

**Turk Ekonomi Bankasi
Anonim Sirketi**

**Unconsolidated 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 A Report And 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 A.S.

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

We conducted our audit in accordance with the auditing standards which were determined under the 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 financial position of Turk Ekonomi Bankasi Anonim Sirketi at December 31, 2005 and the results of its 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 relate 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 and cash flows in accordance with the accounting principles generally accepted in the countries of users of the financial statements and IFRS. The Bank's consolidated financial statements prepared in accordance with the accounting principles and standards that are based on the Provisional Article 1 of the Banking Law Number 5411 and 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
Partner

February 9, 2006
Istanbul, Turkey

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

TURK EKONOMI BANKASI A.S.

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

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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
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND FOOTNOTES
- INDEPENDENT AUDITORS’ REPORT

The unconsolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **thousands of New Turkish Lira**, have been independently 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
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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
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**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)**

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

SECTION ONE

GENERAL INFORMATION

I- 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 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 2004 the shareholders' structure 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 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 FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

**TURK EKONOMI BANKASI A.S.
NOTES TO 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 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 Bank's Service Activities and Operating Areas

The 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	: Thousands of New Turkish Lira

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheets
- II. Statements of Off Balance Sheet Contingencies and Commitments
- III. Income Statements
- IV. Statements of Changes in Shareholders' Equity
- V. Statements of Cash Flows
- VI. Profit Appropriation Tables

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)**TURK EKONOMI BANKASI A.S.**
BALANCE SHEETS AS OF DECEMBER 31, 2005 AND 2004
(Currency - Thousands of New Turkish lira)**I- 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		118,067	235,419	353,486	34,302	821,281	855,583
1.1 Cash		25,854	-	25,854	12,384	-	12,384
1.2 Foreign currency		-	60,028	60,028	-	67,665	67,665
1.3 Balances with the Central Bank of Turkey	I-1	92,213	173,945	266,158	21,918	752,085	774,003
1.4 Other		-	1,446	1,446	-	1,531	1,531
II. TRADING SECURITIES (Net)		89,100	725	89,825	8,933	637	9,570
2.1 Public sector debt securities	I-2	89,100	127	89,227	8,933	82	9,015
2.1.1 Government bonds	I-2	88,042	126	88,168	4,079	82	4,161
2.1.2 Treasury bills	I-2	1,058	-	1,058	4,854	-	4,854
2.1.3 Other public sector debt securities	I-2	-	1	1	-	-	-
2.2 Share certificates		-	-	-	-	-	-
2.3 Other marketable securities		-	598	598	-	555	555
III. BANKS AND OTHER FINANCIAL INSTITUTIONS		224,613	84,437	309,050	58,624	112,202	170,826
3.1 Due from banks		224,613	84,437	309,050	58,624	112,202	170,826
3.1.1 Domestic banks		81,013	29,749	110,762	58,624	20,058	78,682
3.1.2 Foreign banks	I-3	143,600	54,688	198,288	-	92,144	92,144
3.1.3 Branches and head office abroad		-	-	-	-	-	-
3.2 Other financial institutions		-	-	-	-	-	-
IV. MONEY MARKET PLACEMENTS		150,000	-	150,000	95,000	-	95,000
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	I-4	-	-	-	-	-	-
V. SECURITIES AVAILABLE FOR SALE (Net)		811,281	235,456	1,046,737	276,045	56,498	332,543
5.1 Share certificates	I-5	9	-	9	9	-	9
5.2 Other marketable securities	I-5	811,272	235,456	1,046,728	276,036	56,498	332,534
VI. LOANS		1,747,430	1,191,214	2,938,644	846,803	737,918	1,584,721
6.1 Short term	I-6	1,161,731	821,577	1,983,308	702,487	573,920	1,276,407
6.2 Medium and long term	I-6	568,869	369,637	938,506	134,679	163,998	298,677
6.3 Loans under follow-up	I-6	33,679	-	33,679	20,881	-	20,881
6.4 Specific provisions (-)	I-6	(16,849)	-	(16,849)	(11,244)	-	(11,244)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. SECURITIES HELD TO MATURITY (Net)		100	-	100	65,449	-	65,449
8.1 Public sector debt securities	I-8	100	-	100	65,449	-	65,449
8.1.1 Government bonds	I-8	100	-	100	65,449	-	65,449
8.1.2 Treasury bills	I-8	-	-	-	-	-	-
8.1.3 Other public sector debt securities	I-8	-	-	-	-	-	-
8.2 Other marketable securities	I-8	-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)		-	-	-	-	-	-
9.1 Financial associates	I-9	-	-	-	-	-	-
9.2 Non-Financial associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)		90,954	48,276	139,230	90,955	55,519	146,474
10.1 Financial subsidiaries	I-10	90,954	48,276	139,230	90,955	55,519	146,474
10.2 Non-Financial subsidiaries		-	-	-	-	-	-
XI. OTHER INVESTMENTS (Net)		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)		-	-	-	-	-	-
12.1 Gross finance lease receivables	I-12	-	-	-	-	-	-
12.2 Unearned income (-)	I-12	-	-	-	-	-	-
XIII. RESERVE DEPOSITS		-	211,383	211,383	26,443	163,727	190,170
XIV. MISCELLANEOUS RECEIVABLES		759	1,020	1,779	315	54	369
XV. ACCRUED INTEREST AND INCOME RECEIVABLES		47,120	25,940	73,060	28,861	15,537	44,398
15.1 Loans	I-14	14,250	16,231	30,481	8,555	7,154	15,709
15.2 Marketable securities	I-14	25,710	6,059	31,769	12,591	367	12,958
15.3 Other	I-14	7,160	3,650	10,810	7,715	8,016	15,731
XVI. PROPERTY AND EQUIPMENT (Net)		54,015	-	54,015	40,312	-	40,312
16.1 Book value		134,388	-	134,388	114,021	-	114,021
16.2 Accumulated depreciation (-)		(80,373)	-	(80,373)	(73,709)	-	(73,709)
XVII. INTANGIBLE ASSETS [Net]		3,952	-	3,952	3,437	-	3,437
17.1 Goodwill		-	-	-	-	-	-
17.2 Other		12,890	-	12,890	10,725	-	10,725
17.3 Accumulated amortization (-)		(8,938)	-	(8,938)	(7,288)	-	(7,288)
XVIII. DEFERRED TAX ASSET		5,957	-	5,957	1,800	-	1,800
XIV. OTHER ASSETS		43,958	690	44,648	24,257	687	24,944
TOTAL ASSETS		3,387,306	2,034,560	5,421,866	1,601,536	1,964,060	3,565,596

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

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

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

II- 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		1,107,346	2,134,851	3,242,197	687,599	1,572,271	2,259,870
1.1 Bank deposits	II-1	70,129	31,274	101,403	30,224	65,274	95,498
1.2 Saving deposits	II-1	434,955	-	434,955	409,329	-	409,329
1.3 Public sector deposits	II-1	684	-	684	166	-	166
1.4 Commercial deposits	II-1	571,392	-	571,392	201,659	-	201,659
1.5 Other institutions deposits	II-1	30,186	-	30,186	46,221	-	46,221
1.6 Foreign currency deposits	II-1	-	2,102,248	2,102,248	-	1,505,308	1,505,308
1.7 Precious metals deposit accounts	II-1	-	1,329	1,329	-	1,689	1,689
II. MONEY MARKET BORROWINGS		754,462	-	754,462	158,532	-	158,532
2.1 Interbank money market borrowings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market borrowings		-	-	-	-	-	-
2.3 Funds provided under repurchase agreements	II-2	754,462	-	754,462	158,532	-	158,532
III. FUNDS BORROWED		190,611	462,240	652,851	31,546	545,162	576,708
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed	II-3	190,611	462,240	652,851	31,546	545,162	576,708
3.2.1 Domestic banks and institutions	II-3	40,711	79,071	119,782	31,546	72,488	104,034
3.2.2 Foreign banks, institutions and funds	II-3	149,900	383,169	533,069	-	472,674	472,674
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	46,804	2,284	49,088	26,250	12,802	39,052
VII. OTHER EXTERNAL RESOURCES	II-7	38,083	4,485	42,568	34,970	7,888	42,858
VIII. TAXES AND OTHER DUTIES PAYABLE	II-8	14,920	-	14,920	9,691	-	9,691
IX. FACTORING PAYABLES	II-9	-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)		-	3,714	3,714	-	3,950	3,950
10.1 Finance Lease Payables	II-10	-	6,328	6,328	-	4,982	4,982
10.2 Deferred finance lease expenses (-)	II-10	-	(2,614)	(2,614)	-	(1,032)	(1,032)
XI. ACCRUED INTEREST AND EXPENSES PAYABLE		29,168	13,103	42,271	20,121	9,062	29,183
11.1 Deposits	II-11	6,352	3,531	9,883	9,374	1,856	11,230
11.2 Borrowings	II-11	4,949	5,735	10,684	1,307	4,254	5,561
11.3 Repurchase agreements	II-11	630	-	630	78	-	78
11.4 Other	II-11	17,237	3,837	21,074	9,362	2,952	12,314
XII. PROVISIONS		63,767	-	63,767	31,510	-	31,510
12.1 General provisions	II-12	18,300	-	18,300	10,235	-	10,235
12.2 Reserve for employee termination benefits		2,154	-	2,154	1,657	-	1,657
12.3 Provisions for income taxes		42,959	-	42,959	19,295	-	19,295
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions	II-12	354	-	354	323	-	323
XIII. SUBORDINATED LOANS	II-12	-	87,217	87,217	-	20,045	20,045
XIV. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XV. SHAREHOLDERS' EQUITY		466,749	2,062	468,811	393,944	253	394,197
15.1 Paid-in capital	II-13	57,800	-	57,800	57,800	-	57,800
15.2 Supplementary capital		259,761	2,062	261,823	256,259	253	256,512
15.2.1 Share premium	II-14	-	-	-	-	-	-
15.2.2 Share cancellation profits		-	-	-	-	-	-
15.2.3 Marketable securities value increase fund	II-15	7,085	2,062	9,147	3,583	253	3,836
15.2.4 Revaluation fund		-	-	-	-	-	-
15.2.5 Value increase in revaluation fund		-	-	-	-	-	-
15.2.6 Other capital reserves		252,676	-	252,676	-	-	-
15.2.7 Effect of inflation accounting on share capital		-	-	-	252,676	-	252,676
15.3 Profit reserves		70,471	-	70,471	46,085	-	46,085
15.3.1 Legal reserves	II-16	9,253	-	9,253	6,838	-	6,838
15.3.2 Status reserves		-	-	-	-	-	-
15.3.3 Extraordinary reserves	II-17	61,218	-	61,218	39,247	-	39,247
15.3.4 Other profit reserves		-	-	-	-	-	-
15.4 Profit or loss		78,717	-	78,717	33,800	-	33,800
15.4.1 Prior year income/loss		-	-	-	-	-	-
15.4.2 Current period net income/loss		78,717	-	78,717	33,800	-	33,800
TOTAL LIABILITIES		2,711,910	2,709,956	5,421,866	1,394,163	2,171,433	3,565,596

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

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

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

III- STATEMENTS OF OFF-BALANCE SHEET CONTINGENCIES AND 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)		1,686,475	2,519,962	4,206,437	1,073,061	1,776,026	2,849,087
I. GUARANTEES (I+II+III)	IV-3, 5, 8	629,976	1,077,010	1,706,986	510,828	845,913	1,356,741
1.1 Letters of guarantee		608,643	549,443	1,158,086	502,232	402,647	904,879
1.1.1 Guarantees subject to State Tender Law		29,271	44,051	73,322	31,235	2,206	33,441
1.1.2 Guarantees given for foreign trade operations		102,202	32,076	134,278	124,129	19,962	144,091
1.1.3 Other letters of guarantee		477,170	473,316	950,486	346,868	380,479	727,347
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	393,677	393,739	-	387,810	387,810
1.3.1 Documentary letters of credit		62	359,913	359,975	-	311,083	311,083
1.3.2 Other letters of credit		-	33,764	33,764	-	76,727	76,727
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	70,156	90,621	8,589	-	8,589
1.9 Other suretyships		783	11,072	11,855	7	9,759	9,766
II. COMMITMENTS		451,726	269,733	721,459	367,447	249,924	617,371
2.1 Irrevocable commitments		451,726	245,532	697,258	367,447	229,558	597,005
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	161,195	-	161,195	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		-	-	-	1,741	-	1,741
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	1,173,219	1,777,992	194,786	680,189	874,975
3.1 Forward foreign currency buy/sell transactions		113,268	388,975	502,243	94,055	344,120	438,175
3.1.1 Forward foreign currency transactions-buy		21,639	225,688	247,327	15,551	200,620	216,171
3.1.2 Forward foreign currency transactions-sell		91,629	163,287	254,916	78,504	143,500	222,004
3.2 Swap transactions related to currency and interest rates		249,633	420,844	670,477	67,247	305,244	372,491
3.2.1 Foreign currency swap-buy		-	256,918	256,918	35,336	145,445	180,781
3.2.2 Foreign currency swap-sell		182,013	91,551	273,564	31,911	152,729	184,640
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	27,220,288	1,349,584	28,569,872	2,427,590	1,056,303	3,483,893
IV. ITEMS HELD IN CUSTODY		25,705,316	448,286	26,153,602	1,867,392	368,300	2,235,692
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		23,851,318	156,779	24,008,097	650,139	165,413	815,552
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		1,514,880	901,298	2,416,178	560,198	676,154	1,236,352
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		410,304	260,334	670,638	166,207	184,194	350,401
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED GUARANTEES AND WARRANTIES		92	-	92	-	11,849	11,849
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		28,906,763	3,869,546	32,776,309	3,500,651	2,832,329	6,332,980

The accompanying notes are an integral part of these statements.

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

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

IV- STATEMENTS OF INCOME

	Note Ref.	Current Period	Prior period
	(Section 5)	31.12.2005	31.12.2004
		Total	Total
I. INTEREST INCOME	III-1	473,969	395,528
1.1 Interest on loans		302,741	227,155
1.1.1 Interest on YTL loans		247,194	185,351
1.1.1.1 Short term loans		203,208	166,824
1.1.1.2 Medium and long term loans		43,986	18,527
1.1.2 Interest on foreign currency loans		54,695	40,896
1.1.2.1 Short term loans		40,032	33,917
1.1.2.2 Medium and long term loans		14,663	6,979
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		8,730	7,782
1.3 Interest received from banks		42,222	17,615
1.3.1 The Central Bank of Turkey		3,366	928
1.3.2 Domestic banks		19,613	9,689
1.3.3 Foreign banks		19,243	6,998
1.3.4 Branches and head office abroad		-	-
1.4 Interest received from money market placements		17,882	60,181
1.5 Interest received from marketable securities portfolio		102,341	81,409
1.5.1 Trading securities		14,845	20,202
1.5.2 Available-for-sale securities		76,480	38,210
1.5.3 Held to maturity securities		11,016	22,997
1.6 Other interest income		53	1,386
II. INTEREST EXPENSE	III-2	254,621	227,191
2.1 Interest on deposits		164,864	188,348
2.1.1 Bank deposits		9,494	17,179
2.1.2 Saving deposits		57,951	88,209
2.1.3 Public sector deposits		12	49
2.1.4 Commercial deposits		48,592	53,704
2.1.5 Other institutions deposits		5,198	2,267
2.1.6 Foreign currency deposits		43,617	26,853
2.1.7 Precious metals deposit accounts		-	87
2.2 Interest on money market borrowings		49,001	16,472
2.3 Interest on funds borrowed		39,232	22,150
2.3.1 The Central Bank of Turkey		-	-
2.3.2 Domestic banks		8,906	8,478
2.3.3 Foreign banks		23,929	9,844
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		1,524	221
III. NET INTEREST INCOME (I - II)		219,348	168,337
IV. NET FEES AND COMMISSIONS INCOME		40,567	29,931
4.1 Fees and commissions received		56,387	43,680
4.1.1 Cash loans		7,453	4,079
4.1.2 Non-cash loans		14,898	14,265
4.1.3 Other		34,036	25,336
4.2 Fees and commissions paid		15,820	13,749
4.2.1 Cash loans		4,414	2,699
4.2.2 Non-cash loans		46	23
4.2.3 Other		11,360	11,027
V. DIVIDEND INCOME		-	-
5.1 Trading securities		-	-
5.2 Available-for-sale securities		-	-
VI. NET TRADING INCOME/LOSS		45,920	31,900
6.1 Profit/losses on trading transactions (Net)		61,545	21,086
6.1.1 Profit on trading transactions		156,344	93,491
6.1.1.1 Profit on derivative financial instruments		116,062	61,541
6.1.1.2 Other		40,282	31,950
6.1.2 Losses on trading transactions (-)		(94,799)	(72,405)
6.1.2.1 Losses on derivative financial instruments		(82,301)	(56,622)
6.1.2.2 Other		(12,498)	(15,783)
6.2 Foreign exchange gains/losses (Net)		(15,625)	10,814
6.2.1 Foreign exchange gains		352,388	200,685
6.2.2 Foreign exchange losses (-)		(368,013)	(189,871)
VII. OTHER OPERATING INCOME	III-3	16,866	29,660
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		322,701	259,828
IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	III-4	17,629	10,710
X. OTHER OPERATING EXPENSES (-)	III-5	197,772	171,583
XI. NET OPERATING INCOME (IX-X-XI)		107,300	77,535
XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	III-6	7,942	7,266
XIII. NET MONETARY GAIN/(LOSS)		-	(31,123)
XIV. INCOME BEFORE TAXES (XII+XIII+ XIV)		115,242	53,678
XV. PROVISION FOR TAXES ON INCOME (-)	III-7	36,525	20,002
15.1 Provision for income taxes		41,458	18,642
15.2 Provision for deferred taxes		(4,933)	1,360
XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV-XV)		78,717	33,676
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 (-)		-	-
XVIII. NET PROFIT/LOSSES FOR THE PERIOD (XVI+XVII+XVIII)	III-8	78,717	33,800
Earnings/Losses per share (Full amount)		0.000681	0.000292

The accompanying notes are an integral part of these statements

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

TURK EKONOMI BANKASI A.S.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency- Thousands of New Turkish Lira)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note Ref.	Paid-in Capital	Effect of inflation Accounting on Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Value Increase Fund Revaluation Fund	Marketable Securities Value Increase Fund	Total
Prior Period - 31.12.2004														
(Section 5)														
I. Balances at the end of prior period		55,125	252,383	-	-	2,780	-	-	57,947	2,647	664	-	126	371,672
II. Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance		55,125	252,383	-	-	2,780	-	-	57,947	2,647	664	-	126	371,672
IV. Net Profit or Losses		-	-	-	-	-	-	-	33,800	-	-	-	-	33,800
V. Profit Distribution		-	-	-	-	4,058	-	39,247	(57,947)	(343)	-	-	(126)	(15,111)
5.1 Dividends distributed		-	-	-	-	-	-	-	-	(14,985)	-	-	-	(14,985)
5.2 Transfers to legal reserves		-	-	-	-	4,058	-	39,247	(57,947)	14,642	-	-	-	-
5.3 Other		-	-	-	-	-	-	-	-	-	-	-	(126)	(126)
VI. Increase in capital		2,675	293	-	-	-	-	-	-	(2,304)	(664)	-	3,836	3,836
6.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Revaluation Fund		2,675	293	-	-	-	-	-	-	(2,304)	(664)	-	-	-
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		-	-	-	-	-	-	-	-	-	-	-	3,836	3,836
Balances (I+II+IV+V+VI+VII+VIII)		57,800	252,676	-	-	6,838	-	39,247	33,800	-	-	-	3,836	394,197
Current Period - 31.12.2005														
I. Balances at the end of prior period		57,800	252,676	-	-	6,838	-	39,247	33,800	-	-	-	3,836	394,197
Increases in the period:		-	-	-	-	-	-	-	-	-	-	-	-	-
II. Investments securities available for sale	V-1	-	-	-	-	-	-	-	-	-	-	-	5,311	5,311
2.1 Net fair value gains/losses		-	-	-	-	-	-	-	-	-	-	-	5,311	5,311
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		-	-	-	-	-	-	-	78,717	-	-	-	-	78,717
VII. Profit Distribution	V-3	-	-	-	-	2,415	-	21,971	(33,800)	-	-	-	-	(9,414)
7.1 Dividends distributed		-	-	-	-	-	-	-	(9,414)	-	-	-	-	(9,414)
7.2 Transfers to legal reserves	V-4	-	-	-	-	2,415	-	21,971	(24,386)	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balances (I+II+III+IV+V+VI+VII+VIII+IX)		57,800	252,676	-	-	9,253	-	61,218	78,717	-	-	-	9,147	468,811

The accompanying notes are an integral part of these statements.

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

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

VI. STATEMENTS OF CASH FLOWS

	Note Ref.	Current Period 31.12.2005	Prior Period 31.12.2004
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1		118,645	71,025
Operating profit before changes in operating assets and liabilities			
1.1.1		448,430	400,030
1.1.2		(250,293)	(231,466)
1.1.3		7,942	7,266
1.1.4		56,387	43,271
1.1.5		84,000	31,945
1.1.6		7,513	6,872
1.1.7		(101,316)	(77,535)
1.1.8		(37,544)	(21,034)
1.1.9	VI-1	(95,332)	(88,324)
1.2		141,872	265,210
Changes in operating assets and liabilities			
1.2.1		(80,255)	17,880
1.2.2		(47,000)	(32,030)
1.2.3		(1,372,327)	(418,057)
1.2.4	VI-1	(42,242)	(4,452)
1.2.5		601,835	(27,921)
1.2.6		976,422	310,270
1.2.7		76,143	212,705
1.2.8		-	-
1.2.9	VI-1	29,296	161,532
1.2.10		-	45,283
I.		260,517	336,235
Net cash provided from banking operations			
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.		(676,389)	(530,272)
Net cash provided from investing activities			
2.1	VI-2	-	(13,988)
2.2	VI-3	-	1,148
2.3		(27,653)	(15,060)
2.4		109	976
2.5		(1,484,835)	(332,534)
2.6		770,641	-
2.7		(898)	(25,807)
2.8		66,247	47,996
2.9		-	-
2.10		-	(193,003)
C.		57,507	(15,034)
CASH FLOWS FROM FINANCING ACTIVITIES			
III.		57,507	(15,034)
Net cash provided from financing activities			
3.1		67,172	-
3.2		-	-
3.3		-	-
3.4		(9,414)	(14,987)
3.5		(251)	(1,013)
3.6		-	-
3.7		-	966
IV.		2,577	(10,289)
Effect of change in foreign exchange rate on cash and cash equivalents			
V.		(355,788)	(219,360)
Net increase / (decrease) in cash and cash equivalents(I+II+III)			
VI.	VI-4	1,098,878	1,318,238
Cash and cash equivalents at beginning of the year			
VII.	VI-4	743,090	1,098,878
Cash and cash equivalents at end of the year			

The accompanying notes are an integral part of these statements.

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

**TURK EKONOMI BANKASI A.S.
PROFIT APPROPRIATION TABLES FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Currency-Thousands of New Turkish lira)**

VII. PROFIT APPROPRIATION TABLES

	Current Period 31.12.2005	Prior Period 31.12.2004
I. APPROPRIATION OF CURRENT YEAR INCOME		
1.1. CURRENT YEAR PROFIT	115,242	53,802
1.2. TAXES AND OTHER DUTIES PAYABLE (-)	36,525	20,002
1.2.1. Corporate Tax (Income Tax)	36,525	20,002
1.2.2. Income Withholding Tax	-	-
1.2.3. Other Tax and Duties	-	-
A. NET PROFIT (1.1-1.2)	78,717	33,800
1.3. PRIOR YEAR INCOME/LOSS (-)	-	-
1.4. FIRST LEGAL RESERVES (-)	-	1,690
1.5. OTHER STATUTORY RESERVES (-) (**)	4,933	-
B. NET DISTRIBUTABLE INCOME [(A-(1.3+1.4+1.5)) (*) (Section 3, Note XVII)]	73,784	32,110
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	2,890
1.6.1. To Owners of Ordinary Shares	-	2,890
1.6.2. To Owners of Privileged Shares	-	-
1.6.3. To Owners of Privileged Shares (preemptive rights)	-	-
1.6.4. To Profit Sharing Bonds	-	-
1.6.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.7. DIVIDENDS TO PERSONNEL (-)	-	-
1.8. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	6,524
1.9.1. To Owners of Ordinary Shares	-	6,524
1.9.2. To Owners of Privileged Shares	-	-
1.9.3. To Owners of Privileged Shares (preemptive rights)	-	-
1.9.4. To Profit Sharing Bonds	-	-
1.9.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.10. SECOND LEGAL RESERVES (-)	-	725
1.11. STATUS RESERVES (-)	-	-
1.12. EXTRAORDINARY RESERVES	-	21,971
1.13. OTHER RESERVES	-	-
1.14. SPECIAL FUNDS	-	-
II. APPROPRIATION OF RESERVES		
2.1. APPROPRIATED RESERVES	-	-
2.2. SECOND LEGAL RESERVES (-)	-	-
2.3. DIVIDEND TO SHAREHOLDERS (-)	-	-
2.3.1. To Owners of Ordinary Shares	-	-
2.3.2. To Owners of Privileged Shares	-	-
2.3.3. To Owners of Privileged Shares (preemptive rights)	-	-
2.3.4. To Profit Sharing Bonds	-	-
2.3.5. To Holders of Profit and Loss Sharing Certificates	-	-
2.4. DIVIDENDS TO PERSONNEL (-)	-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNING PER SHARE		
3.1. TO OWNERS OF ORDINARY SHARES	638	278
3.2. TO OWNERS OF ORDINARY SHARES (%)	127.65	55.55
3.3. TO OWNERS OF PRIVILEGED SHARES	-	-
3.4. TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1. TO OWNERS OF ORDINARY SHARES	-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3. TO OWNERS OF PRIVILEGED SHARES	-	-
4.4. TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) As of the date of the financial statements are authorized for issuance, the Board of Directors has not taken a decision on profit appropriation.

(**) Includes deferred tax income not subject to dividend distribution.

The accompanying notes are an integral part of these statements.

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

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SECTION THREE

ACCOUNTING PRINCIPLES

I- Basis of Presentation

The Bank prepares its financial statements in accordance with the Provisional Article 1 of the Banking Law Number 5411 and "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.

Restatement of Financial Statements to The Current Period Purchasing Power

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 "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 are expressed in purchasing power of December 31, 2004 for comparative presentation purposes.

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 YTL1 (in full digits) to TL 1,000,000 (in full digits) throughout the one year period until complete phase-out of TL. Effective January 1, 2005 the Bank's functional and presentation currency is YTL and current period financial statements together with prior period/year comparative figures is presented in thousands of YTL, in accordance with BRSA's circular dated January 5, 2005.

Other Basis of Valuation

Basis of valuation used for assets and liabilities in the preparation of 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 year-end financials except for the application of inflation accounting with respect to Communiqué No:14 of AAR for annual financial statements, are used without any change and summarized in section III.

II- Explanations on Forward and 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, 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 Bank has entered into future agreements. Future transactions are valued daily by the primary market prices and related gains or losses are reflected in income statement.

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

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Foreign Currency Assets and Liabilities

Gains or losses arising from foreign currency transactions are reflected in the statement of income as they are realized during the period. 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 Bank and the resulting foreign exchange gains or losses are recorded in the income statement as foreign exchange gain or loss. The net investment in foreign entities as of the related period-ends were translated into Turkish lira by applying the exchange rates prevailing at respective dates. The resulting foreign exchange gains or losses are recorded in the income statement.

III- Offsetting of Financial Assets and Liabilities

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

IV- 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 reversed and interest income related to these loans are recorded as interest income only when collected.

V- 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 rate in the related period.

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

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

VI- 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".

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VII- Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the clients 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 clients under repurchase agreements are classified under securities held for trading, available for sale and held to maturity depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. 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 domestic public sector debt securities.

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.

As of December 31, 2005, the Bank does not have any reverse repo transactions (2004 - None).

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

VIII- 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.

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 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 two years due to “tainting” rules.

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

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

IX- Investments in Associates

New Turkish Lira investments in associates which are quoted at the stock exchange are remeasured at fair value based on quoted bid prices and any positive difference between fair value price and cost is included under shareholders' equity in "Marketable Securities Value Increase Fund" account in the financial statements. Unquoted investments in associates are reflected at restated costs until December 31, 2004, computed by using relevant conversion factors considering purchase and capital contribution dates excluding share capital increases from internally generated funds such as the revaluation fund. A provision is set when there is evidence for permanent impairment in value of the related asset.

X- Investments in Subsidiaries

New Turkish lira investments in subsidiaries are reflected at restated costs until December 31, 2004, computed by using relevant conversion factors considering purchase and capital contribution dates excluding share capital increases from internally generated amounts such as the revaluation fund. Foreign currency denominated subsidiaries are valued with period-end foreign exchange rates. A provision is set when there is evidence for permanent impairment in value of the subsidiaries.

XI- Originated Loans and Receivables and Provisions for Impairment

The Bank 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 using effective interest method.

Cash loans are recorded in accordance with the regulations stated in the Communiqué on the Uniform Chart of Accounts and Its Explanations. According to the changes in the Communiqué on the Uniform Chart of Accounts and Its Explanations dated 2.11.2005, foreign exchange gains and losses on foreign currency indexed loans are recorded in other income or other expense. Those gains were previously recorded as interest income and losses as provision for loan losses.

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 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 No. 5411 and 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.

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 recorded 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.

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XII- Goodwill and Other Intangible Assets

There is no goodwill regarding the investments in associates and subsidiaries.

The intangible assets are reflected at restated costs until December 31, 2004 in accordance with inflation accounting and are 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 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. Useful lives of such 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 Bank by the Bank's personnel and the related expenses 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 of 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 prorated basis is used for depreciation of assets held less than one year as of the balance sheet date. Leasehold improvements are depreciated over 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

Gain or loss 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.

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 are 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.

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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 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 Turkish lira with the Bank's period end exchange rate. 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 the interest expense, the Bank provides depreciation expense for the leased assets in each period. The depreciation rate is determined in accordance with "Accounting Standard for Tangible Fixed Assets" and the depreciation rate used is 20%.

Operating lease payments are recognized as expense in the income statement on a straight line basis over the lease term.

The Bank does not have any leasing transactions as lessor.

XV- Provisions and Contingent Liabilities

The provisions and contingent liabilities are determined in accordance with the Communiqué No:8 of AAR, 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 Bank is 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 year worked in the Bank over the salary for 30 days and the notice pay is determined by the relevant notice period time calculated over the years worked in the Bank. In accordance with AAR, Communiqué No:10, the Bank sets provision for retirement, notice pay and vacation pay liabilities by taking the actual payment rates for the previous 5 years into consideration.

The Bank has no employees contracted for determined periods.

As of December 31, 2005 and 2004, the arithmetic average of the actual payments realized for the previous five years are 8.35% and 8.54% respectively and this forms the base of the provision amount that is set for the retirement and notice pay liabilities.

The Bank employees are members of Tebliler Foundation. The Bank does 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.

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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. YTL 1,501 of current tax liability, relating to items classified under equity is charged to "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.

Deferred tax

As of June 30, 2004 and prior periods, the Bank 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 Bank 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. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis.

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 4,933 of deferred tax provision credit is stated under the tax provision in the income statement. YTL 776 of deferred tax asset resulting from differences related to items that are credited or charged directly to equity is netted with the related accounts 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.

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XVIII- Additional Explanations on Borrowings

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

XIX- Paid-in Capital and Share Certificates

The 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 in off-balance sheet accounts.

XXI- Government Incentives

There are no government incentives utilized by the Bank.

XXII- Securities at Custody

Securities held by the Bank at custody on behalf of clients are not included in the balance sheet since they are not assets of the Bank. As of December 31, 2005, securities at custody in the off-balance sheet includes investment funds as thousand shares (December 31, 2004 - billion shares).

XXIII- Segment Reporting

In accordance with AAR 17, segment reporting disclosures will be applicable effective from January 1, 2006.

XXIV- Other Matters

Explanation for convenience translation to English

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

Other

There are no other matters required to be disclosed.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

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

The Bank 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 Bank'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 Bank aims to generate a positive margin between the financing cost and product income and an optimum maturity risk.

As a part of the 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 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 Bank, the main activities generating yields over calculated average yields are marketable securities transactions.

Board of Directors permits the 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 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 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 Bank's general strategy to hedge foreign currency positions within legal limitations

II- 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 Bank's capital adequacy ratio is 12.33% (December 31, 2004 - 14.29%).

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

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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:

	Risk Weight			
	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non-Cash Loans				
Balance Sheet items (Net)	868,910	337,805	476,254	2,369,789
Cash	87,321	7	-	-
Due from banks	266,158	308,724	-	326
Interbank money market placements	150,000	-	-	-
Receivables from reverse repo transactions	-	-	-	-
Reserve deposits	211,383	-	-	-
Special finance houses	-	-	-	-
Loans	121,929	23,117	469,128	2,307,640
Loans under follow-up (Net)	-	-	-	16,830
Subsidiaries, associates and investments held to maturity	-	-	-	-
Miscellaneous receivables	-	-	-	1,779
Marketable securities held to maturity (Net)	-	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-
Financial lease receivables	-	-	-	-
Leased assets (Net)	-	-	7,126	-
Fixed assets (Net)	-	-	-	31,602
Other assets	32,119	5,957	-	11,612
Off balance sheet items	177,200	667,061	440,957	167,470
Guarantees and pledges	28,238	662,385	121,195	112,659
Commitments	145,481	-	319,762	-
Other off balance sheet items	-	-	-	-
Transactions related with derivative financial instruments	-	-	-	24,330
Interest and income accruals	3,481	4,676	-	30,481
Non risk weighted accounts	-	-	-	-
Total Value at Risk	1,046,110	1,004,866	917,211	2,537,259
Total Risk Weighted Assets	-	200,973	458,606	2,537,259

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets	3,196,838	1,784,135
Amount Subject to Market Risk	142,000	48,009
Shareholders' Equity	411,722	261,749
Shareholders' Equity / (TRWA + ASMR) *100	12.33	14.29

TRWA: Total Risk Weighted Assets

ASMR: Amount subject to market risk

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	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	57,800	57,800
Nominal capital	57,800	57,800
Capital commitments (-)	-	-
Other Capital Reserves	252,676	252,676
Share Premium and Cancellation Profits	-	-
Legal Reserves	9,253	6,838
First legal reserve (Turkish Commercial Code 466/1)	5,479	3,789
Second legal reserve (Turkish Commercial Code 466/2)	3,774	3,049
Other legal reserve per special legislation	-	-
Statute Reserves	-	-
Extraordinary reserves	61,218	39,247
Reserves allocated by the General Assembly	61,218	39,247
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Profit	78,717	33,800
Current period profit	78,717	33,800
Prior years' profit	-	-
Loss (-)	-	-
Current period loss	-	-
Prior years' loss	-	-
Total Main Capital	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 improvements	-	-
Increase in the Value of Revaluation Fund	-	-
Foreign Exchange Differences	-	-
General Reserves	18,300	10,235
Provisions for Possible Losses	-	-
Subordinated Loans	83,997	16,036
Marketable Securities Value Increase Fund	9,147	3,836
Associates and subsidiaries	-	-
Available for sale securities	9,147	3,836
Structured positions	-	-
Total Supplementary Capital	111,444	30,107
TIER III CAPITAL		
CAPITAL	571,108	420,468
DEDUCTIONS FROM THE CAPITAL	159,386	158,719
Investments in financial companies which mainly operate in money and capital markets, or insurance sector with permissions and licenses provided in accordance with special laws	139,230	146,474
Leasehold improvements	15,287	6,846
Start-up costs	-	-
Prepaid expenses	4,869	5,399
The negative difference between the market values and the carrying amounts for investments, subsidiaries, other investments and fixed assets	-	-
Subordinated loans given to other banks which operate in Turkey	-	-
Goodwill (Net)	-	-
Capitalized expenses	-	-
Total Shareholder's Equity	411,722	261,749

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III- Credit Risk

Credit risk represents the risks generating from the 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 are 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 and client based commercial transactions 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 Bank's equity is performed daily. Risk limits are determined for the transactions taking place daily and the risk concentration of the off-balance sheet transactions are followed up by the system.

The credibility of the debtors of the Bank 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 Bank is determined by the Board of Directors and transactions are realized within these limits.

The fulfillments of liabilities in the forward agreements are 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 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 Bank is YTL 666,755 (2004 – YTL 498,810) and the percentage to the total loan portfolio is 22.82 % (2004 - 31.67%).

As of December 31, 2005, the total balance of the top 100 non-cash loan clients of the Bank is TL 582,790 (2004 – YTL 493,543) and the percentage to the total non-cash loan portfolio is 34.14% (2004 - 36.38%).

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 20.48% (2004 - 25.32 %).

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

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Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit/Loss
Current Period					
Domestic	5,043,881	4,222,078	1,594,042	90,954	78,717
European Union Countries	158,984	261,636	811	48,276	-
OECD Countries *	2,405	197,352	228	-	-
Off-shore Banking Regions	4,230	93,471	1,905	-	-
USA, Canada	36,574	176,365	89,547	-	-
Other Countries	36,562	2,153	20,453	-	-
Unallocated Assets/liabilities**	-	-	-	-	-
Total	5,282,636	4,953,055	1,706,986	139,230	78,717
Prior Period					
Domestic	3,241,656	2,582,011	1,326,303	90,955	33,800
European Union Countries	45,281	209,693	1,351	55,519	-
OECD Countries *	4,981	38,950	802	-	-
Off-shore Banking Regions	103	78,425	2,188	-	-
USA, Canada	110,640	195,805	20,859	-	-
Other Countries	16,461	66,515	5,238	-	-
Unallocated Assets/liabilities**	-	-	-	-	-
Total	3,419,122	3,171,399	1,356,741	146,474	33,800

* OECD Countries other than EU countries, USA and Canada

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

Sectoral Breakdown of Cash Loans :

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	36,039	2.07	38,689	3.25	23,433	2.80	25,640	3.48
Farming and raising livestock	25,692	1.48	35,101	2.95	17,962	2.15	24,474	3.32
Forestry	8,365	0.48	2,970	0.25	4,903	0.58	433	0.06
Fishing	1,982	0.11	618	0.05	568	0.07	733	0.10
Manufacturing	874,056	50.50	964,844	81.00	527,114	62.97	598,706	81.13
Mining	70,507	4.07	33,958	2.85	21,912	2.62	16,332	2.21
Production	801,066	46.29	930,886	78.15	503,701	60.17	582,270	78.91
Electric, gas and water	2,483	0.14	-	-	1,501	0.18	104	0.01
Construction	74,065	4.28	41,617	3.49	23,842	2.85	12,490	1.69
Services	359,729	20.78	145,372	12.20	172,663	20.62	90,316	12.24
Wholesale and retail trade	138,287	7.99	38,727	3.25	80,958	9.67	14,163	1.92
Hotel, food and beverage services	19,605	1.13	45,230	3.80	11,140	1.33	14,795	2.00
Transportation and telecommunication	74,193	4.29	26,907	2.26	23,356	2.79	20,928	2.84
Financial institutions	76,563	4.42	31,068	2.61	39,250	4.69	38,011	5.16
Real estate and renting services	20,625	1.19	2,400	0.20	9,761	1.16	1,715	0.23
Self-employment services	9,623	0.56	983	0.08	3,246	0.39	403	0.05
Education services	3,169	0.18	-	-	614	0.07	-	-
Health and social services	17,664	1.02	57	0.00	4,338	0.52	301	0.04
Others	386,711	22.37	692	0.06	90,114	10.76	10,766	1.46
Total	1,730,600	100.00	1,191,214	100.00	837,166	100.00	737,918	100.00

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The Bank 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 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 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 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.

	Amount
Capital to be employed for interest rate risk – standard method	7,786
Capital to be employed for general market risk	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	3,574
Capital liability	3,126
Capital to be employed for options subject to currency risk	448
Total Value-at-risk (VAR)-Internal Model	-
Total capital to be employed for market risk	11,360
Amount subject to market risk	142,000

V- 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 Bank are taken into consideration and value at risk is calculated by using the standard method.

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

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

The Treasury Department of the 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 Bank's net short position is YTL 45,232 (December 31, 2004 - YTL 3,006 net short) resulting from short position amounting to YTL 338,818 (December 31, 2004 - YTL 52,455) on the

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balance sheet and long position amounting to YTL 293,586 (December 31, 2004 - YTL 49,449) on the off-balance sheet.

The announced current foreign exchange buying rates of the 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 arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before the balance sheet date are as follows:

	Monthly Average Foreign Exchange Rate
USD	1.3458
CHF	1.0290
GBP	2.3479
JPY	1.1343
EUR	1.5956

Information on the foreign currency risk of the Bank:

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	45,468	397,307	65	3,962	446,802
Due from other banks and financial institutions	35,194	42,133	658	6,452	84,437
Trading securities	28	99	-	598	725
Money market placements	-	-	-	-	-
Investment securities available-for-sale	-	235,456	-	-	235,456
Loans (**)	687,626	777,512	10,993	49,517	1,525,648
Investments in associates and subsidiaries	48,276	-	-	-	48,276
Investment securities held-to-maturity	-	-	-	-	-
Property and equipment	-	-	-	-	-
Goodwill	-	-	-	-	-
Other assets	7,600	17,278	96	261	25,235
Total Assets	824,192	1,469,785	11,812	60,790	2,366,579
Liabilities					
Bank deposits	5,884	6,511	47	18,832	31,274
Foreign currency deposits (*)	476,387	1,579,518	8,590	39,082	2,103,577
Money market borrowings	-	-	-	-	-
Funds provided from other financial institutions	366,280	167,302	-	15,875	549,457
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	1,891	377	-	16	2,284
Other liabilities	3,764	14,721	-	320	18,805
Total liabilities	854,206	1,768,429	8,637	74,125	2,705,397
Net Balance Sheet Position	(30,014)	(298,644)	3,175	(13,335)	(338,818)
Net Off-Balance Sheet Position	28,413	253,987	(3,023)	14,209	293,586
Financial derivative assets	196,497	520,916	5,011	73,105	795,529
Financial derivative liabilities	168,084	266,929	8,034	58,896	501,943
Non-cash loans (***)	351,571	676,805	6,042	42,592	1,077,010
Prior Period					
Total Assets	395,514	1,691,316	1,453	27,877	2,116,160
Total Liabilities	431,118	1,642,826	1,700	92,971	2,168,615
Net Balance Sheet Position	(35,604)	48,490	(247)	(65,094)	(52,455)
Net Off-Balance Sheet Position	35,469	(52,882)	267	66,595	49,449
Non-cash loans (***)	324,935	475,005	11,582	34,391	845,913

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

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(**) Foreign currency indexed loans amounting to YTL 334,434 (2004 - YTL 158,143) are included in the loan portfolio.

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

VI- Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank's position, and it is managed by the Asset-Liability Committee. 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 Bank's risk management is to protect from interest rate volatility. 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 Bank. 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 Bank management follows the market interest rates daily and revises the interest rates of the Bank when necessary.

Since the Bank does not permit maturity mismatches or imposes limits on the mismatch, it is not expected for the Bank to be exposed to a significant interest rate risk.

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	385,328	-	-	-	-	179,541	564,869
Due from banks and other financial institutions	247,050	14,000	32,000	16,000	-	-	309,050
Trading securities	973	18,664	13,651	462	55,477	598	89,825
Money market placements	150,000	-	-	-	-	-	150,000
Securities available-for-sale	33,537	577,672	79,262	44,328	311,929	9	1,046,737
Loans	935,966	416,094	457,080	386,468	726,206	-	2,921,814
Securities held-to-maturity	-	100	-	-	-	-	100
Other assets	-	-	-	-	-	339,471	339,471
Total Assets	1,752,854	1,026,530	581,993	447,258	1,093,612	519,619	5,421,866
Liabilities							
Bank deposits	88,681	12,722	-	-	-	-	101,403
Other deposits	2,115,822	250,205	43,882	6,591	80	724,214	3,140,794
Money market borrowings	754,462	-	-	-	-	-	754,462
Miscellaneous payables	-	-	-	-	-	49,088	49,088
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	112,335	111,172	427,393	23,991	65,177	-	740,068
Other liabilities	-	-	-	-	3,715	632,336	636,051
Total Liabilities	3,071,300	374,099	471,275	30,582	68,972	1,405,638	5,421,866
Balance Sheet Interest Sensitivity Gap	(1,318,446)	652,431	110,718	416,676	1,024,640	(886,019)	-
Off Balance Sheet Interest Sensitivity Gap	(695)	-	-	-	-	-	(695)
Total Interest Sensitivity Gap	(1,319,141)	652,431	110,718	416,676	1,024,640	(886,019)	(695)

The other assets line at the non-interest bearing column consists of property and equipments amounting to YTL 54,015, intangible assets amounting to YTL 3,952, YTL 73,060 of accrued interest and income receivables,

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subsidiaries amounting to YTL 139,230 and the other liabilities line consists of shareholders' equity with a total amount of YTL 468,811.

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	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	-	-	-	-	103,498	1,045,753
Due from banks and other financial institutions	128,826	21,000	5,000	16,000	-	-	170,826
Trading securities	2,246	1,099	2,791	2,659	775	-	9,570
Money market placements	95,000	-	-	-	-	-	95,000
Securities available-for-sale	38,872	100,974	-	31,795	160,893	9	332,543
Loans	651,309	284,674	285,342	121,173	232,586	-	1,575,084
Securities held-to-maturity	65,349	100	-	-	-	-	65,449
Other assets	-	-	-	-	-	271,371	271,371
Total Assets	1,923,857	407,847	293,133	171,627	394,254	374,878	3,565,596
Liabilities							
Bank deposits	74,722	19,776	1,000	-	-	-	95,498
Other deposits	1,249,114	207,422	36,132	23,909	9,144	638,651	2,164,372
Money market borrowings	158,532	-	-	-	-	-	158,532
Miscellaneous payables	-	-	-	-	-	39,052	39,052
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	51,209	302,027	88,260	51,049	104,208	-	596,753
Other liabilities	51	99	101	-	3,699	507,439	511,389
Total Liabilities	1,533,628	529,324	125,493	74,958	117,051	1,185,142	3,565,596
Balance Sheet Interest Sensitivity Gap	390,229	(121,477)	167,640	96,669	277,203	(810,264)	-
Off Balance Sheet Interest Sensitivity Gap	(163)	-	(59)	-	-	-	(222)
Total Interest Sensitivity Gap	390,066	(121,477)	167,581	96,669	277,203	(810,264)	(222)

The other assets line at the non-interest bearing column consists of property and equipment amounting to YTL 40,312 intangible assets amounting to YTL 3,437, YTL 44,398 of accrued interest and income receivables, investments in associates amounting to YTL 146,474 and the other liabilities line consists of shareholders' equity with a total amount of YTL 394,197.

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) and balances with the Central Bank of Turkey	1.14	2.05	-	10.65
Due from banks and other financial institutions	2.53	4.34	-	15.14
Trading securities	-	5.21	-	14.45
Money market placements	-	-	-	14.98
Securities available-for-sale	-	5.70	-	15.14
Loans	6.03	6.51	4.06	25.14
Securities held-to-maturity	-	-	-	-
Liabilities				
Bank deposits	2.55	4.00	-	17.61
Other deposits	2.47	3.93	-	15.67
Money market borrowings	-	-	-	13.93
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	2.84	6.85	-	14.64

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	EURO %	USD %	Yen %	YTL %
Prior Period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	0.64	0.55	-	10.00
Due from banks and other financial institutions	-	2.22	-	22.74
Trading securities	5.50	5.50	-	22.00
Money market placements	-	-	-	18.00
Securities available-for-sale	-	6.50	-	23.00
Loans	5.43	5.50	-	26.82
Securities held-to-maturity	-	-	-	26.00
Liabilities				
Bank deposits	2.02	2.38	-	21.70
Other deposits	2.78	2.55	-	22.52
Money market balances	-	-	-	19.64
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	3.59	3.39	-	17.33

VII- Liquidity Risk

Liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows completely and timely.

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 Bank'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 Board of Directors of the Bank continuously determines standards for the liquidity ratios, and monitors them.

According to the general policies of the Bank, 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 tried 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, the Bank manages its maturity risk within the limits determined by Bank's Management.

When the funding and liquidity sources are considered, the 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. Generally the Bank's position is lender position.

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Presentation of assets and liabilities according to their remaining maturities :

Current Period	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	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	179,541	385,328	-	-	-	-	-	564,869
Due from banks and other financial institutions	53,451	193,599	14,000	32,000	16,000	-	-	309,050
Trading securities	598	959	617	13,812	580	73,259	-	89,825
Money market placements	-	150,000	-	-	-	-	-	150,000
Securities available-for-sale	9	-	-	8,962	154,511	883,255	-	1,046,737
Loans	-	935,966	416,094	457,080	386,468	726,206	-	2,921,814
Securities held-to-maturity	-	-	100	-	-	-	-	100
Other assets	-	54,208	8,392	8,558	9,067	33,994	225,252	339,471
Total Assets	233,599	1,720,060	439,203	520,412	566,626	1,716,714	225,252	5,421,866
Liabilities								
Bank deposits	14,828	73,853	12,722	-	-	-	-	101,403
Other deposits	724,214	2,115,822	250,205	43,882	6,591	80	-	3,140,794
Money market borrowings	-	754,462	-	-	-	-	-	754,462
Funds provided from other financial institutions	-	45,246	99,246	73,890	357,365	164,321	-	740,068
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	49,088	-	-	-	-	-	-	49,088
Other liabilities	-	73,194	6,977	5,946	47,354	12,961	489,619	636,051
Total Liabilities	788,130	3,062,577	369,150	123,718	411,310	177,362	489,619	5,421,866
Net Liquidity Gap	(554,531)	(1,342,517)	70,053	396,694	155,316	1,539,352	(264,367)	-
Prior Period								
Total Assets	167,625	1,780,865	310,490	310,378	282,293	508,222	205,723	3,565,596
Total Liabilities	700,848	1,549,614	270,673	107,127	359,268	171,654	406,412	3,565,596
Net Liquidity Gap	(533,223)	231,251	39,817	203,251	(76,975)	336,568	(200,689)	-

(*) 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.

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	Carrying Value (*)		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	1,539,993	680,073	1,539,994	680,637
Due from banks and other financial institutions	461,778	270,502	461,778	270,502
Securities available-for-sale	1,078,114	341,934	1,078,114	341,934
Securities held-to-maturity	101	67,637	102	68,201
Financial Liabilities	4,807,012	3,071,076	4,801,618	3,087,271
Interbank money market deposits	102,175	96,534	102,190	96,680
Other deposits	3,149,905	2,174,566	3,144,496	2,188,775
Funds provided from other financial institutions (**)	1,505,844	760,924	1,505,844	762,764
Marketable securities issued	-	-	-	-
Miscellaneous payables	49,088	39,052	49,088	39,052

(*) 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- Transactions Made in the Name and Account of the Third Parties, Fiduciary Transactions

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

The bank has no fiduciary transactions.

X- Segment Reporting

In accordance with the Communique No. 17 of the ARR, segment reporting will be made effective from January 1, 2006.

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SECTION FIVE

**FOOTNOTES AND EXPLANATIONS ON
UNCONSOLIDATED FINANCIAL STATEMENTS**

I- Footnotes And Explanations Related to the 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 about trading portfolio:

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	-
Others	-	-	-	-
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 government 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 26,910 (2004 - YTL 780).

3. Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union countries	158,984	15,662	-	-
USA and Canada	36,574	72,525	-	-
OECD Countries*	2,405	3,753	-	-
Off-shore banking regions	219	103	-	-
Other	106	101	-	-
Total	198,288	92,144	-	-

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

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4. **Information on reverse repurchase agreements:** None.

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 and share certificates.

b) Information on available for sale portfolio:

	Current Period		Prior Period	
Debt securities	1,050,024		335,290	
Quoted in a stock exchange	979,126		277,089	
Not quoted	70,898		58,201	
Share certificates	9		9	
Quoted in a stock exchange	-		-	
Not quoted	9		9	
Provision for impairment (-)	(3,296)		(2,756)	
Total	1,046,737		332,543	

c) Available for sale securities given as collateral or blocked: Available for sale securities, given as collateral consist of public sector debt securities of YTL 201,673 (2004 - YTL 41,150) given as collateral for regulatory requirements.

d) Information on investment securities available-for-sale given as collateral or blocked:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	34,179	167,494	41,150	-
Others	-	-	-	-
Total	34,179	167,494	41,150	-

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	2,825	-	2,115	-
Total	2,825	16,179	2,146	13,024

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	2,913,867	-	-	7,947
Discount notes	65,455	-	-	-
Export loans	787,192	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	65,349	-	-	-
International loans	40,467	-	-	-
Consumer loans	366,057	-	-	-
Credit cards	25,027	-	-	-
Precious metals loans	43,633	-	-	-
Other	1,520,687	-	-	7,947
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	2,913,867	-	-	7,947

- 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	Loans and Other Receivables	Restructured or Rescheduled
Short-term loans	1,982,930	-	-	378
Non-specialized loans	1,982,930	-	-	378
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans	930,937	-	-	7,569
Non-specialized loans	930,937	-	-	7,569
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	2,913,867	-	-	7,947

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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	24,484	289,330	313,814	2,784
Real Estate Loans	965	126,873	127,838	952
Automotive Loans	5,859	123,876	129,735	1,135
Consumer Loans	12,947	38,581	51,528	697
Other	4,713	-	4,713	-
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
Consumer Loans	233	1,810	2,043	12
Other	-	-	-	-
Consumer Loans-FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automotive Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	-	-	-
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	-	-	-	-
Consumer Loans	812	1,130	1,942	25
Other	106	-	106	-
Personnel Loans- Indexed to FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automotive Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	-	-	-
Personnel Loans-FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automotive Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	-	-	-
Personnel Credit Cards-YTL	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	51,119	338,419	389,538	2,987

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
Consumer 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
Consumer 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	-	-	-	-
Consumer 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

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f) Loans according to type of borrowers :

	Current Period	Prior Period
Public	-	-
Private	2,921,814	1,575,084
Total	2,921,814	575,084

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	2,881,347	1,558,832
Foreign loans	40,467	16,252
Total	2,921,814	1,575,084

h) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	-	17
Indirect loans granted to subsidiaries and investments	-	-
Total	-	17

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

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	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	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 provision (-)	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, specific provision amounting to YTL 2,158 is reversed in the current period.

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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 Provisional Article 1 of the Banking Law No. 5411 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" 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:** None.

8. **Information on held to maturity portfolio (Net) :**

a) Information on held to maturity portfolio:

	Current Period	Prior Period
Debt securities	100	65,449
Quoted in a stock exchange	100	65,449
Not quoted	-	-
Provision for impairment (-)	-	-
Total	100	65,449

b) Movement of held to maturity portfolio:

	Current Period	Prior Period
Beginning balance	65,449	97,675
Effect of inflation (-)	-	(10,037)
Foreign currency differences on monetary assets	-	-
Purchases during year	898	25,807
Disposals through sales and redemptions	(66,247)	(47,996)
Impairment provision	-	-
Closing Balances	100	65,449

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

	Current Period				Prior Period			
	Cost		Amortized Cost		Cost		Amortized Cost	
	YTL	FC	YTL	FC	YTL	FC	YTL	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	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Closing Balances	100	-	101	-	65,449	-	67,637	-

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- 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	
	YTL	FC	YTL	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, given as collateral for regulatory requirements : None (2004 - None).

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

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 have 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	-	11,127
Movements during the period	-	(11,127)
Purchases	-	-
Free shares obtained profit from current year's share	-	-
Dividends from current year income	-	-
Sales (*)	-	(11,283)
Valuation increase	-	156
Provision for impairment	-	-
Balance at the end of the period	-	-
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

- (*) YTL 10,724 of the amount which has been disclosed in "Sales", is the reclassification of TEB Sigorta A.S. as "subsidiaries" due to increase in the effective shareholding percentage of the Bank in relation with the change in its share capital structure and YTL 559 is due to the disposal of Varlik Yatirim Ortakligi A.S.

- b.2) Valuation of the consolidated participations: None.
- b.3) Sectoral information related to the consolidated participations: None.
- b.4) Consolidated participations which are quoted in a stock exchange: None.
- b.5) Information related to the consolidated participations: None.
- b.6) Information on investments which are sold in current period : None.
- b.7) Consolidated participations purchased in the current period: None.

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- 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	146,474	138,270
Movements during the period	(7,244)	8,204
Purchases (*)	-	24,712
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (**)	-	(11,105)
Revaluation increase (***)	(7,180)	(5,403)
Provision for impairment	(64)	-
Balance at the end of the period	139,230	146,474
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

- (*) As of December 31, 2004, YTL 10,724 was the reclassification of TEB Sigorta A.S. as a subsidiary and YTL 13,988 was due to the increase in the shareholding percentages of other subsidiaries.
- (**) As of December 31, 2004, the "Sales" amount consisted of YTL 10,724 due to disposal of TEB Sigorta A.S. and YTL 381 due to disposal of TEB Kiyetli Madenler A.S.
- (***) For the prior period the amount represents the effects of devaluation and inflation on foreign subsidiaries, for the current period, represents just the effects of devaluation.

b.2) Valuation of the consolidated subsidiaries:

Subsidiaries denominated in Turkish Lira are reflected by restating their costs 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 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.

	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	47,625	54,700
Leasing Companies	/ TEB Leasing	40,190	40,191
Factoring Companies	/ TEB Factoring	22,324	22,324
Other Financial Sub.	/ TEB Yatirim	26,382	26,382
	TEB Portfoy	2,058	2,058
	Petek International Holdings B.V.	651	819
Total		139,230	146,474

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b.4) Consolidated subsidiaries which are quoted in a stock exchange: None.

b.5) Information on the consolidated subsidiaries:

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

Information on the consolidated subsidiaries as presented in the 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)	-
(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.

(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 as of December 31, 2005.

(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 30, 2005.

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

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

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

12. Information on financial lease receivables (Net): 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:

Accrued interest and income receivables	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest accruals - due	172	22	37	-
Interest accruals - not due	13,324	16,179	8,499	7,147
Loan commissions and other income accruals - due	-	-	-	-
Loan commissions and other income accruals - not due	754	30	19	7
Total	14,250	16,231	8,555	7,154

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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	25,320	6,057	9,025	366
Securities held to maturity	1	-	3,421	-
Interest accruals of reverse repo transactions	-	-	-	-
Interest accruals of reserve deposits	1,998	923	1,455	354
Income accruals of financial derivative instruments	377	2,276	1,459	5,658
Interest and income accruals	-	318	-	147
Income accrual of foreign exchange gains	377	1,958	1,459	5,511
Income accruals on factoring receivables	-	-	-	-
Others	4,785	451	4,801	2,004
Total	32,870	9,709	20,306	8,383

15. Information on fixed assets: (Net) :

	Land and buildings	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
Prior Period End :					
Cost	9,637	38,189	1,101	65,094	114,021
Accumulated depreciation(-)	2,537	29,239	777	41,156	73,709
Net book value	7,100	8,950	324	23,938	40,312
Current Period End :					
Net book value-beginning of period	7,100	8,950	324	23,938	40,312
Additions	-	-	-	25,488	25,488
Disposals(-)	-	4	89	16	109
Impairment	-	-	-	-	-
Depreciation expense (-)	200	1,819	101	9,556	11,676
Currency translation differences resulting from foreign investments	-	-	-	-	-
Cost-end of period	9,637	36,455	378	87,918	134,388
Accumulated depreciation-end of period(-)	2,737	29,328	244	48,065	480,373
Net book value-end of period	6,900	7,127	134	39,854	54,015

a) If an asset impairment amount recorded or reversed in the current period is material for the overall 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.

16. Information 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.

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- b) Depreciation method : Intangible fixed assets are amortized by using straight-line method over restated book values.
- c) Book value and accumulated depreciation amounts at beginning and end of period :

	Current Period	Prior Period
Gross Book Value	12,890	10,725
Accumulated Depreciation	(8,938)	(7,288)
Total	3,952	3,437

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

	Current Period
Beginning balance	3,437
Amounts formed internally	-
Additions due to mergers, transfers and acquisitions	2,165
Not used and disposed items	-
Increases or decreases in the revaluation fund	-
Impairment charges	-
Reversal of impairment charges	-
Depreciation expenses (-)	1,650
Currency translation differences arising from foreign investments	-
Other differences in book values	-
Period end balance	3,952

- e) Disclosures for book value, description and remaining depreciation time 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 vale 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.
- l) Positive or negative consolidation goodwill that comes from consolidated parties is explained on related party basis: Not applicable.
- m) Information on goodwill : None.
- n) Reconciliation of movements on goodwill in the current period: None.
- o) Reconciliation of movements on negative goodwill in the current period: None.

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17. Information on deferred tax assets:

- a) As of December 31, 2005, deferred tax asset computed on the temporary differences is amounting to YTL 5,957 (2004 - YTL 1,800). 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 arise from reversal of these provisions: None.

18. Information on other assets:

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

	Current Period	Prior Period
Prepaid Taxes	32,119	13,870
Receivables From Fund Participation Certificates	4,097	3,212
Transaction Cost Related to Financial Liabilities	1,097	2,874
Prepaid Rent Expenses	1,479	1,417
Advances Given	-	161
Others	5,856	3,410
Total	44,648	24,944

- 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.

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II- Footnotes And Explanations Related to the 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	53,315	-	173,713	190,386	14,726	1,209	1,606
Foreign currency deposits	504,668	-	836,138	603,411	116,498	33,770	7,763
Residents in Turkey	473,316	-	818,873	587,690	110,054	33,159	6,153
Residents abroad	31,352	-	17,265	15,721	6,444	611	1,610
Public sector deposits	332	-	200	152	-	-	-
Commercial deposits	153,933	-	376,488	39,277	1,105	589	-
Other institutions deposits	10,637	-	6,790	12,732	17	10	-
Precious metals deposits	1,329	-	-	-	-	-	-
Interbank deposits	14,828	-	37,182	47,052	1,341	1,000	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	70	-	32	-	-	-	-
Foreign Banks	9,077	-	37,150	47,052	1,341	1,000	-
Special finance houses	5,681	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	739,042	-	1,430,511	893,010	133,687	36,578	9,369

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	31,689	-	138,354	167,477	34,923	3,730	33,156
Foreign currency deposits	491,822	-	525,299	428,847	43,435	8,420	7,485
Residents in Turkey	467,305	-	514,878	419,701	41,899	7,928	7,485
Residents abroad	24,517	-	10,421	9,146	1,536	492	-
Public sector deposits	166	-	-	-	-	-	-
Commercial deposits	86,091	-	67,625	29,837	2,475	14,011	1,620
Other institutions deposits	27,195	-	1,935	17,087	2	2	-
Precious metals deposits	1,689	-	-	-	-	-	-
Interbank deposits	23,144	-	14,893	51,252	5,209	1,000	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	600	-	17	-	1,000	-	-
Foreign Banks	9,854	-	14,876	51,252	4,209	1,000	-
Special finance houses	12,690	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	661,796	-	748,106	694,500	86,044	27,163	42,261

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		Exceeding the limit of saving deposit	
	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.

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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

2. Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From domestic transactions	754,452	-	158,527	-
Financial institutions and organizations	745,000	-	150,000	-
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	-	158,532	-

3. a) Information on funds borrowed:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term	190,611	377,708	31,546	392,220
Medium and long-term	-	84,532	-	152,942
Total	190,611	462,240	31,546	545,162

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

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

30.84 % of bank deposits and 66.98 % 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.

6. Explanation on miscellaneous payables:

	Current Period	Prior Period
Total amount of cash collateral obtained	406	282

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

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

8. Information on taxes, duties and premium payables:

- a) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	-	-
Taxation of securities	4,796	3,598
Property tax	268	191
Banking Insurance Transaction Tax (BITT)	3,169	2,160
Foreign Exchange Transaction Tax	622	775
Value Added Tax Payable	330	102
Other (*)	1,984	1,475
Total	11,169	8,301

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

- b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	1,430	530
Social Security Premiums-Employer	2,018	748
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment insurance-Employee	101	37
Unemployment insurance-Employer	202	75
Other	-	-
Total	3,751	1,390

9. Explanations on factoring payables: None.

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:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	-	-	259	251
1-4 years	4,746	2,218	3,542	2,547
More than 4 years	1,582	1,496	1,181	1,152
Total	6,328	3,714	4,982	3,950

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d) Footnotes and explanations regarding operational leases:

Except for the head-office-Istanbul and Izmir-Konak branch building, all branch premises of the Bank are leased under operational leases. For the period ended December 31, 2005, the operating lease expenses, amounting to YTL 17,512 were 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	6,352	3,531	9,374	1,856
Accrued interest on funds borrowed	4,949	5,735	1,307	4,254
Accrued interest on funds	-	-	-	-
Accrued interest on repurchase agreement transactions	630	-	78	-
Accrued interest on derivative financial instruments	16,402	2,661	7,519	2,906
Accrued interest and expense	357	164	-	341
Foreign exchange losses accrued	16,045	2,497	7,519	2,565
Accrued interest on factoring payables	-	-	-	-
Other interest and expense accruals	835	1,176	1,843	46
Total	29,168	13,103	20,121	9,062

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

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.

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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.

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 : None.

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

The 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 Bank has signed an other 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 match BRSA's Tier II Capital definitions as well as contributing the Bank's capital adequacy ratio in a positive manner.

g) Information on subordinated loans:

	Current Period		Prior Period	
	YTL	FC	YTL	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 9,682) 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.

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- 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 Bank 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 interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.
- f) Indicators of the Bank's income, profit and liquidity for the previous periods and within these indicators possible affects on capital foresighting uncertainty: Not applicable.
- g) Information on privileged shares:

7% of the Bank's remaining net income after tax after deducting legal reserves and first dividends, corresponding to the Bank's 60,000 shares of YTL 30 (in full YTL) is distributed to the founder shares. In the Board of Directors meeting dated February 10, 2005 numbered 3702/11, it is decided to transfer 6 founder shares to the parent company, Teb Mali Yatirimlar.

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	-	-
Common stock canceling 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	7,085	2,062	3,583	253
From securities held for structural position	-	-	-	-
Total	7,085	2,062	3,583	253

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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: Foreign exchange gains are included in income statement.
- 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 legal reserves:

	Current Period	Prior Period
First legal reserves	5,479	3,789
Second legal reserves	3,774	3,049
Other legal reserves appropriated in accordance with special legislation	-	-
Total	9,253	39,247

17. Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	61,218	39,247
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Total	61,218	39,247

18. Information on shareholders having more than 10 % share:

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

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III- Footnotes And Explanations Related To the Income Statement

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

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

Other fees and commission income amounting to YTL 34,036 (2004 - YTL 25,336) includes fees and commissions on credit cards amounting to YTL 7,495 (2004 - YTL 5,743) and on import letters of credit amounting to YTL 4,964 (2004 - YTL 4,773), and other fee and commission expense amounting to YTL 11,360 (2004 - YTL 11,027) includes fees and commissions on credit cards amounting to YTL 7,045 (2004 - YTL 7,264).

1. a) Information on interest income received from participations and subsidiaries:

	Current Period	Prior Period
Interest received from participations and subsidiaries	27	92

b) Information on financial lease income: None.

c) Interest received from reverse repurchase agreement transactions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest received from reverse repurchase agreements	12	-	17	-

2. a) Information on interest expense to participations and subsidiaries:

	Current Period	Prior Period
Interest expense to participations and subsidiaries	93	189

b) Information on financial lease expenses :

	Current Period	Prior Period
Financial lease expense	1,158	64

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

Account name	Time Deposits						Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	
YTL							
Bank deposits	-	8,274	-	-	-	-	8,274
Saving deposits	9	28,472	15,967	6,532	464	6,507	57,951
Public sector deposits	-	10	2	-	-	-	12
Commercial deposits	318	42,585	4,655	739	217	78	48,592
Other deposits	-	1,445	3,751	1	1	-	5,198
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	327	80,786	24,375	7,272	682	6,585	120,027
Foreign Currency							
Foreign currency deposits	96	25,715	12,487	3,350	1,657	312	43,617
Bank deposits	-	1,220	-	-	-	-	1,220
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	96	26,935	12,487	3,350	1,657	312	44,837
Total	423	107,721	36,862	10,622	2,339	6,897	164,864

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d) Interest expense on repurchase agreements :

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest expense on repurchase agreements	49,001	-	16,472	-

3. Information on other operating income:

The information on the factors affecting the Bank's income including extraordinary items and new developments, and the explanation on nature and amount of income earned from extraordinary items :
None.

4. Provision expenses of banks 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	8,148	3,006
Provision expenses for possible losses	-	-
Marketable securities impairment expense	1,626	2,967
Trading securities	21	2
Investment securities available for sale	1,605	2,965
Impairment provision expense	64	-
Participations	-	-
Subsidiaries	64	-
Joint ventures	-	-
Investment securities held to maturity	-	-
Other	-	34
Total	17,629	10,710

5.a) Information related to other operational expenses:

	Current Period	Prior Period
Personnel expenses	101,316	77,535
Reserve for employee termination benefits	1,008	897
Provision for social aid fund deficits	-	-
Depreciation expense of fixed assets	11,676	11,926
Amortization expense of intangible assets	1,650	1,553
Other operating expenses	38,967	27,988
Maintenance expenses	1,308	1,316
Advertisement expenses	13,470	5,341
Other expenses	24,189	21,331
Loss on sales of assets	47	11,134
Operational lease expenses	17,512	11,418
Other (*)	25,596	29,132
Total	197,772	171,583

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

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

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 ARR 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 (+/-)	7,942	7,266
Income and loss from participations (+/-)	-	-
Total	7,942	7,266

- b) Income / loss from participations, which are accounted for under the equity method : None.

- c) The information on income and expense from related party transactions:

The Bank has certain banking transactions with group companies. These are commercial transactions, which are realized in line with market rates. These are reflected in income statement. The related amounts are presented in Part V, section VIII.

- 7.a) As of December 31, 2005, current tax expense is YTL 41,458 (2004 – YTL 18,642) and deferred tax income is YTL 4,933 (2004 – YTL 1,360 deferred tax income).

- b) Deferred tax income on temporary differences is YTL 4,933 (2004 – YTL 1,360 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.

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.

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IV. Footnotes And Explanations Related To the Off-Balance Sheet Contingencies and Commitments

- 1.a) Disclosure to be made separately from other contingent liabilities :
- a.1) The Bank'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 Bank's contingent liabilities resulting obligations of other ventures 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 need 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):	1,609,194	867,905	-	-
Forward FC transactions	502,243	438,175	-	-
FC swap transactions	530,482	365,421	-	-
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)	1,777,992	874,975	-	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
FC Investments hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
Total Derivative Transactions (A+B)	1,777,992	874,975	-	-

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 :

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The Bank'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	79,456	113,487	265,701	26,323	106,144	106,371	28,053	154
EURO	133,404	30,220	7,461	61,913	38,646	38,566	-	-
Other	12,828	19,580	53,406	6,040	8,281	8,382	-	-
Total	247,327	254,916	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	94,088	95,391	34,492	94,766	14,436	14,565	-	-
EURO	85,289	18,259	30,996	57,269	912	912	-	-
Other	21,243	29,850	83,381	4,340	-	-	-	-
Total	216,171	222,004	184,205	188,286	32,163	32,146	-	-

3. Information on off-balance sheet liabilities:

- a) Nature and amount of irrevocable loan commitments: Credit card expenditure limit commitments are YTL 161,195 and YTL 123,660; payment commitments for checks are YTL 175,952 and YTL 131,835 as of December 31, 2005 and December 31, 2004 respectively.
- b) Nature and amount of contingent loss and commitments from off-balance sheet items including below statements:

The Bank, 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 1,158,086, (2004 - YTL 904,879) acceptances amounting to YTL 52,685 (2004 - YTL 45,697) and letters of credit amounting to YTL 393,739 (2004 -YTL 387,810).

- b.2) Guarantees, surety ships and similar transactions: None 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	72,139	102,809
With maturity of 1 year or less than 1 year	35,341	58,639
With maturity of more than 1 year	36,798	44,170
Other non-cash loans	1,634,847	1,253,932
Total	1,706,986	1,356,741

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

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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 trading performed by Moody's Investor Services and Fitch Ratings are shown below:

Moody's Investor Services: December 2005

Bank Financial Strength	D+
Long Term Deposits	B1

Fitch Ratings: December 2005**Foreign Currency Commitments**

Long Term	BB-
Short Term	B
View	Positive

Turkish Lira Commitments

Long Term	BB+
Short Term	B
View	Positive
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	1.32	12,653	1.17	4,671	0.91	11,844	1.40
Farming and Raising livestock	6,300	1.00	12,352	1.15	2,934	0.57	10,543	1.25
Forestry	1,824	0.29	115	0.01	1,583	0.31	1,301	0.15
Fishing	177	0.03	186	0.02	154	0.03	-	-
Manufacturing	385,408	61.18	648,583	60.22	329,757	64.55	572,702	67.70
Mining	28,108	4.46	13,312	1.24	9,314	1.82	12,345	1.46
Production	349,995	55.56	633,441	58.81	314,711	61.61	560,160	66.22
Electric, gas and water	7,305	1.16	1,830	0.17	5,732	1.12	197	0.02
Construction	66,613	10.57	78,659	7.30	27,200	5.32	33,263	3.93
Services	164,802	26.17	135,353	12.58	139,699	27.36	90,309	10.68
Wholesale and retail trade	76,649	12.17	34,968	3.25	68,692	13.45	26,265	3.10
Hotel, food and beverage services	1,364	0.22	9,170	0.85	403	0.08	8,698	1.03
Transportation and telecommunication	33,031	5.24	33,232	3.09	33,753	6.61	16,040	1.90
Financial institutions	26,351	4.18	20,955	1.95	20,102	3.94	23,749	2.81
Real estate and renting services	6,059	0.96	30,785	2.86	5,236	1.03	9,509	1.12
Self-employment services	6,593	1.05	3,405	0.32	2,463	0.48	5,819	0.69
Education services	229	0.04	-	-	101	0.02	7	-
Health and social services	14,526	2.31	2,838	0.26	8,949	1.75	222	0.03
Other	4,852	0.76	201,762	18.72	9,501	1.86	137,795	16.29
Total	629,976	100.00	1,077,010	100.00	510,828	100.00	845,913	100.00

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

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	I st Group - Standard loans and other receivables		II nd Group – Loans and other receivables under close follow-up	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	608,643	549,443	-	-
Bank acceptances	23	52,662	-	-
Letters of credit	62	393,677	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Other commitments and contingencies	21,248	81,228	-	-
Total	629,976	1,077,010	-	-

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

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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 YTL 5,311.

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.

b.1) Reconciliation of beginning and ending balances are provided: None.

b.2) Amount of gains or losses related to hedging derivative instruments in cash flow hedges, which are recorded to the shareholders' equity in the current period is explained at the footnotes: None.

- c) Reconciliation of beginning and ending balances of the foreign currency differences: None.

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 net decided for profit appropriation as of the date these financial statements are authorized for issue.

4. Amounts transferred to legal reserves: Amount transferred to legal reserves from retained earnings is YTL 2,415.

5. Information on shares issued: None.

- 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: None.

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V. Footnotes And Explanations Related To Statement Of Cash Flows

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

“Other items” amounting to YTL 97,624 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 29,296 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 42,242 consist of changes in miscellaneous receivables and other assets.

Prior year “Other” with a total amount of YTL 45,283 in “Changes in operating assets and liabilities” represents monetary gain/loss effect on operating activities.

Prior year “Other” with a total amount of YTL 193,003 in “Net cash flows from investing activities” represents monetary gain/loss effect on investing activities.

Prior year “Other” with a total amount of YTL 966 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:

None.

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	80,049	74,759
Cash equivalents	1,018,829	1,243,479
End of the period	Current Period	Prior Period
Cash	85,882	80,049
Cash equivalents	657,208	1,018,829

Cash includes cash in YTL 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.

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

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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.

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VIII- Footnotes And Explanations on the Risk Group of the Bank**1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances :**

a) Current Period :

Related Parties (*)	Participations		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	17	2,549	31	13,024	547	3,352
Balance at end of period	-	4,349	-	16,179	10,091	3,075
Interest and commission income	5	22	394	120	593	45

Bank has YTL 143,600 in foreign banks account in "Direct and indirect shareholders of the Bank".

b) Prior Period:

Related Parties (*)	Participations		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	133	8,657	803	1,532	706	4,851
Balance at end of period	17	2,549	31	13,024	547	3,352
Interest and commission income received	53	55	563	258	12	35

c.1) Information on related party deposits balances:

Related parties (*)	Participations		Direct and indirect shareholders of the Bank		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	10,190	15,863	237,410	188,691	40,452	1,654
Balance at end of period	26,104	10,190	580,396	237,410	49,618	40,452
Interest on deposits	93	78	23,004	7,009	1,258	2,246

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

Related Parties (*)	Participations		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Trading transactions						
Beginning of period	129,693	97,284	5,282	25,656	-	38,525
End of period	13,983	129,693	177,256	5,282	2,867	-
Total income/loss	(1,488)	2,314	1,738	433	462	2,184
Hedging transactions purposes						
Beginning of period	-	-	-	-	-	-
End of period	-	-	-	-	-	-

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

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2. Disclosures for related parties

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

In the course of conducting its banking business, the Bank conducted various business transactions with related parties on commercial terms and at rates which approximate market rates.

- 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 at the Financial Statements
Cash loans	10,091	0.34
Non-cash loans	23,603	1.38
Deposits	656,118	20.24
Forward transactions and option agreements	194,106	10.92
Banks and other financial institutions	143,600	46.46

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

- c) In case that disclosing items separately is not necessary, total of similar items to be disclosed in order to present the total impact on financial statements : Explained in b).
- d) Transactions accounted for under the equity method : None.
- e) Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts :

The Bank enters into lease agreements with TEB Finansal Kiralama A.S. As of December 31, 2005 the total leasing obligations related to these agreements amounted to YTL 3,714. Additionally, the Bank provides agency services for TEB Sigorta A.S. and TEB Yatirim Menkul Degerler A.S.

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.73%. Amounts of these loans are explained in section V, in the note VIII-1.a.

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

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**TURK EKONOMI BANKASI A.S.
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IX- Footnotes And Explanations on 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 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 and income statement as of December 31, 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 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. Participations and subsidiaries denominated in foreign currency were converted to Turkish Lira with the exchange rates prevailing at year-end.

All items in the statement of income 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.

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Wholesale prices indices and conversion factors that were used to restate the accompanying the financial statements as of December 31, 2004, reflecting the restatement for the changes in the general purchasing power of the Turkish is 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 Bank could realize or settle the same values of assets and liabilities as indicated in the balance sheets. Similarly, it does not necessarily mean that the Bank could return or settle the same values of equity to its shareholders.

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

The 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, restatement of prior period income statement items were made with monthly indices.

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(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			
Domestic branch	112	2,630			
Foreign representatives	-	-			
			<u>Country of Incorporation</u>		
				<u>Total Assets</u>	<u>Statutory Share Capital</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 FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

TURK EKONOMI BANKASI A.S.
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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 FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)

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SECTION SEVEN

EXPLANATIONS RELATED TO THE INDEPENDENT AUDITORS' REPORT

I- Explanations on the Independent Auditors' Report

The unconsolidated 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.