	123,876	129,735	1,135
General Purpose Loans	12,947	38,581	51,528	697
Other	8,587	-	8,587	-
Consumer Loans -Indexed to FC	2,236	47,959	50,195	178
Real Estate Loans	469	22,841	23,310	91
Automotive Loans	1,534	23,308	24,842	75
General Purpose Loans	233	1,810	2,043	12
Other	-	-	-	-
Consumer Loans-FC	4,931	2,264	7,195	11
Real Estate Loans	-	-	-	-
Automotive Loans	-	-	-	-
General Purpose Loans	-	-	-	-
Other	4,931	2,264	7,195	11
Individual Credit Cards-YTL	21,862	-	21,862	-
With Installments	2,192	-	2,192	-
Without Installments	19,670	-	19,670	-
Individual Credit Cards-FC	843	-	843	-
With Installments	281	-	281	-
Without Installments	562	-	562	-
Personnel Loans-YTL	918	1,130	2,048	25
Real Estate Loans	-	-	-	-
Automotive Loans	-	-	-	-
General Purpose Loans	812	1,130	1,942	25
Other	106	-	106	-
Personnel Loans- Indexed to FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automotive Loans	-	-	-	-
General Purpose Loans	-	-	-	-
Other	-	-	-	-
Personnel Loans-FC	2	90	92	-
Real Estate Loans	-	-	-	-
Automotive Loans	-	-	-	-
General Purpose Loans	2	90	92	-
Other	-	-	-	-
Personnel Credit Cards-YTL	764	-	764	-
With Installments	100	-	100	-
Without Installments	664	-	664	-
Personnel Credit Cards-FC	12	-	12	-
With Installments	4	-	4	-
Without Installments	8	-	8	-
Total	59,926	340,773	400,699	2,998

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)

e) Information on commercial loans with installments and corporate credit cards:

	Short Term	Medium and Long Term	Total	Interest Income Accrual
Commercial loans with installment facility-YTL	21,715	116,358	138,073	1,191
Real Estate Loans	101	7,813	7,914	61
Automotive Loans	6,741	67,592	74,333	610
General Purpose Loans	14,792	39,997	54,789	510
Other	81	956	1,037	10
Commercial loans with installment facility - Indexed to FC	5,901	98,474	104,375	408
Real Estate Loans	-	923	923	4
Automotive Loans	2,108	63,606	65,714	222
General Purpose Loans	3,784	32,524	36,308	176
Other	9	1,421	1,430	6
Commercial loans with installment facility -FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automotive Loans	-	-	-	-
General Purpose Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards-YTL	1,423	-	1,423	-
With Installments	-	-	-	-
Without Installments	1,423	-	1,423	-
Corporate Credit Cards-FC	123	-	123	-
With Installments	-	-	-	-
Without Installments	123	-	123	-
Total	29,162	214,832	243,994	1,599

f) Loans according to type of borrowers:

	Current Period	Prior Period
Public	517,447	540
Private	2,925,034	2,037,003
Total	3,442,481	2,037,543

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	3,199,040	1,865,375
Foreign Loans	243,441	172,168
Total	3,442,481	2,037,543

h) Loans granted to subsidiaries and investments: None.

i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables With Limited Collectibility	1,950	255
Loans and Receivables With Doubtful Collectibility	1,716	1,045
Uncollectible Loans and Receivables	13,183	9,944
Total	16,849	11,244

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

- j) Information on loans under follow-up account (Net) :
- j.1) Information on loans and other receivables included in loans under follow-up account which are restructured or rescheduled: None.
- j.2) the movement of loans under follow-up:

	III. Group Loans and Receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Prior Period End Balance	1,799	5,096	13,986
Additions (+)	21,284	634	1,274
Transfers from Other Categories of Loans Under Follow-up (+)	-	8,766	8,740
Transfers to Other Categories of Loans Under Follow-up (-)	8,766	8,740	-
Collections (-)	2,451	1,683	5,537(*)
Write-offs (-)	-	5	718
Effect of inflation(-)	-	-	-
Current Period End Balance	11,866	4,068	17,745
Specific Provisions (-)	1,950	1,716	13,183
Net Balances on Balance Sheet	9,916	2,352	4,562

(*) A loan risk, that was followed in the doubtful receivables in the prior periods, has been transferred to the loans and other receivables under close monitoring since the conditions in the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" were fulfilled. Accordingly, the specific provision amounting to YTL 2,158 is reversed in the current period.

- j.3) Information on foreign currency loans and other receivables under follow-up: None.

- k) Liquidation policies for the uncollectible loans and other receivables:

The loans and other receivables decided to be uncollectible are written off from the assets according to the Tax Law by the decision of the senior management in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" which was published in the Official Gazette numbered 24448 and dated June 30, 2001 based on Provisional Article 1 of the Banking Law No. 5411 and according to the clause 12 of article 11 and clause 11 of the article 3 of the Bank Law 4389 changed by the laws 4672 and 4491.

7. Information on factoring receivables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short term	137,332	30,967	100,166	25,215
Medium and Long Term	-	-	-	-
Total	137,332	30,967	100,166	25,215

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)****8. Information on held to maturity portfolio (Net) :**

a) Information on held to maturity portfolio:

	Current Period	Prior Period
Debt Securities	11,643	73,043
Quoted in a Stock Exchange	11,643	73,043
Not Quoted	-	-
Provision for Impairment (-)	-	-
Total	11,643	73,043

b) Movement of held to maturity portfolio:

	Current Period	Prior Period
Beginning Balance	73,043	104,112
Effect of Inflation (-)	-	(10,486)
Foreign Currency Differences on Monetary Assets	(982)	(159)
Purchases During Year	12,441	33,401
Disposals Through Sales and Redemptions	(72,859)	(53,825)
Provision for Impairment (-)	-	-
Closing Balances	11,643	73,043

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

	Current Period				Prior Period			
	Cost		Amortized cost		Cost		Amortized cost	
	TL	FC	TL	FC	TL	FC	TL	FC
Given as Collateral or Blocked	100	-	101	-	65,449	-	67,637	-
Subject to Repo Transactions	-	-	-	-	-	-	-	-
Held for Structural Position	-	-	-	-	-	-	-	-
Receivables From Securities Lending	-	-	-	-	-	-	-	-
Collaterals on Securities Lending	-	-	-	-	-	-	-	-
Other (*)	1,959	9,584	2,094	9,614	-	7,594	-	7,736
Closing Balances	2,059	9,584	2,195	9,614	65,449	7,594	67,637	7,736

(*) The free marketable securities held by the Group.

c.2) Marketable securities held to maturity given as collateral consist of public sector debt securities of YTL 100 (2004 - YTL 65,449), given as collateral for regulatory requirements.

Securities held-to-maturity given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bills and similar investment securities	100	-	65,449	-
Other	-	-	-	-
Total	100	-	65,449	-

c.3) Securities held-to-maturity subject to repurchase agreements given as collateral consist of public sector debt securities: None (2004-None).

c.4) Securities held-to-maturity held for structural position: None.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

9. Information on participations (Net):

- a.1) Information on the unconsolidated participations : None.
- a.2) Based on the line on (a.1), there are not any unconsolidated participations.
- a.3) Out of group members / shareholders who has the control power with the Parent Company and/or other members of the financial group are explained : None.
- a.4) Reasoning of not consolidating the unconsolidated participations and accounting policy of the Bank for participations: None.
- b.1) Information on the consolidated participations:

	Current Period	Prior Period
Balance at the Beginning of the Period	656	10,724
Movements During the Period	879	(10,068)
Purchases (*)	660	-
Free Shares Obtained Profit from Current Year's Share	-	-
Dividends from Current Year Income(**)	279	656
Sales (***)	-	(10,724)
Revaluation Increase	-	-
Provision for Impairment	-	-
Balance at the End of the Period	1,535	656
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) YTL 660 is the share of the TEB Yatirim A.S. for the capital increase of Varlik Yatirim Ortakligi A.S. at 28.12.2005

(**) The "purchases" amount is due to accounting of Varlik Yatirim Ortakligi A.S. with equity method.

(***) The amount which has been disclosed in "sales" is the reclassification of TEB Sigorta as "subsidiaries" due to increase in the effective shareholding percentage of the Parent Bank in relation with the change in its share capital structure.

- b.2) Valuation of investments made to the consolidated participations:

	Current Period	Prior Period
Valuation With Cost	-	-
Valuation With Fair Value	-	-
Valuation With Equity Method	1,535	656
Total	1,535	656

- b.3) Sectoral information and the related carrying amounts of participations:

Participations	Current Period	Prior Period
Other financial participations / Varlik Yatirim Ortakligi A.S.	1,535	656
Total	1,535	656

- b.4) Participations which are quoted in a stock exchange: Varlik Yatirim Ortakligi A.S..

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

b.5) Information related to participations that are included in consolidation:

Description	Address (City / Country)	Parent Bank's share percentage-If different voting percentage (%)	Group's risk group share percentage (%)	Method of Consolidation
Varlik Yatirim Ortakligi A.S.	Istanbul/Turkey	-	34.00	Equity method

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (*)	Fair Value
(i) 2,379	2,296	7	-	541	352	(130)	1,575

(*) Represents profit/loss for the year ended December 31, 2004.

(i) Represents amounts reflected on the financial statements prepared based on the regulations of Capital Market Board as of September 30, 2005.

b.6) Information on participation, included in consolidation which are sold in current period: None.

b.7) Participations, included in the consolidation that are purchased in the current period: None.

10. Information on Subsidiaries (Net):

a) Information on the unconsolidated subsidiaries : None.

b) Information on the consolidated subsidiaries.

b.1) Information on the consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	156,783	152,103
Movements During the Period	(5,642)	4,680
Purchases(*)	1,636	27,644
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (**)	-	(17,561)
Revaluation Increase (***)	(7,278)	(5,403)
Provision for Impairment	-	-
Balance at the end of the Period	151,141	156,783
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	-

(*) Current year purchases are due to purchase of TEB Portfoy A.S shares that belonged to ABN Amro by TEB Yatirim A.S. (As of December 31, 2004, YTL 10,724 is due to the reclassification of TEB Sigorta A.S. as a subsidiary and YTL 16,920 is due to the increase in the shareholding percentages of other subsidiaries.)

(**) As of December 31, 2004, the "Sales" amount includes TL 13,396 due to disposal of TEB Sigorta A.S.

(***) For the prior period the amount represents the effects of change in exchange rates and inflation on foreign subsidiaries; for the current period, represents just the effects of change in exchange rates.

The figures stated above present the cost of the Group's total investment restated until December 31, 2004 in subsidiaries before consolidation.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

b.2) Valuation of investments made to the consolidated subsidiaries under unconsolidated financial statements:

Subsidiaries denominated in New Turkish Lira are reflected by restating their costs until December 31, 2004 with the conversion factors applicable for the relevant dates after deducting the capital increases from internally generated funds like the revaluation fund until December 31, 2004. Subsidiaries denominated in foreign currency are translated into New Turkish Lira by applying the exchange rates prevailing at balance sheet dates. A provision is set when there is a permanent diminution in value of the subsidiaries then a provision is set.

	Current Period	Prior Period
Valuation With Cost	139,230	146,474
Valuation With Fair Value	-	-
Valuation With Equity Method	-	-

b.3) Sectoral information on the consolidated subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks / Economy Bank	47,624	54,700
Leasing Companies / TEB Leasing	40,190	40,191
Factoring Companies / TEB Factoring	22,324	22,324
Other Financial Sub. / TEB Yatirim	34,770	34,770
TEB Portfoy Yonetimi A.S.	5,354	3,718
Petek International Holdings B.V.	650	819
Stichting Custody Services TEB	198	228
Kronenburg Vastgoed B.V.	29	33
Total	151,141	156,783

b.4) consolidated subsidiaries which are quoted to a stock exchange: None.

b.5) Information related to subsidiaries that are included in consolidation:

Description	Address (City / Country)	Group's share percentage-If different voting percentage (%)	Group's risk group share percentage (%)	Method of Consolidation
The Economy Bank N.V.	Netherlands	100.00	100.00	full
Petek International Holdings B.V.	Netherlands	100.00	100.00	full
Stichting Custody Services TEB	Netherlands	-	100.00	full
Kronenburg Vastgoed B.V.	Netherlands	-	100.00	full
TEB Yatirim Menkul Degerler A.S.	Istanbul/Turkey	74.94	100.00	full
TEB Finansal Kiralama A.S.	Istanbul/Turkey	100.00	100.00	full
TEB Factoring A.S.	Istanbul/Turkey	100.00	100.00	full
TEB Portfoy Yonetimi A.S.	Istanbul/Turkey	46.77	100.00	full

Information on subsidiaries as presented in table above:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss(*)	Fair Value
(i) 1,204,268	91,215	6,864	56,931	(89)	7,442	7,661	-
(i) 53	51	-	-	-	27	(69)	-
(v) -	-	-	-	-	-	-	-
(v) -	-	-	-	-	-	-	-
(ii) 39,160	29,565	703	3,888	1,202	5,784	1,720	-
(iii) 356,593	91,502	70,223	53,868	4,480	4,110	8,906	-
(iii) 148,035	15,440	194	15,318	-	4,000	1,410	-
(iv) 11,232	10,321	346	422	1,171	4,161	4,272	-

(*) Represents December 31, 2004 figures.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

- (i) Represents financial figures of foreign currency subsidiaries translated at period end foreign exchange rates for balance sheet and yearly average rates for profit and loss.
- (ii) Represents consolidated financial figures of TEB Yatirim and TEB Portfoy based on Capital Market Board regulations as of September 30, 2005.
- (iii) Represents statutory financial figures based on tax procedural law as of December 31, 2005.
- (iv) Represents financial figures based on Capital Market Board regulations as of September 31, 2005.
- (v) Related information is disclosed at The Economy Bank N.V.'s financial statements by consolidation

b.6) Information on the consolidated subsidiaries that were disposed in current period: None.

b.7) Information on the consolidated subsidiaries purchased in current period: None.

11. Information on other investments (Net): None.

12. Information on financial lease receivables (Net):

a) Aging of leasing receivables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	132,432	115,385	123,531	108,382
Between 1-4 years	108,884	97,793	86,555	78,630
Over 4 years	888	818	11	4
Total	242,204	213,996	210,097	187,016

b) Information on net lease receivables:

	Current Period	Prior Period
Gross lease receivable	242,204	210,097
Unearned finance income	(28,208)	(23,081)
Cancelled lease agreements (-)	-	-
Net Investment on Financial Lease	213,996	187,016

c) Related to lease agreements, criteria used in determining conditional lease instalments, conditions for renewal or purchasing options and updating agreement quantities and restrictions on lease agreements, and some points like, event of being default or not, agreements renewed or not, if renewed the conditions of the renewal, restrictions of the renewal and general explanations about other important decisions that are included in leasing agreement: None.

13. Information on receivables arising from term sales of assets included in miscellaneous receivables: None.

14. Explanations related to interest and income accruals:

a) Information about accrued interest and income receivables of loans:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Accrued Interest and Income Receivables				
Interest Accruals - Due	172	22	37	-
Interest Accruals - Not Due	13,790	17,655	9,574	8,914
Loan Commissions and Other Income Accruals - Due	-	-	-	-
Loan Commissions and Other Income Accruals - Not Due	754	30	19	7
Total	14,716	17,707	9,630	8,921

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)

b) Information on other interest and income accruals:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Other Interest and Income Accruals				
Trading Securities	389	2	145	1
Securities Available for Sale	26,358	6,057	9,561	366
Securities Held to Maturity	136	30	3,421	142
Interest Accruals of Reverse Repo Transactions	5	-	-	-
Interest Accruals of Reserve Deposits	1,998	923	1,455	354
Income Accruals of Financial Derivative Instruments	377	4,422	1,459	5,431
Interest and Income Accruals	-	318	-	147
Income Accrual of Foreign Exchange Gains	377	5,532	1,459	5,284
Income Accruals from Factoring Income	118	6	81	7
Income Accruals from Leasing Receivables	141	522	-	-
Other	4,977	1,351	4,878	3,854
Total	34,499	14,741	21,000	10,155

15. Information on fixed assets (Net) :

	Land and buildings	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
Prior Period End :					
Cost	17,026	42,579	1,966	71,632	133,203
Accumulated depreciation(-)	2,669	33,357	1,406	45,847	83,279
Net book value	14,357	9,222	560	25,785	49,924
Current Period End :					
Net book value-beginning of period	14,357	9,222	560	25,785	49,924
Additions	225	-	86	26,233	26,544
Disposals(-)	-	4	247	94	345
Impairment	-	-	-	-	-
Depreciation expense (-)	362	2,090	126	10,348	12,926
Currency translation differences resulting from foreign investments	939	1	37	28	1,005
Cost-end of period	16,294	39,859	556	96,252	152,961
Accumulated depreciation-end of period(-)	3,013	32,732	320	54,704	90,769
Net book value-end of period	13,281	7,127	236	41,548	62,192

a) If an asset impairment amount recorded or reversed in the current period is important for the general of the financial statements:

a.1) Events and conditions for recording or reversing impairment : None.

a.2) Amount of recorded or reversed impairment in the financial statements: None.

b) The impairment provision set or cancelled in the current period according to the asset groups, that totals to an amount that effects the financial statements even though some or each of the amounts are not important individually and the reason and conditions for this: None.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

16. Information stated below should be explained separately for each class of intangible fixed assets.

- a) Useful life or amortization rates:

Intangible fixed assets subject to amortization are amortized over its estimated useful lives starting from the effective usage date of the asset.

- b) Depreciation method: Intangible fixed assets are amortized by using over, straight-line method over restated book values.

- f) Book value and accumulated depreciation amounts at beginning and end of period :

	Current Period	Prior Period
Gross Book Value	17,575	14,409
Accumulated Depreciation	(11,950)	(10,496)
Total	5,625	3,913

- d) Movement of intangible assets for the current period:

	Current Period
Beginning balance	3,913
Amounts formed internally	-
Additions due to mergers, transfers and acquisitions	3,628
Not used and disposed items	-
Increases or decreases in the revaluation fund	-
Impairment charges	-
Reversal of impairment charges	-
Depreciation expenses (-)	1,891
Currency translation differences arising from foreign investments	25
Other differences in book values	-
Period end balance	5,625

- e) Disclosures for book value, description and remaining depreciation period for a specific intangible fixed asset that is material to the financial statements: None.
- f) Disclosure for intangible fixed assets acquired through government incentives and accounted at fair value: None.
- g) The method of subsequent remeasurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.
- h) The book value of intangible fixed assets that are pledged or restricted for use: None.
- i) Amount of purchase commitments for intangible fixed assets: None.
- j) Information on revalued intangible assets according to their types: None.
- k) Amount of total research and development expenses recorded in income statement within the period if any: None.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

- l) Positive or negative consolidation goodwill that comes from consolidated parties is explained on related party basis:

Description	Cost	Depreciation	Goodwill
TEB Portfoy	1,206	-	Positive

- m) Information on goodwill: None.

	Current Period
Gross value at the beginning of the period	480
Accumulated depreciation (-)	480
Impairment provision (-)	-
Movements within the period :	1,206
Additional goodwill	1,206
Corrections arising from the changes in value of assets and liabilities	-
Goodwill written off due to the end of an operation in current period or complete /partial sale of an asset (-)	-
Depreciation (-)	-
Impairment provision (-)	-
Reversal of impairment provision (-)*	-
Other differences occurred in the book value	-
Gross value at the end of the period	1,686
Accumulated depreciation (-)	480
Impairment provision (-)	-

- o) Reconciliation of movements on negative goodwill in the current period: None.

17. Information on deferred tax assets:

- a) As of December 31, 2005, deferred tax asset computed on the temporary differences is amounting to YTL 7,977 (2004 – YTL 3,702). There are no carried forward tax losses or tax exemptions or deductions over which deferred tax asset is computed.
- b) Temporary differences over which deferred tax asset are not computed and recorded on the balance sheet in prior periods and tax exemptions on which deferred tax is not computed in previous terms: None.
- c) Provision provided for deferred tax and deferred tax arises from reversal of these provisions: The Group had provided value decrease provision amounting to YTL 61,973 (2004 – YTL 41,161) for the deferred tax asset arising from financial lease operations.

18. Information on other assets:

- a) Information on prepaid expenses, taxes and similar items:

	Current Period	Prior Period
Prepaid Taxes	40,889	24,234
Financial Lease Agreements in Progress	4,755	3,578
Receivables from Fund Participation Certificates	4,097	3,212
Transaction Cost Related to Financial Liabilities	1,097	2,874
Advances Given	2,791	1,052
Prepaid Rent	1,571	1,455
Other	6,826	4,948
Total	62,026	41,353

- b) Other assets which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and breakdown of these which constitute at least 20% of grand total: None.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)

II- Footnotes and Explanations Related to the Consolidated Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over
Saving Deposits	77,254	-	216,855	201,567	15,045	1,209	1,606
Foreign Currency Deposits	565,572	-	1,075,746	1,041,564	154,121	103,266	129,028
Residents in Turkey	478,022	-	901,715	614,396	133,740	67,495	10,067
Residents Abroad	87,550	-	174,031	427,168	20,381	35,771	118,961
Public Sector Deposits	332	-	200	152	-	-	-
Commercial Deposits	153,542	-	376,762	39,277	1,105	589	994
Other Institutions Deposits	10,637	-	6,790	12,732	17	10	-
Precious Metals Deposits	1,329	-	-	-	-	-	-
Interbank Deposits	16,562	-	52,252	47,052	1,341	1,168	-
Central Bank of Turkey	0	-	-	-	-	-	-
Domestic Banks	70	-	15,102	-	-	168	-
Foreign Banks	10,811	-	37,150	47,052	1,341	1,000	-
Special Finance Houses	5,681	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	825,228	-	1,728,605	1,342,344	171,629	106,242	131,628

a.2) Prior period:

	Demand	7 day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over
Saving Deposits	40,991	-	165,207	173,658	35,355	8,782	33,156
Foreign Currency Deposits	571,013	-	979,651	724,537	75,360	40,083	48,487
Residents in Turkey	491,698	-	570,329	442,754	63,552	23,465	22,271
Residents Abroad	79,315	-	409,322	281,783	11,808	16,618	26,216
Public Sector Deposits	166	-	-	-	-	-	-
Commercial Deposits	85,968	-	72,865	29,837	4,069	14,011	1,620
Other Institutions Deposits	27,195	-	1,935	17,087	2	2	-
Precious Metals Deposits	1,689	-	-	-	-	-	-
Interbank Deposits	23,415	-	29,041	51,252	5,209	1,000	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	600	-	12,746	-	1,000	-	-
Foreign Banks	10,125	-	16,295	51,252	4,209	1,000	-
Special Finance Houses	12,690	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	750,437	-	1,248,699	996,371	119,995	63,878	83,263

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

Saving Deposits	Under the guarantee of saving deposit insurance	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit insurance	Exceeding the limit of saving deposit insurance
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	207,662	118,980	224,120	280,872
Foreign Currency Saving Deposits	243,997	249,931	982,966	868,477
Other Deposits in the form of Saving Deposits	263	297	1,033	1,314
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Total	451,922	369,208	1,208,119	1,150,663

(*) According to the BRSA's circular no 1584 dated on February 23, 2005, accruals are included in the saving deposit amounts.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

b.2) Saving deposits which are not under the guarantee of deposit insurance fund:

	Current Period (*)	Prior Period (*)
Foreign Branches' Saving Deposits	-	-
Off-shore Banking Regions' Saving Deposits	8,730	14,294
Total	8,730	14,294

(*) In addition to the amount disclosed above, there are also saving deposits amounting to YTL 263,590 (2004 – 205,006) in Economy Bank, one of the consolidated subsidiaries of the parent Bank that is incorporated in The Netherlands that are not subject to the guarantee of deposit insurance fund.

2. Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Domestic Transactions	754,452	-	155,700	-
Financial Institutions and Organizations	745,000	-	147,173	-
Other Institutions and Organizations	1,681	-	2,110	-
Real Persons	7,771	-	6,417	-
From Foreign Transactions	10	-	5	-
Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Real Persons	10	-	5	-
Total	754,462	-	155,705	-

3. a) Information on funds borrowed:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term	280,971	400,920	74,502	531,605
Medium and Long-term	465	305,034	666	233,253
Total	281,436	705,954	75,168	764,858

b) Additional explanations on concentration of the Bank's liabilities:

The Parent Bank's funding resources include customer deposits and loans borrowed from overseas. As of December 31, 2005 the Bank's foreign funds borrowed includes EUR 210 million of syndicated loan with a maturity of one year obtained on November 18, 2005.

The client concentration of branches is reviewed periodically and short and long term precautions are taken for those branches that experience client concentration.

33.55% (2004 – 60.31%) of bank deposits and 73.33 % (2004 – 77.42%) of other deposits of the Bank are denominated in foreign currencies.

4. a) Information on debt securities issued: None.

b) The explanation on the maturity structure, interest rate, type of currency of the issued marketable securities: None.

5. Explanation on funds: None.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)****6. Explanation on miscellaneous payables:**

	Current Period	Prior Period
Total Amount of Cash Collateral Obtained	628	282

Cash collateral obtained comprises amounts blocked for import and export transactions.

7. a) Other External Resources 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: None.

8. Information on taxes, duties and premium payables:

- a) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	400	-
Taxation of securities	4,796	3,598
Property tax	268	191
Banking Insurance Transaction Tax (BITT)	3,446	2,362
Foreign Exchange Transaction Tax	622	775
Value Added Tax Payable	375	242
Others(*)	2,092	1,976
Total	11,999	9,144

(*) Others include stamp taxes payable amounting to YTL 234 (2004 - YTL 122).

- b) Information on premiums :

	Current Period	Prior Period
Social Security Premiums-Employee	1,537	617
Social Security Premiums-Employer	2,168	807
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment insurance-Employee	146	46
Unemployment insurance-Employer	273	90
Other	281	71
Total	4,405	1,631

9. Explanations on factoring payables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic	43,633	17,294	42,420	-
Short-term	43,633	17,294	42,420	-
Medium and long-term	-	-	-	-
Foreign	-	-	-	13,601
Short-term	-	-	-	13,601
Medium and long-term	-	-	-	-
Total	43,633	17,294	42,420	13,601

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)****10. Explanations on financial lease obligations:**

- a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank :

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the Tax Procedural Code.

- b) The explanation on modifications in agreements and new obligations that these modifications cause: None.
- c) Explanation on financial lease obligations: None.
- d) Footnotes and explanations regarding operational leases:

Except for the head-office-Istanbul and Izmir-Konak branch building, all branch premises of the Parent Bank are leased under operational leases. For the period ended December 31, 2005, the operating lease expenses, amounting to YTL 17,512 was reflected to the income statement. The lease periods vary between 1 and 5 years and lease agreements are cancelable subject to a period of notice.

- e) Information about sale and lease back transactions : None.

11. Information on interest and expense accruals:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Accrued Interest on Deposits	7,089	7,717	10,264	3,873
Accrued Interest on Funds Borrowed	5,858	8,423	2,103	6,956
Accrued Interest on Bonds	-	-	-	-
Accrued Interest on Repurchase Agreement Transactions	630	-	78	-
Accrued Interest on Derivative Financial Instruments	16,402	5,778	7,519	2,796
Accrued Interest and Expense	357	1,524	-	341
Foreign Exchange Losses Accrued	16,045	5,404	7,519	2,455
Accrued interest on factoring payables	-	-	-	-
Other Interest and Expense Accruals	968	26	1,964	1,579
Total	30,947	23,094	21,928	15,204

12. Information on provisions and subordinated loans:

- a) Information on general provisions:

	Current Period	Prior Period
General provisions	18,300	10,235
Provisions for First Group Loans and Receivables	14,043	8,692
Provisions for Second Group Loans and Receivables	-	49
Provisions for Non Cash Loans	2,210	1,494
Other	2,047	-
Total	18,300	10,235

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

b) Information on employee termination benefits and notice indemnity:

	5 PP	4 PP	3 PP	2 PP	Prior Period	Current Period
Actual Payments of Employee Termination Benefits	947	662	435	665	476	
Reserve for Employee Termination Benefits and Notice Indemnity	4,456	6,912	10,972	14,792	19,400	25,798
Actual Payment Ratio	21.24%	9.59%	3.96%	4.50%	8.54%	8.35%
Ratio of Reserve for Employee Termination Benefits and Notice Indemnity	-	-	-	-	-	8.35%
Possible Reserve for Employee Termination Benefits and Notice Indemnity	-	-	-	-	-	2,154

(*) 5-year actual payment rate.

As of December 31, 2005, YTL 2,154 (2004-YTL 1,657) of reserve for employee termination benefits and notice indemnity was reflected to the financial statements corresponding to 8.35% of total liability of YTL 25,798.

As of December 31, 2005, the Bank provided a reserve of YTL 151 for the unused vacation periods constituting 4.57% of total liability.

The consolidated subsidiaries have calculated reserve for employee termination benefits and notice indemnity in accordance with the regulations they apply, and reflected an amount of YTL 791 (2004-YTL 1,078) into their financial statements as of December 31, 2005.

c) Liabilities on pension rights: None.

c.1) Liabilities for pension funds established in accordance with "Social Security Institution": None.

c.2) All kinds of liabilities resulting from pension funds, foundations etc, which provide benefits for the employees after retirement: None.

d) The uncertainties related to the timing of expected payment amount and nature of provisions :

The nature of provisions is explained in the items a and b. For these provisions no payment is expected short-term.

e) Information on free reserves for possible losses: There are no free reserves for possible losses other than the general provision on lease receivables.

f) Amount, quantity, maturity, interest rate, lender name and share certificate conversion option if any, of subordinated loans:

The Parent Bank has signed an agreement with the International Finance Corporation (IFC) on July 17, 2002, for a subordinated loan of US\$15 million. The maturity of the loan was extended to October 11, 2011 and interest rate was decreased to LIBOR+2.85% from LIBOR+4.5% in accordance with the agreement signed with the IFC. The share convertibility option of that loan lost its validity upon payment of the cash benefits attributable to such rights to IFC on February 11, 2005.

The Parent Bank has also signed another agreement with the IFC on July 27, 2005, for a subordinated loan. The facility is a US\$50 million, subordinated convertible loan, with a maturity of July 15, 2015 and with an interest rate of LIBOR+3.18%.

Both of the above mentioned facilities matches BRSA's Tier II Capital definitions as well as contributing the Parent Bank's capital adequacy ratio in a positive manner.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

- g) Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	87,217	-	20,045
Total	-	87,217	-	20,045

- h) The foreign exchange losses on the foreign currency indexed loans amounting to YTL 7,416 (2004 – YTL 9,862) is netted of from loans at the balance sheet.
- i) Impairment in value arising from settlement date accounting: None.
- j) The specific provisions provided for unindemnified non cash loans amount to YTL 203.

13. Information of Shareholders' Equity:

- a) Presentation of paid-in capital:

	Current Period	Prior Period
Common Stock	57,800	57,800
Preferred Stock	-	-

- b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable to the Group and if so, amount of registered share capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered Capital System	57,800	100,000

- c) Information on share capital increases and their sources; other information on increased capital shares in current period: None.
- d) Information on share capital increases from revaluation funds: None.
- e) Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments: None.
- f) Indicators of the Group's income, profit and liquidity for the previous periods and possible effects of the uncertainties in such indicators on the Bank's equity: None.
- g) Information on privileged shares:

7 % of the Parent Bank's remaining net income and tax after deducting legal reserves and first dividends, corresponding to the Parent Bank's 60,000 shares of YTL 30 (in full YTL) is distributed to the founder shares. In accordance with the Board of Directors' decision numbered 3702/11 and dated February 10, 2005; 6 units of founder shares have been transferred to Bank's major shareholder TEB Mali Yatirimlar.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)

14. a) Common stock issue premiums, shares and equity instruments:

	Current Period	Prior Period
Number of Shares (Thousand)	115,600,000	115,600,000
Preferred Stock	-	-
Common Stock Issue Premium	69	69
Common Stock Cancellation Profit	-	-
Other Equity Instruments	-	-
Total Common Stock Issue	115,600,000	115,600,000

15. a) Information on marketable securities value increase fund:

a.1) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From associates and subsidiaries	-	-	-	-
From securities available-for-sale	7,292	2,062	3,742	253
From securities held for structural position	-	-	-	-
Total	7,292	2,062	3,742	253

a.2) Information on marketable securities value increase fund:

	Current Period	Prior Period
Foreign currency marketable securities value increase fund	2,062	253
Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities available for sale related to the above amount	-	-
Total	2,062	253

- b) The information on presentation of foreign exchange gains related to foreign currency participations, subsidiaries, securities available for sale in the financial statements: None.
- c) The amount of accumulated exchange difference included in equity coming from previous periods related to the first time application of "Effects of Changes in Foreign exchange Rates" standard, except for cases where the amount could not be identified: None.

16. **Information on revaluation fund:** None.

17. **Explanations on the elements of the revaluation fund are made:** None

18. **Information on legal reserves:**

	Current Period	Prior Period
First legal reserves	15,243	10,829
Second legal reserves	4,712	5,686
Other legal reserves appropriated in acc. with special legislation	-	-
Total	19,955	16,515

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)

19. Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	74,304	34,445
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Total	74,304	34,445

20. a) Information on minority shares :

	Current Period	Prior Period
Balance at the beginning of period	791	28,319
Net profit share from subsidiaries	-	-
Prior period dividend (*)	(791)	(27,528)
Balance at the end of the period	-	791

(*) due to dividend and percentage changes of the subsidiaries

b) Information on shareholders having more than 10 % share:

Name/Commercial title	Amounts	Share Percentage	Paid-in capital	Unpaid portion
TEB Mali Yatirimlar	48,699	%84.25	48,699	-

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

III. Footnotes and Explanations Related to the Consolidated Income Statement

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

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

Other interest income amounting to YTL 37,560 (2004 - YTL 39,454) includes financial lease interest income amounting to YTL 20,916 (2004 - YTL 22,148) and factoring interest income amounting to YTL 15,322 (2004 - YTL 14,625).

Other fees and commissions received amounting to YTL 62,137 (2004 - YTL 57,422) primarily consists of credit card fees and commissions amounting to YTL 7,495 (2004 - YTL 5,743), brokerage commissions amounting to YTL 21,289 (2004 - YTL 11,359) and import letters of credit commissions amounting to YTL 4,964 (2004 - YTL 4,773). Other fees and commission expense totaling to YTL 20,193 (2004 - YTL 16,062) primarily consists of fees and commissions paid for the credit cards amounting to YTL 7,045 (2004 - YTL 7,264) and brokerage commission returns amounting to YTL 7,806 (2004 - YTL 928).

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

d) Information on financial lease income :

	Current Period	Prior Period
Financial Lease Income	20,916	22,148

c) Interest received from reverse repurchase agreement transactions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest Received from Reverse Repurchase Agreement Transactions	633	-	1,490	-

2. a) Information on interest expense to investments and subsidiaries: None.

b) Information on financial lease expenses: None.

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

Account name	Time Deposits						Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	
TL							
Bank deposits	1	9,625	427	-	-	3	10,056
Saving deposits	3,225	29,106	21,988	7,630	1,412	7,656	71,017
Public sector deposits	-	10	2	-	-	-	12
Commercial deposits	793	42,932	4,822	843	568	237	50,195
Other deposits	-	1,445	3,751	1	1	-	5,198
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	4,019	83,118	30,990	8,474	1,981	7,896	136,478
Foreign Currency							
Foreign currency deposits	1,184	30,397	22,729	7,056	4,717	8,711	74,794
Bank deposits	129	1,273	167	15	150	-	1,734
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	1,313	31,670	22,896	7,071	4,867	8,711	76,528
Total	5,332	114,788	53,886	15,545	6,848	16,607	213,006

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

- d) Interest expense on repurchase agreements:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest Expense on Repurchase Agreements	49,001	-	16,460	-

3. Information on other operating income:

Information on the factors affecting the Group's income including extraordinary items and new developments and the explanation on nature and amount of income earned from extraordinary items : None.

4. Provision for loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	7,791	4,703
III. Group	1,965	288
IV. Group	1,743	1,165
V. Group	4,083	3,250
General provision expenses	9,163	3,006
Provision expenses for possible losses	-	-
Provision for impairment - marketable securities	1,626	2,967
Trading securities	21	2
Investment securities available for sale	1,605	2,965
Provision for impairment	64	-
Participations	-	-
Subsidiaries	64	-
Joint ventures	-	-
Investment securities held to maturity	-	-
Other	-	236
Total	18,644	10,912

5. a) Information related to other operational expenses:

	Current Period	Prior Period
Personnel expenses	121,068	96,653
Reserve for employee termination benefits	935	1,215
Provision for social aid fund deficits	-	-
Depreciation expense of fixed assets	12,926	13,641
Amortization expense of intangible assets	1,891	2,012
Other operating expenses	53,238	44,746
Maintenance expenses	1,760	1,624
Advertisement expenses	13,874	6,018
Other expenses	37,604	37,104
Loss on sales of assets	101	1,749
Operational lease expenses	17,722	12,601
Other (*)	25,318	32,032
Total	233,199	204,649

- (*) Saving Deposits Insurance Funds premium amounting of YTL 2,375 (2004 - YTL 4,429) and foreign currency losses of the foreign currency indexed loans of YTL 12,799 (2004 - YTL 13,914) are included in other operating expenses.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

b) The nature and amount of extraordinary expenses and current period's tax expenses on extraordinary items: None.

c) Information on Goodwill:

c.1) Income statement item including goodwill and amortization: None.

c.2) If present, it is stated that the negative goodwill is determined in accordance with the principles in Communiqué 16 of AAR related to "Acquisition and Merger of Banks and Acquisitions of Subsidiaries", the timing and amount of expected expenses and losses, the periods when the negative goodwill will be recorded as income and the income statement accounts in which it will be recorded: None.

6.a) Income and expenses relating to participations and subsidiaries:

	Current Period	Prior Period
Income and loss from subsidiaries (+/-)	-	-
Income and loss from participations (+/-)	219	65
Total	219	65

b) Income / Loss from participations, which are accounted under equity method: YTL 219 (2004 – YTL 65).

c) The information on the income / loss relating to the transactions within the risk group of the Bank:

Group performs various banking transactions with the institutions within its risk group. These are commercial transactions and are realized at market rates. Income / loss from these transactions are included within income statement. The amounts are presented in Section V, Part VIII.

7. a) As of December 31, 2005, current tax expense is YTL 51,612 (2004 – YTL 28,667) and deferred tax income is YTL 5,036 (2004 – YTL 1,773 deferred tax expense).

b) Deferred tax income on temporary differences is YTL 5,036 (2004 – YTL 1,773 deferred tax expense).

c) Deferred tax income or expense on carried forward tax losses and tax exemptions and deductions: None.

8. The explanations on net income / loss for the period:

a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period: None.

b) Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods: None.

c) Income/loss related to minority shares:

	Current Period	Prior Period
Income and Loss related to Minority Shares	-	737

9. Nature and amount of changes in accounting estimates, which have material effects on current period or expected to have a material effect on subsequent periods: None.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)****IV- Footnotes and Explanations Related to the Consolidated Off-balance Sheet Contingencies Commitments**

1. a) Disclosure to be made separately from other contingent liabilities:
- a.1) The Group's share in contingent liabilities of joint ventures together with other ventures: None.
- a.2) Share of joint ventures in their own contingent liabilities: None.
- a.3) The Group's contingent liabilities resulting from the obligations of other venturers in joint ventures: None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
- b.1) For contingent assets, if realization probability is close to certain, then it is accounted. If realization probability is high, then it is explained in the footnotes. As of December 31, 2005 there are no contingent assets that needed to be explained.
- b.2) For contingent liabilities, if realization is probable and the amount can reliably be determined then provision is set. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: None.

2. Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I):	2,861,118	1,009,650	-	-
Forward FC transactions	1,754,167	569,939	-	-
FC swap transactions	530,482	375,402	-	-
Futures FC transactions	28,368	-	-	-
Option FC transactions	548,101	64,309	-	-
Interest related derivative transactions (II) :	139,995	7,070	-	-
Forward rate agreements	-	-	-	-
Interest rate swap transactions	139,995	7,070	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Other trading derivative transactions (III)	28,803	-	-	-
A.Total trading derivative transactions (I+II+III)	3,029,916	1,016,720	-	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
FC Investments hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
Total Derivative Transactions (A+B)	3,029,916	1,016,720	-	-

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

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

The Group's forward foreign exchange and swap transactions agreements are based on protection from interest and currency fluctuations. According to AAR, they do not qualify as hedging instruments and are remeasured at fair value.

Breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their YTL equivalents :

	FORWARD BUY	FORWARD SELL	SWAP BUY	SWAP SELL	OPTION BUY	OPTION SELL	FUTURE BUY	FUTURE SELL
Current Period								
TRL	21,639	91,629	-	249,633	121,681	120,030	161	-
USD	374,547	446,282	265,701	26,323	106,144	106,371	28,053	154
EURO	456,276	321,690	7,461	61,913	38,646	38,566	-	-
Other	21,145	20,959	53,406	6,040	8,281	8,382	-	-
Total	873,607	880,560	326,568	343,909	274,752	273,349	28,214	154
Prior Period								
TRL	15,551	78,504	35,336	31,911	16,815	16,669	-	-
USD	94,093	160,115	39,481	94,766	14,436	14,565	-	-
EURO	134,576	36,026	30,996	61,827	912	912	-	-
Other	37,990	13,084	83,381	4,774	-	-	-	-
Total	282,210	287,729	189,194	193,278	32,163	32,146	-	-

3. Information on off-balance sheet commitments:

- a) Nature and amount of irrevocable loan commitments: Credit card spending limit commitments are YTL 162,050 and YTL 123,660; payment commitments for checks are 175,952 YTL and 131,835 YTL as of December 31, 2005 and 2004 respectively.
- b) Nature and amount of contingent loss and commitments from off-balance sheet items including those described below:

The Group, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

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

As of December 31, 2005 total guarantees and commitments consist of letter of guarantees amounting to YTL 1,183,268 (2004 - YTL 951,320), acceptances amounting to YTL 52,685 (2004 - YTL 45,697) and letters of credit amounting to YTL 696,330 (2004 -YTL 515,191).

- b.2) Guarantees, surety ships and similar transactions: The Group has other commitments and contingencies amounting YTL 106,301 (2004 - YTL 18,354) other than the ones explained in item b.1).

4. Concentration of off-balance sheet commitments: Sectoral concentration is disclosed in Section IV.8.a.

- 5.a) Non-cash loans:

	Current Period	Prior Period
Guarantees Given Against Cash Loans	151,241	102,809
With Maturity of 1 Year or Less than 1 Year	53,901	58,639
With Maturity of More than 1 Year	97,340	44,170
Other Non-Cash Loans	1,887,343	1,427,753
Total	2,038,584	1,530,562

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)

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

6. Custodian and intermediary services:

The Bank provides trading and safe keeping services in the name and account of third parties, which are presented in statement of contingencies and commitments.

7. The information on the Bank's rating by in the international rating introductions:

The results of the ratings performed by Moody's Investor Services and Fitch Ratings are shown below.

Moody's Investor Services: December 2005

Bank Financial Strength	D+
Foreign Currency Deposits	B1

Fitch Ratings: December 2005

Foreign Currency Commitments

Long Term	BB-
Short Term	B
View	Stable

Turkish Lira Commitments

Long Term	BB+
Short Term	B
View	Stable
National	AA-(tur)
View	Stable

Individual Rating	C/D
Support Points	3

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	8,301	1.31	14,650	1.04	4,671	0.91	13,589	1.34
Farming and Raising livestock	6,300	1.00	23,423	1.67	2,934	0.57	10,632	1.05
Forestry	1,824	0.29	2,112	0.15	1,583	0.31	2,957	0.29
Fishing	177	0.03	186	0.01	154	0.03	-	-
Manufacturing	385,408	60.90	710,826	50.57	329,757	64.06	585,644	57.65
Mining	28,108	4.44	13,312	0.95	9,314	1.81	21,474	2.11
Production	349,995	55.30	669,520	47.63	314,711	61.14	563,973	55.52
Electric, gas and water	7,305	1.15	27,994	1.99	5,732	1.11	197	0.02
Construction	66,613	10.53	83,194	5.92	27,200	5.28	35,205	3.47
Services	161,328	25.49	384,165	27.33	142,685	27.72	235,134	23.15
Wholesale and retail trade	76,649	12.11	113,968	8.11	68,692	13.33	64,232	6.32
Hotel, food and beverage services	1,364	0.22	9,170	0.65	403	0.08	8,698	0.86
Transportation and telecommunication	33,031	5.22	33,232	2.36	33,753	6.56	16,040	1.58
Financial institutions	22,877	3.61	190,767	13.57	23,088	4.49	130,607	12.86
Real estate and renting services	6,059	0.96	30,785	2.19	5,236	1.02	9,509	0.94
Self-employment services	6,593	1.04	3,405	0.24	2,463	0.48	5,819	0.57
Education services	229	0.04	0	0.00	101	0.02	7	-
Health and social services	14,526	2.30	2,838	0.20	8,949	1.74	222	0.02
Other	11,237	1.78	201,791	14.36	10,432	2.03	146,245	14.39
Total	632,887	100.00	1,405,697	100.00	514,745	100.00	1,015,817	100.00

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)

b) Information about non-cash loans in Ist and IInd Group:

Non-cash loans	I st Group - Standard loans and other receivables		II nd Group – Loans and other receivables under close follow-up	
	TL	FC	TL	FC
Letters of guarantee	611,554	571,714	-	-
Bank acceptances	23	52,662	-	-
Letters of credit	62	696,268	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Other commitments and contingencies	21,248	85,053	-	-
Total	632,887	1,405,697	-	-

The Group provided of reserve at the amount of YTL 203 for non-cash loans not yet indemnified which amount to YTL 618.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

V- Footnotes and Explanations Related To Statement Of Shareholders' Equity Movement

1. Explanations on the adjustments made in the current period related to the application of Accounting Standards on Financial Instruments:

- a) Increase resulting from securities available for sale is TL 5,359.

Gain or loss generated from remeasurement of securities included in shareholders' equity in the current period available for sale, excluding those related to hedging: Indicated above.

- b) Increase in cash flow risk hedging items: None.

- c) Reconciliation of beginning and ending balances of the foreign currency differences:

The foreign currency decrease amounting to YTL 8,633 (2004- YTL 3,250) as of December 31, 2005 are stated under the shareholders' equity, as other profit reserves.

2. Explanations on the adjustments made in the current period regarding the application of Accounting Standard on Financial Instruments:

- a) Information on securities available for sale:

Amount of gain/loss, recorded in income statement resulting from remeasurement of securities available for sale at fair value, which was previously recorded in shareholders' equity: YTL 13,320.

- b) Information on cash flow hedges: None.

Amount of gain/loss recorded in income statement resulting from remeasurement of hedged assets and liabilities in cash flow hedges, which was previously recorded in shareholders' equity: None.

3. Information on dividend: None.

- a) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.

- b) Dividends per share proposed subsequent to the balance sheet date: Profit appropriation will be resolved in the General Assembly meeting which has not been conducted as of the date these financial statements are authorized for issue.

- c) Proposals to General Assembly for the payment times of dividend and if it will not be appropriated the reasons of this : The Board of Directors has not decided for profit appropriation as of the date these financial statements are amortized for issue.

4. Amounts transferred to legal reserves: Amount transferred to legal reserves from retained earnings is YTL 12,253.

5. Information on shares issued:

- a) The Bank explains the rights, priorities and restrictions regarding all the capital share classes including the distribution of income and repayment of the capital: disclosed in Section V.2.13.g.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

VI- Footnotes And Explanations Related To The Consolidated Statement Of Cash Flows

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:

“Other items” amounting to YTL 136,234 in “Operating profit before changes in operating assets and liabilities” consist of other expenses other than personnel expenses, leasing expenses, reserve for employee termination benefits, depreciation expenses, taxes paid and fees and commissions paid.

“Net increase/decrease in other liabilities” with a total amount of YTL 133,833 in “Changes in operating assets and liabilities” consist of changes in miscellaneous payables, other external resources and Interbank money market borrowings. “Net increase/decrease in other assets” with a total amount of YTL 42,002 consists of changes in miscellaneous receivables and other assets.

“Other” with a total amount of YTL 213,955 in “Changes in operating assets and liabilities” represents monetary gain/loss effect on operating activities.

“Other” with a total amount of YTL 2,014 in “Net cash flows from investing activities” represents monetary gain/loss effect on investing activities.

“Other” with a total amount of YTL 1,106 in “Net cash flows from financing activities” represents monetary gain/loss effect on financing activities.

2. Cash flows related to acquisition of participations, subsidiaries and other investments:

Total cash inflow of the Parent Bank is disclosed in Section V.1.9 and 10.

3. Information on disposals of the participations, subsidiaries and other investments: None.

4. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

Beginning of the period	Current Period	Prior Period
Cash	80,060	74,878
Cash equivalents	1,685,510	1,988,670

End of the period	Current Period	Prior Period
Cash	85,895	80,060
Cash equivalents	1,269,257	1,685,510

Cash includes cash in TL and cash in foreign currency, cash equivalents include the balances of the Central Bank of Turkey, banks and Interbank funds sold which mature in less than three months.

5. Amount of cash and cash equivalents restricted for the usage of the Bank and the shareholders by legal limitations and other reasons: None

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

- 6. a. Amount of unused borrowing facilities that can be used in funding banking operations and fulfilment of capital obligations and limitations related to these, if any: None.**
- b. The share of the Bank in banking, investment and financing operations of the joint ventures that are consolidated on a pro-rata basis: Not applicable.**
- c. Total cash flows required to increase the capacity of banking operations, apart from the required cash flows for maintaining current banking operation capacity: None.**

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

VII- Explanation and Footnotes Related To Mergers and Acquisitions

No disclosures are required for mergers and acquisitions.

1. The commercial name and type of the merged subsidiaries in the financial statements regarding the merger period, accounting policies applied in mergers, effective date of the merger and explanations on ceased operations on all mergers including transfers: None.

2. a) The explanations related to acquisitions in the period: None.

Name of the Acquired Bank	Percentage of Shares with Voting Right	Acquisition Cost	Purchase Cost to be Paid or to be Conditionally Paid
-	-	-	-

b) Provisions set for decreased or ceased operations related to acquisitions and total amount of provision set for each of the acquisitions in accordance with the accounting standard on the "Allowances, Contingent Liabilities and the Assets" : None.

c) The relevant explanations if the fair values of the assets and the liabilities or the acquisition costs of the acquisition cannot be determined as of the end of the acquisition period; the relevant explanations if there are any adjustments made to the temporarily determined fair values: None.

3. Explanations on transfers and acquisitions:

a) Definition and quantity of shares issued, share of each shareholder and exchange of shares in case of voting of interests: None.

b) The amount of assets and liabilities included in the merger by each bank: None.

c) The sale income, other operational income, extraordinary income/expenses and net income or expense before the merger, that are included at the income or loss generating at the financial statements of the Bank after the merger: None.

4. The explanations on mergers that occur subsequent to the balance sheet date and before the approval and announcement of the financial statements: None.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)****VIII- Footnotes and Explanations Related to the Risk Group of the Parent Bank****1. Volume of Parent Bank's risk group transactions, income and expense amounts involved and outstanding loan and deposit balances:**

a) Current Period:

Bank's Risk Group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Group		Other entities included in the risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	-	-	31	13,024	547	3,687
Balance at end of Period	-	-	-	16,179	29,353	78,444
Interest and Commission Income	-	-	394	120	1,202	430

The Parent Bank has also due from foreign banks amount of YTL 143,600 at direct and indirect shareholders of the Group

b) Prior Period:

Bank's Risk Group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Group		Other entities included in the risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	-	-	73,891	1,532	3,093	5,249
Balance at end of Period	-	-	31	13,024	547	3,687
Interest and Commission Income	-	-	3,571	258	28	41

c.1) Information on Bank's Risk Group deposits balances:

Bank's Risk Group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Group		Other entities included in the risk Group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposits						
Balance at Beginning of Period	-	-	237,410	188,691	676,675	773,038
Balance at end of Period	-	-	580,396	237,410	715,008	676,675
Interest on Deposits	-	-	23,004	7,009	22,044	14,149

c.2) Information on forward and option agreements and other similar agreements made with related parties:

Bank's Risk Group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Group		Other entities included in the risk Group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Trading Transactions						
Beginning of Period	-	-	5,282	25,656	-	38,525
End of Period	-	-	177,256	5,282	2,867	-
Total Income/Loss	-	-	1,738	433	462	2,184
Hedging Transactions Purposes						
Beginning of Period	-	-	-	-	-	-
End of Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

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

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

2. Information about the risk group of the Parent Bank

- a) The relations of the Group with the entities controlled by the Group and its related parties, regardless of whether there are any transactions or not:

The Parent Bank enters into banking transactions with group companies in accordance with the Banking Law. These are commercial transactions and realized at market prices.

- b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Amount	% According to the Amounts Reflected in the Financial Statements
Cash Loans	29,353	0.85
Non-cash Loans	94,623	4.64
Deposits	1,295,404	30.09
Forward Transactions and Option Agreements	180,123	5.94
Banks and other financial institutions	143,600	14.94

These transactions are priced in accordance with the general pricing policies of the Parent Bank and are in line with market rates.

- c) Sum of similar items, except for the cases that require separate disclosures to assess impact on financial statements: Explained in item b above.
- d) Investments accounted for under the equity method: Varlik Yatirim Ortakligi A.S., the Group's associate, is accounted for under equity method.
- e) Disclosures related to purchase and sale of real estate and other assets, trading of services, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (loans and cash or real capital supports included), guarantees, and management contracts :

The Group has financial lease agreements with TEB Leasing. Total leasing obligations related to these agreements amounted to YTL 3,714 are eliminated in the accompanying consolidated financial statements. Additionally; the Group provides agency services for TEB Sigorta and TEB Yatirim.

Within the limits of the Banking Law, the Group renders cash and non-cash loans to its related parties and the ratio of these to the Group's total cash and non-cash loan portfolio is 2.26 %. Amounts of these loans are explained in Section V in the Note VIII-1a.

As of December 31, 2005 the Group has no purchases and sale of real estate and other assets, transfer of information as a result of research and development, license and management contracts with the related parties.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

IX- Footnotes and Explanations Related to Inflation Accounting

Inflation Accounting

In accordance with the declaration of the Banking Regulation and Supervision Agency (BRSA) numbered 1623 and dated April 21, 2005 and the circular dated April 28, 2005, banks are not required to apply the "Accounting Standard on Financial Statements at Hyperinflation Periods", Communiqué No:14 of "Accounting Application Regulations" (AAR) in their financial statements as the indicators defined in Article 5 of the Communiqué are not deemed to be applicable. Accordingly, starting from January 1, 2005 inflation accounting has not been applied, and prior period consolidated financials are expressed in purchasing power of December 31, 2004 for comparative presentation purposes.

The main guidelines for inflation accounting on prior period financials presented for comparison purposes only (balance sheet as of December 31, 2004 and income statement as of September 30, 2004) are as follows:

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

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

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

Non-monetary items reflected at current values were not restated since they were already stated in the current purchasing power.

Participations and subsidiaries denominated in New Turkish Lira were reflected at restated costs by converting historical acquisition costs, excluding free shares from revaluation fund, with the relevant conversion factors. Transfers to share capital from general reserves, gain on sale of property and investments and unappropriated profits were considered as cash contributions and were restated from the date of contribution.

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

The gain or loss on net monetary position was included in the income statement as gain/loss on net monetary position. Restatement effect of paid-in capital was stated as a separate line item under equity.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

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

Dates	Index	Conversion Factors
December 31, 2004	8,403.8	1.000
December 31, 2003	7,382.1	1.138
December 31, 2002	6,478.8	1.297

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

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

The Parent Bank has obtained expertise reports to determine fair value of its property.

Financial statements for the period ended December 31, 2005 and 2004 are audited.

Income statement items do not have seasonality. However, restatements of prior period income statement items were made with monthly indices.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

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

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

	Number	Number of Employees		Total Assets	Statutory Share Capital
Domestic branch	112	2,630			
Foreign representatives	-	-	<u>Country of Incorporation</u>		
Foreign branch	-	-		-	-
Offshore banking region branches	1	3	Bahrain	317,227	-

XI- Explanations Related To Subsequent Events

- a) Disclosure related to subsequent events and their impact on the financial statements as required by the related standard: None.

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

SECTION SIX

OTHER EXPLANATIONS

I- Other explanations

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

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish Lira)**

SECTION SEVEN

EXPLANATIONS RELATED TO THE INDEPENDENT AUDITORS' REPORT

I- Explanations on the Independent Auditors' Report

The consolidated financial statements of the Bank were audited by Guney Serbest Muhasebeci Mali Musavirlik A.S. (An Affiliated Firm of Ernst &Young International) and the auditors' report dated February 9, 2006 is presented preceding the financial statements.

II- Footnotes and explanations prepared by the Independent Auditors: None.