



2005 ANNUAL REPORT

HALKBANK

OUR RENEWED STRUCTURE

SHAREHOLDER STRUCTURE

HALKBANK'S REGISTERED CAPITAL IS TRY 1,250,000,000 AND PAID-IN CAPITAL IS TRY 1,150,000,000. 99,999996207% OF THE BANK'S SHARES BELONG TO THE PRIME MINISTRY UNDERSECRETARIAT OF TREASURY AND 0,000003793% SHARES TO OTHER SHAREHOLDERS. NO CHANGES AFFECTING THE OVERALL COMPOSITION OF THE BANK'S SHAREHOLDER STRUCTURE OCCURED IN 2005.

NO COMPANY DIRECTOR, STATUTORY AUDITOR, OR ASSISTANT GENERAL MANAGER OWNS A SHAREHOLDING INTEREST IN THE BANK.

Shareholder	Number of Shares	Capital Commitment (TRY)	Share (%)	Paid-in Capital (TRY)	Unpaid Capital (TRY)
Undersecretariat of Treasury	1	1,249,999,952.58	99.999996207	1,149,999,952.58	100,000,000.00
Banks	5	1.51	0.000000121	1.51	
Chambers of Commerce	12	0.21	0.000000017	0.21	
Cooperatives of Craftsmen	143	1.72	0.000000138	1.72	
Local City Authorities	67	9.39	0.000000751	9.39	
Municipalities	980	18.69	0.000001495	18.69	
Individuals and Corporates	14,465	15.90	0.000001272	15.90	
TOTAL	15,673	1,250,000,000.00	100.000000000	1,150,000,000.00	100,000,000.00

PRESENTATION

SHAREHOLDER STRUCTURE AND CORPORATE PROFILE **1** FINANCIAL HIGHLIGHTS **2** HALKBANK'S STRATEGIES **4**
 SNAPSHOTS FROM HALKBANK'S HISTORY **6** CHAIRMAN'S MESSAGE **8** GENERAL MANAGER'S ASSESSMENT OF 2005 **10**
 ACTIVITIES IN 2005 **12** HALKBANK SUBSIDIARIES & AFFILIATES **24**

MANAGEMENT AND CORPORATE GOVERNANCE

BOARD OF DIRECTORS **28** BOARD OF DIRECTORS' REPORT **30** THE HALKBANK BOARD OF DIRECTORS AND ITS MEETINGS **30**
 AUDIT BOARD'S REPORT **31** SENIOR MANAGEMENT **32** COMMITTEES **34** HIRING AND PROMOTION POLICIES AND PRACTICES **35**
 AN ASSESSMENT OF THE FUNCTIONING OF THE INTERNAL CONTROL, INTERNAL AUDIT, AND RISK MANAGEMENT SYSTEMS **36**
 ORGANIZATION STRUCTURE **38**

AN ASSESSMENT OF FINANCIAL INFORMATION AND RISK MANAGEMENT

RISK MANAGEMENT AND ITS POLICIES **42** FINANCIAL POSITION **43**
 AUDITORS' REPORT **46**



MAKES US EVEN STRONGER

HALKBANK: A STRONG, TRUSTWORTHY, PROFITABLE BANK THAT IS READY FOR PRIVATIZATION.

CORPORATE PROFILE

THANKS TO ITS DIVERSIFIED TRANSACTION VOLUME AND CUSTOMER PORTFOLIO, HALKBANK RANKS AMONG THE TURKEY'S LEADING BANKS.

HALKBANK PROVIDES BANKING PRODUCTS AND SERVICES OF EVERY KIND TO 6.4 MILLION CUSTOMERS IN THE CORPORATE, COMMERCIAL, ENTREPRENEUR, AND RETAIL BANKING SEGMENTS. THE BANK IS THE HUB OF AN EXTENSIVE SERVICE NETWORK CONSISTING OF 553 BRANCHES, 952 ATMS, AS WELL AS INTERNET, TELEPHONE, TV, AND SMS BANKING APPLICATIONS.

HALKBANK'S NAME IS SYNONYMOUS WITH TRADESMEN, ARTISANS, AND SME BANKING IN TURKEY.

SINCE THE DAY IT WAS FOUNDED IN 1933, HALKBANK'S PRIMARY MISSION HAS BEEN TO SUPPORT TURKEY'S TRADESMEN AND ARTISANS. TODAY THE BANK IS A TRUSTED BUSINESS PARTNER OF HUNDREDS OF THOUSANDS OF TRADESMEN, ARTISANS, AND SMALL TO MEDIUM-SIZED ENTREPRENEURS ALL OVER TURKEY.

TODAY THE BANK'S PRIORITY IS TO CARRY THIS LONG STANDING RELATIONSHIP TO THE FUTURE ON THE SOUND FOUNDATIONS OF MODERN-DAY BANKING.

HALKBANK IS A DYNAMIC, EFFECTIVE, AND PROFITABLE BANK.

THE COMPREHENSIVE RESTRUCTURING THAT THE BANK HAS UNDERGONE IN RECENT YEARS HAS TRANSFORMED HALKBANK INTO A BANK THAT IS DYNAMIC, EFFECTIVE, AND PROFITABLE. JUST AS IN THE PAST SO TOO IN THE FUTURE, HALKBANK WILL CONTINUE TO BE A STRONG AND TRUSTWORTHY BANK AND TO SUPPORT TRADESMEN, ARTISANS, AND SME'S AS WELL AS EVERY ENTREPRENEUR THAT CONTRIBUTES TOWARDS INCREASING INVESTMENT, PRODUCTION, AND EMPLOYMENT IN TURKEY.

HALKBANK: READY FOR PRIVATIZATION

HALKBANK'S IMMEDIATE OBJECTIVE IS TO UNDERGO PRIVATIZATION SO THAT IT CAN PURSUE ITS REDEFINED AND EXPANDED MISSION.

FINANCIAL HIGHLIGHTS

Total Assets **TRY 27,053 million**

A 5% rise in the bank's assets last year brought them to TRY 27,053 as of end-2005. Throughout the year, Halkbank focused on improving both the quality and the productivity of its assets. The asset categories in which the most important changes took place were loans and its investment securities portfolio.

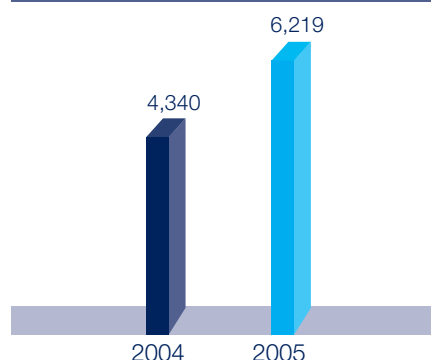
Shareholders' Equity **TRY 3,196 million**

Halkbank has a high (49.64%) capital adequacy ratio. Despite the cash dividend that it paid last year, the bank's shareholders' equity rose 6% in the twelve months to end-2005.

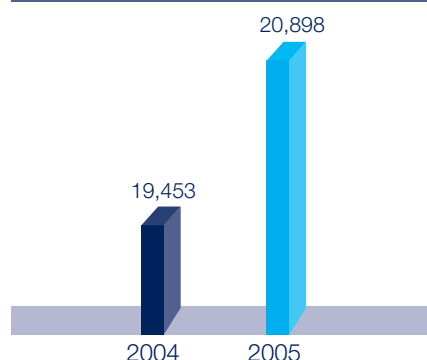
Net Profit **TRY 532 million**

Halkbank closed its books showing a net profit of TRY 532 million. The bank's strongly competitive structure enabled it to maintain its high level of profitability despite tough market conditions and the operational workloads created by the bank's large-scale merger.

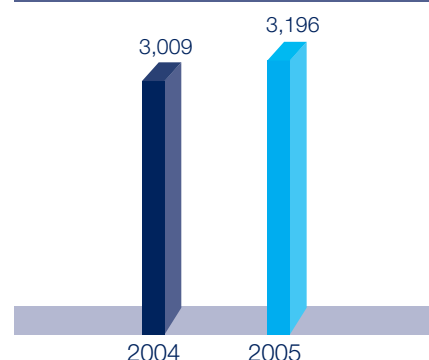
TOTAL LOANS (TRY MILLION)



TOTAL DEPOSITS (TRY MILLION)



SHAREHOLDERS' EQUITY (TRY MILLION)



HALKBANK'S CAPITAL ADEQUACY RATIO IS A HIGH 49.64%.

KEY FINANCIAL HIGHLIGHTS (TRY million)	2005	2004	Change %
Total Assets	27,053	25,709	5.2
Total Loans	6,219	4,340	43.3
Total Deposits	20,898	19,453	7.4
Shareholders' Equity	3,196	3,009	6.2
Pretax Profit	761	709	7.3
Net Profit	532	528	0.8

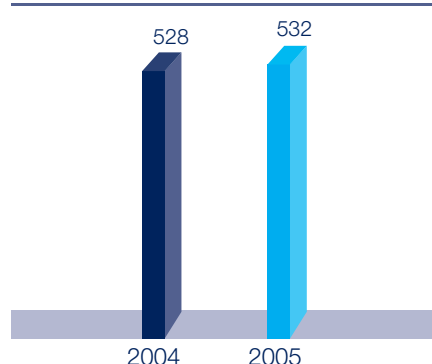
(USD million)

Total Assets	20,204	19,186	5.3
Total Loans	4,645	3,239	43.4
Total Deposits	15,607	14,517	7.5
Shareholders' Equity	2,387	2,246	6.3
Pretax Profit	568	529	7.4
Net Profit	397	394	0.8

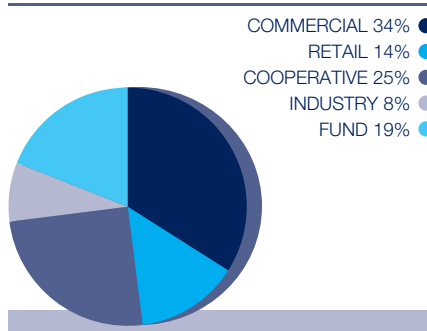
(%)

Interest Bearing Assets/Total Assets	93	91
Total Loans/Total Assets	23	17
NPL/Total Loans (Pretax)	16	22
Demand Deposits/Total Deposits	12	10
Total Loans/Total Deposits	30	22
Return on Average Assets	2	3
Return on Average Equity	18	20
Net Interest Margin	4	6

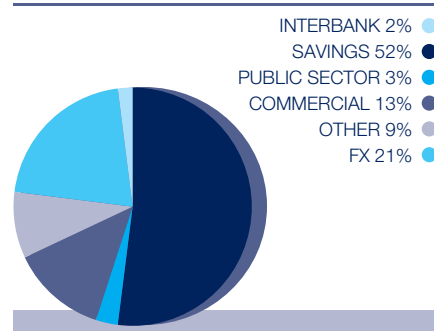
NET PROFIT (TRY MILLION)



BREAKDOWN OF LOANS



BREAKDOWN OF DEPOSITS



A ROOTED STRENGTH FOR THE FUTURE...

BLENDING THE STRENGTH DERIVED FROM OUR PAST WITH MODERN APPROACHES TO BANKING, WE CONTINUOUSLY SET OUR SIGHTS HIGHER.



HALKBANK'S FUNDAMENTAL OBJECTIVE:

TO BE TURKEY'S LEADING SME BANK THAT FULFILLS ALL THE REQUIREMENTS OF UNIVERSAL BANKING AND IS STRONG IN RETAIL BANKING SERVICES AND THAT CONTINUOUSLY CREATES ADDED VALUE FOR CUSTOMERS, SHAREHOLDERS, AND EMPLOYEES BY EFFECTIVELY PROVIDING ALL BANKING SERVICES WITHIN THE OVERALL FRAMEWORK OF THE SOCIAL RESPONSIBILITY THAT IT COMMITS AND OF ITS HIGH MORAL SENSE OF DUTY.

HALKBANK'S STRATEGIES

- OFFER CUSTOMERS SPECIALLY DESIGNED PRODUCT AND SERVICE OPTIONS THROUGH EFFECTIVE MARKETING IN ADDITION TO ITS TRADITIONAL BANKING ACTIVITIES.
- FOCUS ON CUSTOMER SEGMENTATION AND DEVELOP AND OFFER HIGH-QUALITY PRODUCTS AND SERVICES ADDRESSING THE PARTICULAR NEEDS OF SMES AS WELL AS OF RETAIL CUSTOMERS IN THE MIDDLE AND UPPER-MIDDLE INCOME GROUPS.
- TAKE A CUSTOMER-FOCUSED APPROACH TO HIGH-QUALITY SERVICE IN ALL FIELDS OF BANKING.
- ENSURE THE EFFECTIVENESS OF ALL CRITICAL PROCESSES, ESPECIALLY IN CREDIT AND RISK MANAGEMENT.
- TO MAXIMIZE PRODUCTIVITY IN ALL BUSINESS PROCESSES BY MEANS OF A RICH PRODUCT DIVERSITY, TRANSACTION SYSTEM SECURITY, RAPID HIGH-QUALITY SERVICE AND COMPETITIVE PRICING.
- ACHIEVE ONGOING DEVELOPMENT AND MOTIVATION AMONG EMPLOYEES THROUGH EFFECTIVE PERFORMANCE AND CAREER MANAGEMENT SYSTEMS.
- ENSURE THAT ALL INTERNAL AND EXTERNAL CUSTOMERS RECOGNIZE AND ACKNOWLEDGE THE BANK'S CORPORATE IDENTITY.
- PROVIDE THE HIGHEST-QUALITY AND MOST EFFECTIVE SERVICE IN THE BUSINESS OF INTERNATIONAL BANKING.
- MAINTAIN ITS POSITION AMONG THE SECTOR'S LEADING BANKS IN TERMS OF CUSTOMER NUMBERS, DEPOSIT AND LENDING VOLUMES, TOTAL ASSETS, AND PROFITABILITY.

A BANKING INDUSTRY GIANT...

HALKBANK WAS THE FIRST INSTITUTION IN THE INDUSTRY TO FOCUS ON THE NEEDS OF TRADESMEN AND ARTISANS AND OF THE SMALL AND MEDIUM SIZED ENTREPRENEURS.



THE POPULAR BANKING MOVEMENT, WHICH PARALLELED THE GROWTH OF COOPERATIVES IN MANY COUNTRIES OF THE WORLD, GOT ITS START IN TURKEY WITH THE ESTABLISHMENT OF HALKBANK.

From the first world war to the establishment of Halkbank...

The First World War and then the Great Depression that began in 1929 engulfed Turkey with shortages, rampant inflation, and high interest rates that severely hurt the tradesmen and artisans that were the foundations of the national economy.

None of the banks or public organizations that were created in the early years following the establishment of Republic of Turkey in 1923 successfully addressed the problems of this group that made up the single biggest segment of society.

In 1933 Turkish Parliament passed a law (Statute 2284) concerning the establishment of a state-owned bank and special-purpose funds that would supply credit to tradesmen and artisans and to small businesses on favorable terms in order to "support enduring economic development, maintain social balance, and safeguard domestic tranquility". Originally called "Halk Bankası" ("Popular Bank"), the bank became operational in 1938.

The era of popular banking...

The popular banking movement, which paralleled the growth of cooperatives in many countries of the world, got its start in Turkey with the establishment of Halkbank. Until 1950 however, the bank only lent money indirectly through the "Popular Funds".

The first branch and direct lending...

After 1950 Halkbank was authorized to open branches and lend money directly to borrowers.

In 1964, Halkbank embarked upon an ambitious program in which its capital was increased and the bank became a more active player by establishing a nationwide network of branches. The result was a strong rise in the bank's deposit and lending volumes.

Halkbank was the first institution in the Turkish banking industry to focus on the needs of tradesmen and artisans and of the small businesses that are the representatives of the middle class and the backbone of the national economy.

In defining and implementing its lending policies, Halkbank's priority was extending credit to this target audience under the most favorable conditions. In the years that followed, Halkbank grew and played an important role in Turkish banking sector.

Winds of change in the banking industry...

In 1992, all the assets and liabilities of Töbank were taken over by Halkbank. This was followed by the assets and liabilities of Sümerbank in 1993 and of Etibank in 1998.

In 2000, Parliament passed a law (Statute 4603) under which state-owned banks were to be restructured to bring them into line with the requirements of modern banking and international competition so as to prepare them for privatization. The process of restructuring Turkish public banks had begun.

A single administration for state-owned banks...

In 2001, Statute 4603 was revised to create a single board of governors that would be responsible for all of the country's state-owned banks. Under the new system, Halkbank changed its organizational structure and began remaking itself into a productive and profitable institution capable of creating added value for the national economy within the framework of modern banking principles and the rules of commercial banking.

The dawn of customer focus...

In keeping with this objective, Halkbank's organizational structure was completely overhauled to bring it into line with the requirements of modern banking and international competition. The bank's activities were reorganized under five main headings: Marketing, Credit, Support

Services, Non-Branch Profit Centers, and Financial Control & Risk Management. Customer-focused marketing was also added to Halkbank's operational approach to banking.

In 2001, Halkbank took over 96 branches of the insolvent Türkiye Emlak Bankası. Over the next four years, Halkbank continued to restructure itself.

Pamukbank merger...

In the second half of 2004, Halkbank acquired all the assets and liabilities of Pamukbank.

The integration of Pamukbank into Halkbank took place much faster and with far fewer problems. So much so in fact, that the merger is now pointed to as a model in the banking sector.

Newly reformed, Halkbank now focused on customer segmentation in which it became important to develop and offer high-quality products and services addressing the particular needs of SMEs as well as of retail customers in the middle and upper-middle income groups.

Into the future...

Just as in the past so too in the future, Halkbank will continue to support the tradesmen, artisans, and small to medium-sized entrepreneurs that are the backbone of the national economy as well as every entrepreneur that contributes to increases in investment, production, and employment in its capacity as a strong, trusted, profitable bank whose approach to modern banking and structure have been renewed and which is ready for privatization.



SURE-FOOTEDLY...

WE HAVE FULL CONFIDENCE THAT THE FAVORABLE ECONOMIC CLIMATE IN 2005 WILL CONTRIBUTE A GREAT DEAL TOWARDS HALKBANK'S EVENTUAL PRIVATIZATION.



HALKBANK WILL CONTINUE TO SUPPORT OF ITS CUSTOMERS AND TO FINANCE NEW PROJECTS AND INVESTMENTS THAT WILL BE BENEFICIAL TO TURKEY'S ECONOMY AND ITS PEOPLE IN THE FUTURE AS WELL.

THE WORLD

GROWTH DESPITE DIFFICULTIES

Despite the events such as natural disasters, rapid rise in oil prices and record-breaking current account deficit in the US, 2005 year was still a successful year for the global economy which is believed to have grown around 4.5% overall.

Widespread adherence to macroeconomic policies focused on expansion, strong capital inflows directed towards developing economies, and relatively lower international borrowing costs than in previous years are among the more important of the factors nourishing this global growth. But while 2005 was a fairly successful year for American and Asian economies, for Europe having to contend with thorny structural problems it was a good deal less so.

TURKEY

BRILLIANT ECONOMIC PERFORMANCE

The tremendous progress that it has made on many different fronts in recent years has wrought major changes in the Turkish economy and transformed Turkey into a country that is adhering to successful fiscal and monetary policies, is rapidly correcting its structural shortcomings, and has earned the confidence of international markets by having been given a starting date for the negotiations that will lead to its full EU membership.

At year-end 2005, the Turkish economy had substantially met all of its macroeconomic targets save that of its current accounts balance. This performance

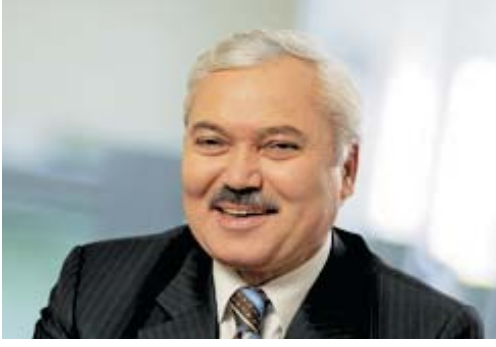
enables the country to face the future with confidence and the ability to define longer-term strategies. Two outstanding examples of these are the recent introduction of three-year national budgets and macroeconomic targets by the government and the inflation targeting system launched by the Turkish central bank.

2005 AT HALKBANK

For Halkbank, 2005 was a year in which the bank adopted the principle of achieving and maintaining the highest possible level of customer satisfaction and underwent both changes and growth in the business of retail banking.

The merger with Pamukbank in 2004 took place much faster and more smoothly than anticipated and has greatly strengthened Halkbank's position and stature in the sector with the addition of all the retail banking products and services offered by private-sector banks. With more customers, more products, and more technological muscle, the bank's task in 2005 became one of focusing on improving quality in all its activities.

Taking advantage of a branch network with a national penetration, dedicated processing centers, offices, and international representatives, Halkbank concentrated on marketing-focused activities by developing both the quality and the diversity of its products and services and satisfied the financial needs of all its customers by means of an effective pricing system and other banking instruments.



We have full confidence that the favorable economic climate in 2005 will contribute a great deal towards Halkbank's eventual privatization. As part of the activities to prepare our bank for privatization, its headquarters and branch structures were overhauled and much progress was made in the areas of personnel training and age levels.

Greater product diversification aimed at meeting all the financial needs of tradesmen, artisans, and small to medium-sized entrepreneurs financed economic activities that contributed to both employment and output in the national economy. The bank continued to offer technology-intensive services based on the changing needs of its corporate, commercial, small-business, entrepreneur, and retail banking customers.

In lending side, Halkbank adhered to policies aimed at broadening its customer base while introducing a system throughout the bank that allows placements to be centrally monitored. The credit evaluation process was supported by new technology and infrastructure in this centralized system and placements were segmented according to target group and utilization.

ON THE PATH TO PRIVATIZATION

Halkbank's ultimate goal is to be privatized as a bank that adheres to profitable and productive working principles, that is able to move nimbly in line with banking sector and economic realities, and that provides the highest level of service to small to medium-sized entrepreneurs.

In line with this goal, in 2005 our bank's existing financial structure was improved so as to contribute favorably to the privatization process and the share of investment securities in the balance sheet was reduced and the shares of liquid assets and loans were increased. The result of this was a significant improvement in the bank's asset quality.

THE INCREASING IMPORTANCE OF RISK MANAGEMENT

In addition to profitability and productivity, Halkbank also gives importance and takes an approach to risk management that is aware of the value of foreseeing the issues of economic risk and opportunity.

Market, credit, and operational risks are quantified and pricing is determined accordingly. By means of a risk-focused approach, all the internal and external risk factors that the bank assumes or to which it is exposed to are carefully and accurately identified and monitored through effective management and supervision. Halkbank defines and takes timely measures as necessary in line with the short and long-term risk management strategies that it has developed for this purpose.

A FORMULA FOR SUCCESS

Halkbank will continue to support of its customers and to finance new projects and investments that will be beneficial to Turkey's economy and its people in the future as well.

Our goal as we advance confidently and sure-footedly on this path is to generate increasingly more added value for our customers, shareholders, and employees. We are preparing ourselves in the best way possible for all the issues, beginning but not ending with privatization that are on our agenda and define our roadmap for the future. With its competitive advantages and internal dynamics, Halkbank will manage this transformation process effectively and reach its ultimate goal.

The contributions made by the banking experience and sense of teamwork that our personnel have are vitally important to our success and it gives me pleasure to thank them for their efforts and performance in 2005. In closing I also extend my appreciation on behalf of the Halkbank Board of Directors to our customers and business partners in Turkey and around the world for their enduring support.

HASAN CEBECİ
Chairman of the Board of Directors

DISTINGUISHED...

HALKBANK'S TRADITIONAL SPECIALIZATION IN PROJECT LOANS TARGETED AT SME'S IS A PARTICULARLY IMPORTANT SOURCE OF STRATEGIC ADVANTAGE AND COMPETITIVE STRENGTH.



CONTINUED POSITIVE DEVELOPMENTS IN MACROECONOMIC INDICATORS

2005 was a year in which the improvements witnessed in such macroeconomic indicators as growth, inflation, and interest rates remained on course and in which monetary, fiscal, and revenue policies were consistently and scrupulously adhered to.

A reduction of inflation to the single-digit range, a renewed and strong demand for the Turkish lira, and a steady downward movement in interest rates all contributed towards the observed rise in consumption and investment outlays. Factors such as the sustained recovery taking place in the Turkish economy, economic, social, and cultural reforms, and the start of Turkey's EU accession negotiations all reinforced optimistic expectations about the future of the national economy and of the Turkish banking industry.

THE STRONG APPEAL OF THE TURKISH BANKING SECTOR

National and international interest in the Turkish banking sector is strong and growing stronger. Foreign investors are moving into the sector either directly or through joint ventures. There has been a strong rise in the credit resources that are available to the sector outside the country. Developments such as these have added even more momentum to the industry.

READY TO COMPETE ON A LEVEL PLAYING FIELD

Paralleling the developments taking place in the banking system, Halkbank has been focusing on its impending privatization, seeking out opportunities to increase both its ability to compete and its market value.

Despite the tremendous operational workloads imposed by the bank's merger and restructuring, Halkbank nevertheless improved its asset quality, accelerated the process of adapting itself to the intensely competitive conditions of private-sector

banking, and maintained its existing level of profitability even while profit margins grew slimmer as interest rates continued to fall.

In order to improve its asset quality, the bank reduced the share of instruments to be held until maturity in its investment securities portfolio, which accounts for a sizeable part of its balance sheet, while at the same time seeking to raise the percentage of loans in its balance sheet to sectoral averages.

As a result of these efforts, the ratio of such instruments to the total balance sheet, which was 65% at the beginning of 2005, was down to 50% at year-end while the share of loans went from 17% to 23% during the same period. The latter increase corresponds to a rise of TRY 1,878 million in the bank's lending; yet despite this significant growth, the bank remained faithful to its discriminating and prudent approach to lending. The bank adhered to policies aimed at broadening its loan customer base while introducing a rating system that allows placement processes to be centrally monitored and controlled.

At the same time, lending-related decision-making processes were decentralized with regional departments and branches being given greater authority to act flexibly and nimbly in line with local needs.

Our bank's technological infrastructure provides a high-level operating platform on which even the most advanced banking applications can function. This gives Halkbank an important advantage from the standpoint of changing customer needs and of the greater transaction volumes and higher banking standards that are expected in the future.

HALKBANK IMPROVED ITS ASSET QUALITY AND ACCELERATED THE PROCESS OF ADAPTING ITSELF TO THE INTENSELY COMPETITIVE CONDITIONS OF PRIVATE-SECTOR BANKING.



AN APPROACH THAT IS MINDFUL OF PRICING EFFECTIVELY AND DEEPENING CUSTOMER RELATIONS

Working effectively and productively on the subject of pricing in 2005, Halkbank offered competitive interest rates on its carefully segmented credit products while deepening its relationships with its existing customers, and actively seeking out and taking on new ones.

Special attention was given to building up a broad-based loan portfolio by expanding the bank's traditional lending relationships with tradesmen and artisans. Lending limits were increased to create greater financing opportunities for this segment.

The first of a series of meetings that Halkbank plans to hold to bring together the tradesmen, artisans, and small to medium-sized entrepreneurs that are the backbone of our national economy took place in Mardin and Gaziantep last year. The bank will continue to get together with these and with all the entrepreneurs who contribute to investment, employment, and production in our country.

In retail loans, the bank registered significant development in its home-ownership and consumer financing in 2005. Thanks to the advantageous terms that Halkbank is able to secure on its international borrowing, the bank financed consumers' growing needs at attractive rates of interest. There was a 503% rise in the total volume of our home loans last year while many new types of loan were also introduced at the bank and customers were offered a range of different financing models.

LONG-TERM INTERNATIONAL FUNDING MADE AVAILABLE TO SME'S

Along with our mission of providing resources to the real sector, we increased both the volume and the variety of our lending to SMEs and commercial entrepreneurs. Long-term resources

received by the bank from international organizations such as the Council of Europe Development Bank, the European Investment Bank, and the French Development Agency were made available for our customers' utilization.

The bank's financial support loan program using its own resources continued and a new package loan product designed to meet the needs of tourism entrepreneurs was launched. Another innovative product last year was pre-planting loans that support farmers who are registered with chambers of agriculture. These loans are repayable at harvest time.

INCREASING EMPHASIS GIVEN TO LIQUIDITY

As a result of its efforts to increase its overall liquidity, Halkbank's trading portfolio of marketable securities was expanded and the bank did not have recourse to short-term borrowing except for repo and other deals that created advantageous interest spreads in line with customers' needs.

Halkbank's deposit base remains its most important resource. Efforts continued to be made to expand it last year and further reduce its costs with the result that there was a net decline in the cost of funding in 2005.

ASSETS, LOANS, DEPOSITS, AND PROFIT

Halkbank achieved successful financial results last year.

As of end-2005 Halkbank's

- **Assets stood at TRY 27 billion**
- **Loans were up 43% year-on and reached TRY 6 billion**
- **Deposits increased 7% to TRY 21 billion.**

Halkbank closed its books with a net profit of TRY 532 million in 2005.

BRANCH NETWORK RATIONALIZATION

Halkbank worked intensively on its branch rationalization program in 2005. In line with the bank's branch policy, branches acquired as a result of the Pamukbank merger are to be rebranded, merged with existing Halkbank branches, or closed as local circumstances warrant. At the end of the year the bank had 553 branches.

The interiors and exteriors of a majority of our branches were renovated last year to create a more convenient and modern setting. Work is also in progress to open new branches in localities that have growth potential.

ABOUT ORGANIZATIONAL STRUCTURE

At the Halkbank General Assembly held in March 2005, it was decided to reorganize the bank's administrative structure to achieve greater effectiveness in decision-making mechanisms during the privatization process. The Executive Committee was ceased to be in effect in favor of a single general manager with augmented powers.

The purpose of this reorganization was to accelerate the steps to be taken by Halkbank towards privatization. For this reason, the general manager was given authority over all bank units other than those concerned with risk management, internal control, and the bank's Board of Inspectors.

The organizational structures of the bank's headquarters and branches were also reshaped in line with the needs of customer-focused banking and to make more effective marketing.

In order to provide its customers with products and services according to their particular needs, the branch network was reorganized into 6 corporate, 29 commercial, 7 retail, 509 entrepreneur, and 2 international branches. Personnel have been assigned to these branches accordingly.

COMPETITIVE STRENGTHS AND SYNERGIES THAT TAKE US TOWARDS OUR GOAL

With its customer portfolio, extensive branch network, alternative delivery channels, and rich array of products and services, Halkbank has the strengths and the synergies needed to successfully compete in every field of endeavor.

The bank's traditional specialization in project loans targeted at SMEs is a particularly important source of strategic advantage and competitive strength.

In closing, I extend my thanks to each and every member of our great family of employees for their dedicated efforts and contributions in 2005. I sincerely believe that with them and with all the valued customers and international business partners that choose to support us by their presence we will surely reach all our objectives in the shortest possible time.

HÜSEYİN AYDIN
Board Member and General Manager

DYNAMIC AND CUSTOMER-FOCUSED

HALKBANK'S MERGERS AND RESTRUCTURING HAVE EQUIPPED IT WITH AN EXPERT STAFF AND EXCELLENT SERVICE PLATFORM THAT ENABLE THE BANK TO BE MUCH MORE CUSTOMER-FOCUSED.



IN THE BUSINESS OF CORPORATE AND COMMERCIAL BANKING, HALKBANK'S AIM IS TO BE A CUSTOMER'S HOUSE-BANK.

CORPORATE AND COMMERCIAL BANKING

A CUSTOMER-FOCUSED APPROACH

In 2005 Halkbank separated its customer portfolio into corporate and commercial segments based on customer profiles. In this segmentation, bank customers with annual turnovers of TRY 30 million or more were classified as "corporate" while those with turnovers in the TRY 5-30 million range were classified as "commercial". At the same time, the bank also designated 6 of its branches to serve the corporate segment and 29 to serve the commercial.

This new structure enables the bank to better satisfy all of a customer's financial needs by taking a more customer-focused approach to service and employing specialized personnel to more effectively market product packages and take advantage of cross-sale opportunities.

In the business of corporate and commercial banking, Halkbank's aim is to be a customer's house-bank. In order to develop and maintain effective, long-term, profitable relationships with its customers the bank:

- **Creates project-based financial solutions**
- **Delivers all the products and services required in modern banking via a superior technological infrastructure in such a way as to achieve absolute customer satisfaction.**
- **Quickly identifies, evaluates, and satisfies its customers' needs.**

COMPREHENSIVE PROJECTS IN CASH MANAGEMENT PRODUCTS AND SERVICES

During 2005 the bank continued its comprehensive and intensive project activities in the area of cash management products and services without letup. These projects are concerned with the development and finalization of products such as a direct debiting system, automatic check and note collections, high volume/forward dated EFT and money orders, tax and social security premium payments, utility bill payments, and electronic account statements as well as the required software.

Many of these products are now being actively used by the bank's public and private-sector customers and are contributing significantly to the bank's commission income.

Halkbank plans to further diversify its cash management products and services and to make them available to greater numbers of customers through its extensive branch network and alternative delivery channels.

MORE FINANCIAL SERVICES FOR MORE SME CUSTOMERS

As the founder and natural leader of SME banking in Turkey, Halkbank is the bank traditionally favored by customers in this segment.

Long years of experience in lending to SMEs and the service infrastructure that has grown up with it are important assets that are particularly useful in evaluating long-term projects and coming up with alternative financing solutions for them. Over the years, Halkbank's activities in this segment have earned the admiration and respect of

national and international circles and they have served as a guidebook for the other Turkish banks when they set up their own SME banking units.

Halkbank continued to offer tradesman, artisan, and small to medium-sized entrepreneur customers a rich array of products and services. The total volume of the bank's lending to SMEs under its commercial, industrial, and credit financing programs last year reached TRY 3.8 billion.

OFFERING CUSTOMERS DIVERSIFIED FINANCING OPPORTUNITIES

Halkbank provided its customers with a diversified range of new financing opportunities with different interest rate and term options.

- **In 2005 the bank took advantage of its strong, deep-rooted, and extensive international relations to tap sources of credit, particularly those of the Council of Europe Development Bank (CEB) and the European Investment Bank (EIB), at highly favorable terms. From EIB resources Halkbank supplies long-term credit in amounts ranging between EUR 500,000 (minimum) and EUR 25 million (maximum) to private-sector businesses which are active in manufacturing industries, tourism, education, health, environmental protection, infrastructure, and information and communication technologies; have foreign currency earnings; and are able to service foreign-currency debt.**
- **CEB-source loans as well as funding secured under EIB's Global IV program played important roles in financing customers' long-term projects under the best possible conditions.**

ANALYTICAL APPROACH...

HALKBANK PLANS AND CARRIES OUT ITS CREDIT AND PRODUCT DEVELOPMENT AND DELIVERY ACTIVITIES USING THE MOST UP-TO-DATE MANAGEMENT TECHNIQUES.

BOTH SECTORAL AND MACROECONOMIC DEVELOPMENTS ARE CLOSELY MONITORED AND PRIORITY IN LENDING IS ALWAYS GIVEN TO ENSURING THAT FUNDS ARE CHANNLED IN THE RIGHT WAY AND INTO PRODUCTIVE ACTIVITIES.

- Facilities provided by export credit insurance agencies such as Hermes, ERG, and SACE to provide financing for machinery and capital goods that manufacturers import from OECD countries to set up new plants or expand or renovate existing ones were made available to customers in the form of buyer's credit.
- The bank continued to provide customers involved in foreign trade with pre-export financing, postfinancing, and working capital financing to satisfy their needs for short, medium, and long-term financing.
- Under a protocol signed between KOSGEB (Small and Medium Industry Development Organization) and Halkbank, the bank has begun extending "SME export support credit" (up to USD 100,000 on six-month terms) to SMEs that are engaged in manufacturing and employ between 1 and 150 people and whose goods are either exported directly or sold for exportation.
- The bank played an active role in structured financing deals and continued to be an effective participant in a number of major projects. Plans were developed for the bank to take part in the increasing number of privatizations that are being scheduled in Turkey.

A CONSULTANT THAT CUSTOMERS CAN TRUST

Going beyond simply satisfying its corporate and commercial customers' needs for financing, Halkbank also provides them with advice on issues related to such things as marketing, management, technology, law, foreign trade, sales, business opportunities, foreign markets, and financial vehicles and tools. **SME Dialogue Line (444 0 401)**, the telephone banking service that the bank has set up, has begun to give SME customers access to legal, auditing, training consultancy, employer information, place of business assistance services, and place of business repair services in addition to

financial information services in order to take care of all their needs in the conduct of their business. This not only makes life easier for customers but also provides a platform that gives them a competitive edge. SME Dialogue Line is accessible to SME customers seven days a week, 24 hours a day.

Much appreciated by existing customers, Halkbank's systematic efforts in this direction also play an important role by enabling the bank to reach out to new ones as well.

AN ANALYTICAL APPROACH TO BANKING

Halkbank plans and carries out its credit and product development and delivery activities using the most up-to-date management techniques. These activities are monitored on a daily basis to determine whether or not targets are being met and corrective action is taken as needed. At the same time, placements are also tracked and evaluated on a sectoral basis and any sectoral over-concentrations are dealt with as dictated by the bank's risk policies.

Both sectoral and macroeconomic developments are closely monitored and priority in lending is always given to ensuring that funds are channeled in the right way and into productive activities.

CORPORATE AND COMMERCIAL SEGMENT GROWTH TARGETED

In 2006 Halkbank will be aggressively pursuing growth in the corporate and commercial segments.

With the completion of its comprehensive integration project in 2005, Halkbank will be developing a more broad-based corporate and commercial customer portfolio in 2006 and has set higher transaction volume targets in all product groups.

IN 2005 HALKBANK ACHIEVED HIGH INCREASES IN ITS MARKET SHARE OF RETAIL BANKING ACTIVITIES.

RETAIL BANKING

Retail banking at Halkbank is concerned primarily with providing banking products and services to the owners and employees of the small businesses etc that are its customers. These include entrepreneur-SME marketing and lending, deposits, banking services, and specialized loans.

INCREASE IN MARKET SHARE

The most important factors contributing to the increase in Halkbank's market share in 2005 are:

- Great product and service diversity
- An extensive branch network that allows the bank to reach more customers
- Flexible pricing that is highly adaptable and responsive to conditions
- An effective credit allocation and authorization system
- Efficient transaction processes.

SPECIAL PRODUCTS FOR ENTREPRENEURS

Halkbank assigns its customers whose annual gross turnovers are below TRY 5 million to its "Entrepreneur" segment. In 2005 the bank began developing and offering special types of credit products for customers in this category:

- Loans that provide pharmacies with the financing that they need
- Cash loan packages that are supplied to members of the Union of Chambers and Commodity Exchanges of Turkey at advantageously lower interest rates
- Loans for firms in the tourism industry that offer flexible repayment terms specifically designed according to the cash-flow structure of that sector.

- Loans for the owners of taxis, minibuses, and other forms of privately-owned public transportation who are members of a professional chamber, association, etc to provide working capital, cover vehicle maintenance, repair, or renewal expenses, pay route license fees, etc.
- Loans for private individuals and firms that transport passengers and cargoes on highways to obtain their licenses from the Ministry of Transportation.
- Loans that are provided to farmers who are registered with chambers of agriculture to pay for seed, fertilizer, etc and are repayable at harvest time.

This and similar Halkbank loan products are highly popular with customers and have attracted much attention and interest.

Under agreements between Halkbank and chambers of commerce and chambers of industry, the bank provides their members with cash commercial and SME loans and letter of credit financing that have highly advantageous terms and are repayable in equal monthly installments.

In 2005 Halkbank launched its first "Export Competition" to provide branches with incentives to take on new exporter customers and sell existing customers more of the bank's products. Under this campaign, which ends in June 2006, branch managers and customer relations managers whose branches sell the bank's Eximbank or KOSGEB foreign currency credit products will earn points and the most successful of them will be rewarded.

LENDING TO 230,000 TRADESMEN AND ARTISANS

Halkbank has been providing tradesmen and artisans with credit guarantee and surety services since 1942. In 1951, the bank began extending such credit to their credit union cooperatives as well. In this way, the bank supports tradesmen and artisans in their efforts to produce and create employment under changing economic conditions and ensures that those activities can be financed at the most favorable terms.

As of end-2005, Halkbank had extended credits to 230,000 of more than a million tradesmen and artisans that are members of 929 different credit union cooperatives. These loans were extended with terms of up to four years with monthly, quarterly, or semiannual installments. In order to help reduce their borrowing costs, the bank's lendings to tradesmen and artisans are exempt from banking and insurance transaction tax.

SUPPORTING ORGANIZED INDUSTRIAL ZONES AND LIGHT INDUSTRY PARKS

Resources supplied by the Ministry of Industry and Commerce are channeled through Halkbank to the building cooperatives of 68 light industry parks and to 120 organized industrial zones. These loans are made available to finance infrastructure and construction under terms and conditions that are specified by the Ministry.

A RICH ARRAY OF PRODUCTS AND SERVICES

HALKBANK SEEKS TO PROVIDE ITS RICH ARRAY OF PRODUCTS AND SERVICES TO ITS CUSTOMERS UNDER THE MOST FAVORABLE AND COMPETITIVELY-PRICED CONDITIONS POSSIBLE.



HALKBANK CONTRIBUTED SIGNIFICANTLY TO THE OVERALL INCREASE IN THE SECTOR'S TOTAL LENDING. THE YEAR-ON RISE IN THE BANK'S HOUSING LOANS IN 2005 WAS 503%.

STRONG INCREASE IN HOUSING LOANS

Retail loans to finance home purchases were the popular products in the Turkish banking sector in 2005. All the players in the market demonstrated great importance to this category of lending last year resulting with fierce competition.

Halkbank was actively involved in this market and contributed significantly to the overall increase in the sector's total lending. The year-on rise in the bank's housing loans in 2005 was 503%.

Last year the bank began extending housing loans from resources provided by the Housing Development Administration (TOKİ) to finance the construction of projects undertaken by building cooperatives and municipalities. Using its own resources, Halkbank has also developed loan products to finance the completion of building cooperatives' housing and commercial property construction projects.

Marketing activities were conducted through meetings with public organizations such as municipalities, TOKİ, and Emlak GYO (a government-owned real estate investment trust) and with private-sector firms to discuss the financing of new housing and business property development projects so as to add them to Halkbank's portfolio. One outcome of this effort was the signing of a protocol with the municipality of Denizli under which the bank will provide financing for those wishing to purchase units of a housing project that is to be undertaken in that city. Major mass housing projects being planned in Bursa, Gaziantep, İzmit, and İzmir were evaluated during the year and work is currently in progress on the bank's taking part in them.

Within the concept of housing loans, new credit products were developed to meet the periodical needs of building cooperatives for financing.

Combined with an increase in the number of mass housing projects and strong demand for housing at the consumer level, the current formation of a genuine mortgage system in our country means that the market for home finance loans will remain strong for the foreseeable future. Halkbank intends to be one of the market-makers in the business of mortgage financing.

CHIP CARDS

In the credit card business, the bank is focusing on changes in infrastructure and technology. In the second half of 2005, the bank began the process of changing over to chip cards conforming to current standards. Halkbank plans to have all of its credit cards replaced with EMV-compliant chip cards by the end of 2006.

Offering VISA and MasterCard products that allow users to make payments anywhere in the world, Halkbank today has more than a million credit card customers. The number of Bank 24 cards, as Halkbank calls its ATM cards, has reached 3.5 million. Halkbank's bank cards can be used to withdraw cash and make transfers not only from its own machines but from 2,500 different locations all over Turkey through the ATM networks of other banks.

In 2005 Halkbank continued to expand its line of bank and credit cards. Its "Şirket Bank-24" bank card is a company card that allows users to withdraw and deposit money whenever they need to. Mobile POS and business card programs for new startups were also launched last year. Such products increase Halkbank's competitive strength in the market while also enhancing customer satisfaction.

GROWTH IN ALTERNATIVE DELIVERY CHANNELS

Halkbank offers a wide range of non-branch banking choices that include:

- **924 ATMs, 273 of which are located apart from branches**
- **Internet branch**
- **Round-the-clock telephone banking**
- **Digital-platform TV banking**
- **Web kiosks**
- **GSM banking with both WAP and SMS applications.**

As of end 2005, the rate of ADL utilization by Halkbank clients reached %55 and the ATM network was most intensively used among the alternative delivery channels.

RESPECTED

WITH ITS MORE THAN SEVEN DECADES OF EXPERIENCE IN BANKING, HALKBANK IS RESPECTED IN INTERNATIONAL MARKETS.

CAREFUL MANAGEMENT OF LIQUIDITY RISK AND RISK VERSUS YIELD CURVE IN LINE WITH STRATEGIC MANAGEMENT POLICIES IS THE PRIMARY OBJECTIVE OF HALKBANK'S TREASURY MANAGEMENT UNIT.

TREASURY MANAGEMENT

EFFECTIVENESS AND PRODUCTIVITY

Thanks to the active management strategies that it adheres to, Halkbank once again posted successful results in its treasury management activities in 2006.

Halkbank is a designated market maker in Turkish government borrowing instruments. With the support of its robust capitalization and financial structure, the bank adheres to treasury management policies paralleling the favorable development in the Turkish economy.

Careful management of liquidity risk and risk versus yield curve in line with strategic management policies is the primary objective of Halkbank's treasury management unit. Opportunities and threats are assessed within the overall framework of expectations and of management policies with an eye on maintaining a balance between assets and liabilities. Effective pricing mechanisms and investment strategies contribute significantly to the bank's profitability.

Market opportunities arising from positive expectations about the economic outlook were evaluated and the bank tapped international markets for long-term resources to be used in housing finance. This also resulted in an increase in the volume of the bank's foreign currency transactions.

CONSISTENT PRICING STRATEGY

The beneficial effects of the changes in Halkbank's organizational structure also had an impact on its treasury operations. Taking advantage of its extensive branch network, broad customer base, marketing-focused approach, and active role in markets, the bank continued its strategy of active pricing for its customers in 2005.

Giving special importance to resource cost management and a broad-based approach, Halkbank increased the number of its customers and of its deposits, the latter reaching TRY 20.9 billion last year.

Under the heading of treasury management, Halkbank maintains a careful balance between profitability and liquidity, giving particular priority to effectively managing the risks to which the bank is exposed. Market risks are reduced by making good use of fund management instruments while operational risks were reduced to negligible levels as the automation of the bank's systems became increasingly more effective.

WHEN SERVING ITS CUSTOMERS IN FOREIGN TRADE FINANCE, HALKBANK SEEKS TO PROVIDE ITS RICH ARRAY OF PRODUCTS TO THEM UNDER THE MOST FAVORABLE AND COMPETITIVELY-PRICED CONDITIONS POSSIBLE.

CORRESPONDENT RELATIONS

ONE OF THE BEST-KNOWN TURKISH BANKS IN INTERNATIONAL MARKETS

With its strong shareholder structure, extensive service network, and more than seven decades of experience in banking, Halkbank is respected not only in Turkey but also in international markets.

The bank attaches great importance to developing a strong international correspondent bank network in order to serve its customers in the best possible way. Halkbank has correspondent relations with more than a thousand banks around the world.

In addition to providing letter of credit, letter of guarantee, export financing, and structured financing products, Halkbank also supports its customers in the area of medium and long-term capital goods financing under the export credit agency (ECA) insurance schemes offered by many countries. Halkbank enjoys one of the highest credit limits assigned to a Turkish bank under the US Department of Agriculture's GSM-102 program.

When serving its customers in foreign trade finance, Halkbank seeks to provide its rich array of products to them under the most favorable and competitively-priced conditions possible. An excellent reputation in international markets and business relationships that go back many years have endowed the bank with high credit limits from its correspondent banks and this is an important advantage in achieving this goal.

In 2005 Halkbank made an intensive effort to establish new relationships in alternative markets while further developing its existing ones. Important progress was made in the direction of strengthening its distinguished position among Turkish banks in the international arena.

HALKBANK'S INTERNATIONAL ORGANIZATION

Halkbank's international organization consists of four financial service branches in Germany, an off-shore banking unit in Bahrain (OBU), and a representative's office in Iran.

Germany

Halkbank has four financial service branches in Germany located in the cities of Dortmund, Cologne, Mannheim, and Nuremberg. These units handle money transfers to Turkey and deposit acceptances with third-party countries. Turkish community in Germany is the branches' primary target group.

Bahrain

The objectives of the Halkbank Bahrain off-shore banking unit (OBU) are to mediate the transfer of funds from the Gulf region to Halkbank customers and as resources for the Turkish economy, to develop strategic collaborations with the region's major banks, to take an increasingly greater share of the foreign trade between Turkey and Gulf States.

Iran

Halkbank is the only bank in Turkish banking sector that has a representative office in Tehran, Iran. Halkbank is the only Turkish bank authorized to open letters of credit directly to National Iranian Oil Company, oil and natural gas producer company in the second biggest member of OPEC, Iran.

INTERNATIONAL MEMBERSHIPS

International Confederation of Popular Banks

Halkbank has been an active member of the International Confederation of Popular Banks (Confédération Internationale des Banques Populaires / CIBP) since 1954. Paralleling its own SME banking mission, this membership enables Halkbank to cooperate with banks similar to itself in other parts of the world and to keep a close watch on the products and services for SMEs that are developed and offered in international markets.

Institute of International Finance

Halkbank became a member of the Institute of International Finance (IIF) in 2004.

IIF is a global association of financial institutions whose members include most of the world's largest commercial banks and investment banks as well as many insurance companies, investment management firms, multinational corporations, trading companies, export credit agencies, and multilateral agencies. With more than 320 members headquartered in more than 60 countries, membership in IIF enables Halkbank to keep a close eye on international and emerging markets and to develop new international collaborations.

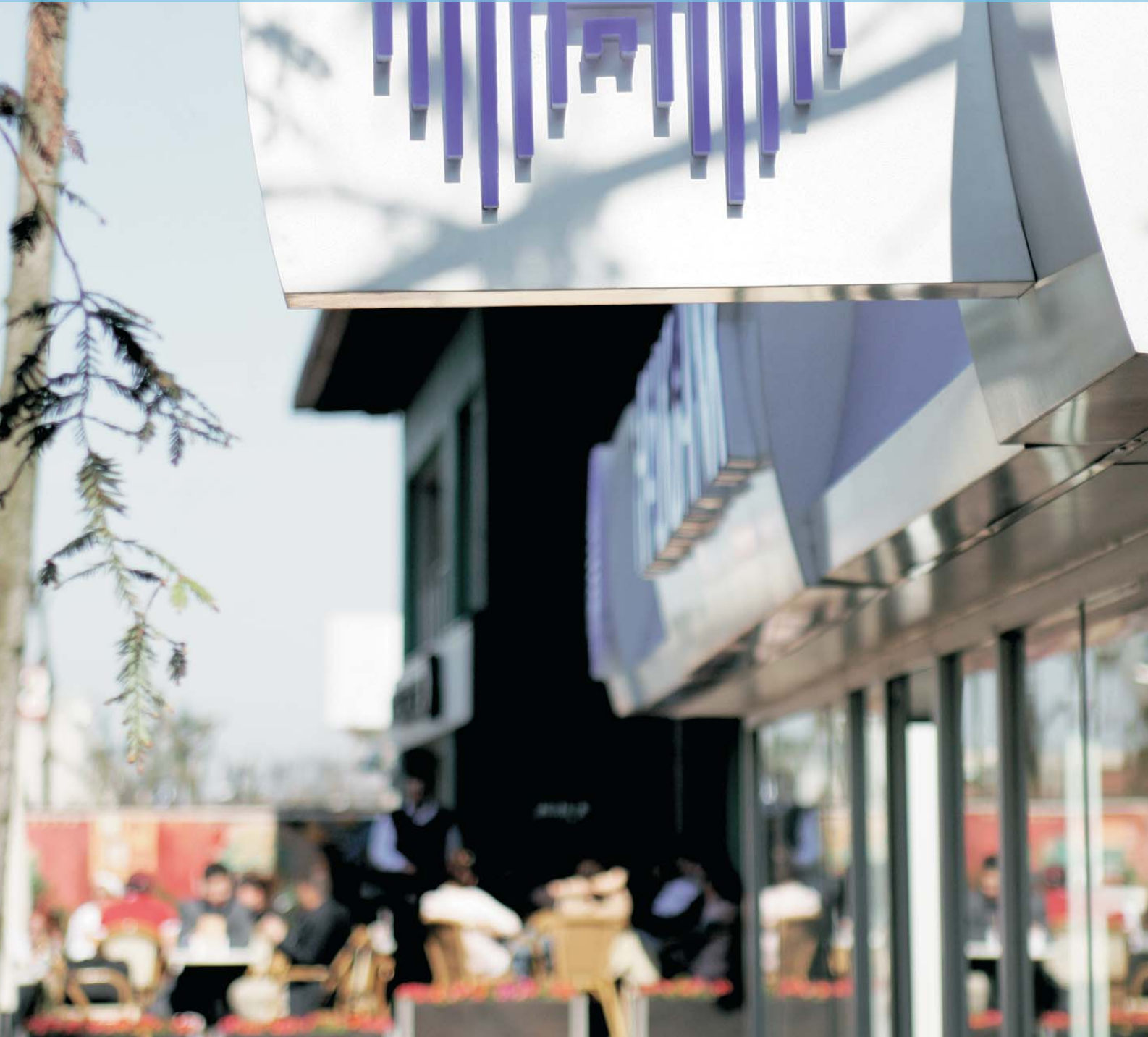
European Association of Public Banks

The European Association of Public Banks (EAPB) was founded in May 2000. Halkbank initially took part in the association as an observer and subsequently became a full member. EAPB's mission is to be a platform for cooperation and coordination among its members, contribute to the development of state-owned banks, and represent their interests collectively towards EU agencies and organizations. Halkbank is the only Turkish bank that is a member of EAPB.

Halkbank has been a member of the Islamic Development Bank since 1995. It is also a member of the Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIMI).

EXTENSIVE SERVICE NETWORK...

THE PRODUCTS AND SERVICES THAT HALKBANK CREATES WITH ITS HIGH-QUALITY APPROACH REACH CUSTOMERS THROUGH ITS 553 BRANCHES AND ITS ALTERNATIVE DELIVERY CHANNELS.



PROVIDING FAST AND HIGH-QUALITY SERVICE, ALL HALKBANK EMPLOYEES IDENTIFY WITH AN APPROACH THAT IS FOCUSED ON HAVING VISION, ADOPTING TO CHANGES AND MAINTAINING THE PERFECTION.

ORGANIZATION AND HUMAN RESOURCES

A BROAD STRUCTURE

Halkbank conducted its activities in 2005 through an extensive service network consisting of:

- **553 branches (6 corporate, 7 retail, 29 commercial, 509 entrepreneur, and 2 international)**
- **14 regional coordinator's offices**
- **19 special transaction centers**
- **13 offices**
- **2 exchange offices**
- **4 financial services branches**
- **1 international representative offices**
- **1 offshore banking center.**

CEO MANAGEMENT SYSTEM

After its administration was separated from that of Ziraat Bank on 12 April 2005, Halkbank's Board of Directors introduced a new organizational structure under resolution 17/33 dated 9 June 2005. With the new structure, the former system of the bank being under the control of an Executive Board Management System was replaced by one in which it is under the responsibility of a chief executive officer who has broader powers.

SKILLED HUMAN RESOURCES

Providing fast, high-quality service according to its customers' expectations, all Halkbank employees identify with an approach that is focused on having vision, adopting to changes and maintaining the perfection.

As of end-2005, Halkbank had a young and dynamic staff of 10,509 people on its payroll all of which had these qualifications.

All the employee entitlements of the Pamukbank personnel who joined Halkbank with the merger in 2004 have been brought into line with Halkbank's organizational structure.

Taking into consideration the bank's requirements for qualified and competent personnel in the future, Halkbank has launched its **"Managers of the Future"** project under which people are to be recruited as assistant specialists destined for the management training program and as tellers destined for positions in the bank's branches. The first phase of this project is slated for completion in April 2006.

A **"Face-to-Face / Among Ourselves"** project has been established to analyze suggestions, problems, expectations received from employees and settle their needs with appropriate solutions.

TRAINING AND CAREER PROGRESSION

In 2005, 4,666 personnel simultaneously took the electronic-format Halkbank progression qualification exam in 296 locations.

During the year 17.141 employees participated in 905 group training programs with 25 seminar headings. The average hours of training per employee was 2.5 business days.

FOR EVEN BETTER TRAINING...

Projects were undertaken at existing training centers in 2005 to improve the quality of training while also optimizing training expenditures. Work was begun on centralizing training activities in provinces under the responsibility of a single regional coordinator and where there were a large number of bank personnel. The Silivri Training Center project reached its final phase in 2005 and scheduled to go at the beginning of 2006.

In 2005 consultancy and training services were outsourced for the selection of the training management system that will be used in the bank's E-Learning Project. Paralleling with this, criteria and procedures have been formulated for system selection. This project is planned to be completed in second half of 2006.

HIGH TECHNOLOGY...

IN ADDITION TO ITS INTERNET, TELEPHONE, AND KIOSK BANKING CHANNELS, HALKBANK ADOPTED OTHERS SUCH AS SMS, WAP, AND TV BANKING APPLICATIONS THAT ARE USED BY A FEW BANKS IN TURKEY.

THE PRODUCTS AND SERVICES OFFERED VIA HALKBANK'S ALTERNATIVE DELIVERY CHANNELS HAVE BEEN DEVELOPED TO SATISFY CUSTOMERS' EXPECTATIONS AND TO COMPETE ON A LEVEL PLAYING FIELD WITH THOSE OF OTHER BANKS.

INFORMATION SYSTEMS

CONTRIBUTING TO EFFECTIVENESS AND PRODUCTIVITY

Thanks to its centralized database and automation features, the bank's new technological infrastructure has significantly reduced branches' operational workloads in account reconciliations.

A total of 84 technology projects were completed last year and special-purpose systems such as "Data Warehousing", "Data Mining", and "Customer Relations Management" modules were put into service to provide technological support in formulating the bank's strategies and decisions and in understanding customer profiles and needs and offering products and services accordingly.

As an extension of the adaptation of the new banking system, work was completed in the first half of the year on projects aimed at developing trial balance, loan, investment securities, corporate shares, deposits, profitability, and collections structures and adding new products and features. In the second half of the year, the most important projects worked on were concerned with control, monitoring, and follow-up structures.

Three important actions were taken in 2005 to enable the Information Technologies Division to provide more effective service.

- **A COBIT audit was performed to determine the degree to which Halkbank's services comply with internationally recognized standards and practices.**
- **Mechanisms were developed to ensure and benchmark the quality assurance of the bank's information technologies and banking products.**
- **The organizational structure of Halkbank's information technologies was revised in line with a role-based model and key customer relations management, project office, quality management, information technologies audit, and R&D teams were set up.**

FOR AN EVEN MORE ROBUST TECHNOLOGICAL INFRASTRUCTURE

Paralleling projects undertaken to improve the general level of service quality and to increase product diversification at Halkbank, the bank's technological infrastructure was further strengthened by means of major system and network projects. A large-scale project to renew the hardware park was completed last year as well.

A new system was installed in the İzmir Disaster Recovery Center that intervenes immediately in the event of any emergency, thereby allowing the bank to remain in operation without interruption in service or loss of data. The system was commissioned and is now in operation.

ALTERNATIVE DELIVERY CHANNELS POWERED BY TECHNOLOGY

In addition to its internet, telephone, and kiosk banking channels, Halkbank adopted others such as SMS, WAP, and TV banking applications that are used by a few banks in Turkey. The result is an extensive and interactive distribution network that gives its customers access to the bank's services in real time and 7 days/24 hours.

The products and services offered via Halkbank's alternative delivery channels have been developed to satisfy customers' expectations and to compete on a level playing field with those of other banks. The Halkbank "Dialogue" call center has added many new customers to the bank's portfolio in line with its customer relations management program and reactivation campaigns.

IN ITS AWARENESS OF THE CLOSE LINK BETWEEN AFFLUENCE AND EDUCATION LEVELS, HALKBANK SUPPORTS CULTURAL ACTIVITIES AROUND THE COUNTRY.

ADVERTISEMENT AND PUBLIC RELATIONS

In addition to its role as an important player in financial markets, Halkbank is also actively involved in cultural and social activities as well.

Within the framework of these activities, in 2005 the bank supported numerous sector-related activities through advertising or by acting as a sponsor.

- Halkbank sponsored the **3rd International Caspian Banking, Finance, and Investment Summit and the Banktech Banking Technologies and Equipment Showcase.**
- As a sponsor for the 38th annual meeting of the Board of Governors of the Asian Development Bank, of which it is a member, that was held in Istanbul last year, Halkbank played an active role in promoting Turkey to the representatives of the financial sectors of 63 countries.
- Halkbank was the prime sponsor of the SME Productivity and Information Technology Summit that was organized to support SMEs in their efforts to comply with EU criteria so as to be able to better compete in the international arena.
- The bank was the prime sponsor of the International SME Conference and Fair.

- Keeping a close watch on all activities related to small to medium-sized entrepreneurs, Halkbank sponsored the 3rd SME Summit at which the problems of SMEs were discussed in detail by representatives of public and private sector organizations, NGOs, and the Turkish Foundation for Small and Medium-Sized Entrepreneurs, Independent Professionals, and Managers.

In its awareness of the close link between affluence and education levels, Halkbank supports cultural activities around the country.

- In 2005 the bank supported the campaign to donate books to the Bursa Metropolitan Municipal Library.

Under the heading of social activities:

- Halkbank provided sponsorship support for a number of international culture and art festivals organized to promote Turkish culture and acquaint Turkish people with foreign cultures.
- The Halkbank Turkish Folk Music Chorus engaged in cultural and artistic activities that bank employees were also encouraged to take part in.

- The premier-league men's handball and volleyball teams of the Halkbank Sports Club had another successful year in 2005. The Halkbank volleyball team made it to the top eight round of the European Top Teams Cup last year.
- Halkbank is the main sponsor of the Turkish Men's National Volleyball Team in order to promote the popularity of volleyball as a sport in Turkey. The meets of the 1st, 2nd, and 3rd Turkish men's and women's volleyball leagues were sponsored by the bank in 2004 and 2005 as the "Halkbank Volleyball League".

Halkbank will continue to be productive and to share the fruits of its efforts with its entire community.

EFFICIENCY INCREASED THROUGH SYNERGY...

HALKBANK HAS AN EXTENSIVE SUBSIDIARIES PORTFOLIO CONSISTING OF 25 COMPANIES OF WHICH 3 ARE ENGAGED IN BANKING OUTSIDE TURKEY, 2 ARE IN INSURANCE, 14 ARE IN FINANCIAL SERVICES, AND 6 ARE INVOLVED IN TRADE AND SERVICES.



HALKBANK SUBSIDIARIES & AFFILIATES

HALKBANK SUBSIDIARIES & AFFILIATES

AN EXTENSIVE PORTFOLIO

Halkbank has an extensive subsidiaries portfolio consisting of 25 companies of which 3 are engaged in banking outside Turkey, 2 are in insurance, 14 are in financial services, and 6 are involved in trade and services.

In the development and management of this portfolio, the bank's basic objective is to have equity stakes in the affiliates that will create added value, provide cross-selling opportunities, contribute towards product diversity and the consolidation of marketing processes, enhance operational productivity, reduce service production costs, and have the potential to provide the services that the bank's customers may need quickly, reliably, and satisfactorily.

GENERAL ASSESSMENT

In 2005 Halkbank decided to increase its stakes in Birlik Sigorta, Birlik Hayat Sigorta, Halk Yatırım Menkul Değerler, and Halk Finansal Kiralama.

The objective of this new reorganization structure was to enable the bank's customers to have fast, effective access not only to advanced banking products and services but also to a broad array of insurance, investment, and leasing products and services.

In 2005 Halkbank also decided to acquire a stake in Gelişen İşletmeler Piyasaları AŞ, the company that will be operating to establish new SME market that will provide companies in this group with alternative sources of financing.

The following is a brief summary of the companies in Turkey in which Halkbank controls a stake of 10% or more and also of the bank's international shareholding interests.

DOMESTIC PARTICIPATIONS

Birlik Hayat Sigorta

Birlik Hayat Sigorta is an insurance company established in 1998 to provide life insurance and reinsurance products and services both in Turkey and in other countries. At the end

of 2005, Halkbank controlled a 15% stake in the company's capital, which amounts to TRY 7,000,000. As of 31 March 2006, the bank's stake in Birlik Hayat Sigorta was 94.40%.

Birlik Sigorta

Birlik Sigorta is a general insurance company originally founded in 1958. The company is active in non-life branches. At the end of 2005, Halkbank controlled a 15% stake in the company's capital, amounting to TRY 19,740,000. As of 31 March 2006, the bank's stake in Birlik Sigorta was 78.32%.

Halk Finansal Kiralama

Halk Financial Leasing was founded in 1991 to provide financial leasing products and services in Turkey and abroad. At the end of 2005, Halkbank controlled a 46% stake in the company's capital, amounting to TRY 50,000,000. As of 31 March 2006, the bank's stake in Halk Financial Leasing was 47.75%.

Halk Yatırım Menkul Değerler

The company was founded in 1997 to engage in capital market brokerage activities. At the end of 2005, Halkbank controlled a 45% stake in the company's capital, amounting TRY 10,000,000. As of 31 March 2006, the bank's stake in Halk Investment Securities was 99.94%.

KOBİ Girişim Sermayesi Yatırım Ortaklığı

KOBİ Venture Capital Investment Trust was founded in 1999 to assist SMEs in their development and economic activities and to provide them with project development and training services. Halkbank controls a 31.47% stake in the company's capital, amounting to TRY 20,000,000.

Fintek - Finansal Teknoloji Hizmetleri

Fintek Financial Technology Services was founded in 2001 to provide information concerned to developing software programs and acquiring and leasing software licensing rights. Halkbank controls a 24% stake in the company's capital, amounting TRY 2,000,000.

Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri

Bileşim Alternative Delivery Channels and Payment Systems was founded in 1995 to

deal with payment cards business and to handle the operational aspects of POS, ATM, and credit card systems. Halkbank controls a 24% stake in the company's capital, amounting TRY 1,000,000.

Bankalararası Kart Merkezi

The Interbank Card Center was founded in 1990 for the purposes of finding solutions to common problems in card-based payment systems and to develop rules and standards governing bank in Turkey. Halkbank controls an 18.95% stake in the company's capital, amounting TRY 4,000,000.

KKB Kredi Kayıt Bürosu

KKB Credit Bureau of Turkey was founded in 1995 to share information among financial institutions engaged in the businesses of money capital markets and in insurance for the purposes of monitoring and risk-controlling their consumer loans. Halkbank controls an 18.18% stake in the company's capital, amounting TRY 7,425,000.

KGF - Kredi Garanti Fonu İşletme ve Araştırma

KGF Credit Guarantee Fund was founded in 1991. This company is aiming to help small to medium sized entrepreneurs during their credit needs. Halkbank controls a 16.67% stake in the company's capital, amounting TRY 50,100.

INTERNATIONAL PARTICIPATIONS

Demir-Halkbank (Nederland) N.V.

Rotterdam-headquartered Demir-Halkbank (Nederland) NV was founded in 1992. Halkbank controls a 30% stake in the bank's capital amounting EUR 113,445,000.

Macaristan Halk Bankası - Magyarorszagi Volksbank RT

Budapest-headquartered Magyarorszagi Volksbank RT (Volksbank Hungary) was founded in 1994. As end of 2005, Halkbank controls an 8.21% stake in the bank's capital amounting HUF 4,870,000,000.

Uluslararası Garagum Ortaklar Bankası - International Joint Stock Bank (Germany)

Ashgabat-headquartered International Joint-Stock Bank (Garagum) was established in Turkmenistan 1993. Halkbank controls a 6.57% stake in the bank's capital amounting TMM 26,000,000,000.

MANAGEMENT AND CORPORATE GOVERNANCE





BOARD OF DIRECTORS



AUDIT BOARD



1 Hasan Cebeci Chairman

Hasan Cebeci is a graduate of Ankara Academy of Economic and Commercial Sciences. He began his career as an assistant inspector at Vakıflar Bank, where he subsequently appointed as of inspector, branch manager, unit manager, regional manager, and assistant general manager. On 27 March 2003 he was made an Executive Board Member of Halkbank responsible for loans and on 8 December 2003 he became the bank's general manager and chairman of its Audit Board. Mr Cebeci became chairman of the board on 13 April 2005. He has 25 years of professional experience.

2 Hasan Sezer Deputy Chairman

Hasan Sezer is a graduate of Ankara Academy of Economic and Commercial Sciences (Department of Foreign Trade and Foreign Exchange). He began his career with a privately-owned firm and joined Ziraat Bank as an assistant inspector, subsequently rising to the positions of inspector, assistant unit manager, and head of the Capital Markets Office. He served as founding general manager of the bank's investment house Ziraat Yatırım and as general manager of Halk Yatırım. On 27 March 2003 he was made an Executive Board Member of Halkbank responsible for risk management and control. Mr Sezer became vice chairman on 13 April 2005. He has 22 years of professional experience.

3 Hüseyin Aydın General Manager and Member of the Board

Hüseyin Aydın is a graduate of Ankara Academy of Economic and Commercial Sciences (Faculty of Economics). He began his career as a trainee customs controller after which he joined Ziraat Bank as an assistant inspector, subsequently becoming an inspector, assistant manager, office head, Duisburg (Germany) representative, and branch manager. On 28 March 2003 he was made an Executive Board Member of Halkbank and while in that capacity he also served as a member of the Board of Auditors of Uzbekistan-Turkish Bank and as a member of the boards of directors of Volksbank Hungary, Fintek, and Pamukbank and as the chairman of the board of directors of Birlik Hayat Sigorta. He became the chairman of Ziraat Bank on 12 April 2005 and was made general manager of Halkbank on 31 May 2005. Mr Aydın speaks German and has 22 years of professional experience.

4 Erol Berkaş Board Member

Erol Berkaş graduated from Middle East Technical University (Faculty of Engineering) in 1982. He received his master's degree from Marmara University. Between 1986 and 1999 he served in various departments and full-service branches of Garanti Bank in such areas as automation, correspondent banking, international transactions, funds management & planning, planning & budget, and credit marketing. He has taken part in many training programs and seminars on such subjects as treasury products, money markets, fund costing, capital markets, correspondent banking, and foreign trade. Mr Berkaş was in charge of accounting, financial control, and risk management functions for a major multinational in Turkey for a time. Prior to joining Halkbank he worked as a member of the Executive Committee and Executive Board Member responsible for treasury management, correspondent banking and subsidiaries in Ziraat Bank. He has been a member of the Halkbank Board of Directors since 13 April 2005. He speaks English and has 19 years of professional experience.

5 Emin Süha Çayköylü Board Member

Emin Süha Çayköylü is a graduate of Middle East Technical University (Department of Mechanical Engineering) and also holds degrees from Syracuse University Business School, UMIST-Manchester, and Washington International University. He began his career as a project engineer for a privately-owned company and subsequently served as a project manager and unit manager for Development Bank of Turkey, as a section chief for Islamic Development Bank, and as a general manager, project coordinator, and managing director in various privately-owned companies. Mr Çayköylü became a member of the Halkbank Board of Directors on 27 March 2003 and has 22 years of professional experience.

6 Nurzahit Keskin Board Member

Nurzahit Keskin is a graduate of the Afyon Faculty of Economic and Administrative Sciences of Anadolu University and received a master's degree in international banking from the Institute of Banking and Insurance of Marmara University. He worked as an instructor at Marmara University for a time after which he entered the private sector, serving

as an independent auditor and management consultant for an international company, worked as a senior-level human resources manager in various national and multinational firms, and as a member of the Executive Committee and Executive Board Member responsible for human resources, operations, and support services in Ziraat Bank. Mr Keskin has been a member of the Halkbank Board of Directors since 13 April 2005. He is currently working on his doctorate thesis at Sakarya University. He speaks English and German. Mr Keskin has 16 years of professional experience.

7 Burhanettin Tanyeri Board Member

Burhanettin Tanyeri is a graduate of Atatürk University (Faculty of Business Administration). He began his career at the Agricultural Equipment Agency (TZDK) and subsequently served as head of the Narman Draft Board and Erzurum regional manager for TZDK before joining Ziraat Bank first as an inspector and then subsequently serving as chief inspector, branch manager, and regional manager. Mr Tanyeri has been a member of the Halkbank Board of Directors since 8 September 2005. He speaks Arabic and French. Mr Tanyeri has 23 years of professional experience.

8 Yusuf Dağcan Member of the Audit Board

Yusuf Dağcan is a graduate of Eskişehir Academy of Economic and Commercial Sciences. He began his career at Vakıflar Bank as an assistant inspector and subsequently served as inspector and branch manager in various provinces. Mr Dağcan has been a member of the Halkbank Audit Board since 27 March 2003 and has 26 years of professional experience.

9 Şeref Efe Member of the Audit Board

Şeref Efe is a graduate of Ankara University (Faculty of Political Sciences, Department of Public Administration). He began his career as an assistant auditor at the Government Accounting Bureau, where he subsequently rose to the positions of auditor and chief auditor and also took part in a number of projects as a specialist. Mr Efe has been a member of the Halkbank Audit Board since 27 March 2003 and has 13 years of professional experience.

BOARD OF DIRECTORS' REPORT

For Halkbank, one of the fundamental constituents of the Turkish banking system, 2005 was a year that revealed the first inklings of impending new developments. The restructuring that the bank embarked upon in 2001 brought it to the threshold of privatization in 2005. In the wake of the merger of Pamukbank into Halkbank in late 2004, the project to privatize the bank gained additional momentum.

As it advances towards privatization, Halkbank has been making every possible effort to complete all the operational details inherent in such a large-scale merger on the one hand while buttressing its position and standing in the banking industry through effective competition and active marketing. In keeping with its principle of establishing and cultivating profitable and long-term relationships with its customers, Halkbank provided project-based financial solutions with the long-term resources that it secured from abroad, supported commercial activities with a particular emphasis on businesses engaged in production, expanded the breadth and depth of the services it offers to tradesmen and artisans, and maximized retail customer satisfaction by delivering modern banking products and services via an advanced technological infrastructure. The success of these efforts is reflected in the rise in the proportion of credit placements in the bank's total assets.

In addition to its existing credit products, in 2005 Halkbank introduced tailor-made products such as its new "Sun Package" to meet the financial needs of businesses in the tourism industry, loans for professional drivers to finance their purchases of vehicle license plates and carrier's licenses, "agricultural support credit" for farmers, loans for pharmacists, and "holiday loans" for short-term personal needs.

Competitively-priced short-term financing was made available to commercial entrepreneurs while low-interest long-term financing was provided to new investors. Increasing demand for housing and consumer loans was met with funds secured from international markets and there was a measurable rise in our bank's shares in the commercial and retail credits last year. In addition to financial products and services, a toll-free SME Dialogue Line was inaugurated to provide small to medium-sized entrepreneurs information, particularly about new developments in legal and financial issues of concern to them in our country's EU accession process.

Importance was given to following up and making collections on the bank's outstanding non-performing loans. Significant volumes of the bank's excess investment securities and real estate properties were sold off.

Along with these market-focused activities and greater attention to profitable business lines, importance was also given to effective risk management and the bank's internal control, internal audit, and risk management systems were all restructured. The newly formed units carried out their duties entirely independent of the bank's executive functions and reporting directly to the Board of Directors. This not only allowed the internal audit system to function more effectively but also ensured that greater weight was given to a risk-focused approach.

Halkbank completed 2005 with 553 branches and 10,509 employees. The bank's activities last year resulted in a 5% rise in its total assets, which reached TRY 27,053 million. Credit and loans were up 43% to TRY 6,219 million while total deposits increased 7% and reached TRY 20,898 million. The bank closed the year of 2005 with a net profit of TRY 532 million.

Expressing our gratitude to our employees for making 2005 yet another profitable year at Halkbank, we now present the year's annual report, supervisory report, balance sheet, and profit/loss statement for the consideration of our esteemed shareholders and their representatives.



Hüseyin AYDIN
Board Member and General
Manager



Hasan CEBECİ
Chairman

THE HALKBANK BOARD OF DIRECTORS AND ITS MEETINGS

The Halkbank Board of Directors consists of seven members who are chosen by the shareholders at a General Assembly. At their first meeting after being sworn in, board members elect from among themselves a chairman, a deputy chairman, a general manager, and a board member responsible for internal audit functions. The deputy chairman presides over board meetings in the chairman's absence.

Irrespective of the reason, any board member who fails to attend three consecutive board meetings without the board's permission or who misses more than half of the meetings held in a single fiscal year is deemed to have resigned his seat. In the event of one or more vacancies on the board, the remaining members elect temporary to replace them from among persons who are qualified by law and the bank's articles of incorporation. Such board members serve until the very next General Assembly, at which time their elections are approved or disapproved by the shareholders.

The Halkbank Board of Directors may be convened at the request of the chairman, the deputy chairman, or any of its members. The board must convene at least once a month. Unless it is decided to do otherwise, the board regularly convenes on the third Wednesday of the month. If the first day of a month falls on a Wednesday, then the meeting is held on the fourth Wednesday of the same month. If a regularly scheduled meeting date coincides with a legal holiday, then it may be postponed to another date upon the chairman's written proposal.

As a rule, board meetings are held in the city where the bank's headquarters are located however with the consent of a simple majority of the board's membership (5 members) a meeting may be held somewhere else. In keeping with the principle of transparency in auditing functions, the members of the Audit Board may also attend board meetings. The board may require assistant general managers and/or other members of the bank's management to be present at its meetings as well.

A meeting's agenda is prepared by the chairman (or deputy) convening the meeting and is delivered to the other members in some convenient way or by hand. Agendas are sent out at least 24 hours before a meeting is scheduled to take place. The chairman may have additional items placed on the agenda if warranted by issues or circumstances. Any board member may propose that an item be placed on the agenda for the board to vote on. In order for the board to convene and discuss the agenda, a simple majority of its membership, i.e. 5 members, must be present. Decisions are passed by a simple majority of the board's membership. So long as no member wishes to debate an issue, board decisions may also be passed with the written approval of a written proposal that is made by one board member on a particular issue and is circulated among the others. In such cases however, the unanimous consent of the entire board's membership is required.

AUDIT BOARD'S REPORT CONCERNING THE ACTIVITIES AND ACCOUNTS OF TÜRKİYE HALK BANKASI AŞ IN 2005

The members of the Audit Board took part in the 1 January 2005 and 31 December 2005 meetings of the Board of Directors. Having examined the activities of the bank and the decisions of the Board of Directors and the documents on which those decisions were based within the framework of relevant laws and regulations, the members of the Audit Board have ascertained the following:

GENERAL OUTLOOK

In line with decisions taken at the bank's annual shareholders' meeting on 12 April 2005, important changes were made in the bank's organizational structure. The Executive Committee organizational structure introduced in 2001 as mandated by Statute 4603 was abandoned in favor of one under the responsibility of a general manager who is invested with broad powers. This change in the management structure and the Pamukbank merger also necessitated changes in the bank's branch and headquarters organizations as well. To make them more competitive and more focused on marketing and customer service, branches were segmented into four main categories: corporate, commercial, entrepreneur, and retail.

The Board of Directors voted on 12 October 2005 (resolution 29/02) to purchase the shares in Halk Yatırım Menkul Değerler AŞ, Birlik Sigorta AŞ, Birlik Hayat Sigorta AŞ, and Halk Finansal Kiralama AŞ belonging to Türkiye Halk Bankası Personeli Yardımlaşma Vakfı, the foundation in charge of the bank's employees' pension fund, at their book value. The business activities of the stakes so acquired coincide with those of the bank. Three consultancies were engaged to determine and report on the book value of the shares. On the basis of their report, the four stakes were valued at a total of TRY 33,947,455. It is expected that the legal procedures involved in these acquisitions will be finalized by April 2006.

FINANCIAL INFORMATION

On the basis of our examination of the bank's financial statements for 2004 and 2005, we have ascertained the following:

a) At year-end 2004 the bank's total assets were worth TRY 25,709 million. In the twelve months to end-2005 they increased 5% and reached TRY 27,053 million in value.

b) Total credit placements, which stood at TRY 4,298 million at end-2004, increased 44% in parallel with macroeconomic developments and reached TRY 6,199 million as of end-2005. During the same interval, the ratio of total credit placements to total assets, which is an indicator of asset quality, went from 17% to 23%.

Commercial loans, amounting TRY 1,080 million of the total in 2004, reached TRY 2,176 million in 2005 while lending to SMEs went from TRY 2,520 million to TRY 3,182 million and to retail customers went from TRY 699 million to 841 million during the same period of time. While there were increases in the shares of consumer and house loans in total retail loans during 2005, the share of credit cards declined, going from a net TRY 251 million at end-2004 to a net TRY 213 million as of end-2005. This contraction in what is the most heavily contested ground of the retail credit market is an indication that more attention needs to be given by the bank to retail credit product marketing and sales-especially credit cards.

A company rating structure has been introduced consisting of quantitative and subjective criteria that are to be used when making credit placement decisions. This structure has the additional advantage of being a preliminary step towards Basel II compliance. Lending decisions were guided by the firm ratings generated by the Entrepreneur Loans Module and credit assessment reports.

c) Total non-performing loans, amounting to TRY 1,219 million and end-2004, were down slightly to TRY 1,202 million as of end-2005. 100% of these loans were covered by provisions save for those for which the law does not required provisions to be set aside. As a result of legal and administrative follow-up, there was a decrease in the bank's total non-performing principal while there was also a significant rise in its interest collections.

The ratio of non-performing loans to total loans went from 22% in 2004 to 16% in 2005 however a part of this contraction stemmed from the expansion in the bank's lending last year. The reason why this ratio is still so high has to do with non-performing loans that were originally extended prior to 2001. Of the bank's loans originating in 2005, only TRY 9,718,000 is in the NPL category and their ratio to total loans is a mere 0.013%.

d) The stock of special-issue government bonds (bonds which must be held on to until maturity) in the bank's investment securities portfolio was worth a total of TRY 16,755 million as of end-2004. This declined 19% to TRY 13,464 million in 2005 due to the principal and interest repayment of Turkish Treasury. The income sourced from these repayments was routed to expand the loan portfolio which is not a cost-efficient funding base for Halkbank.

e) In 2005 the banking industry financed exports worth a total of about USD 76,595 million in exports and imports worth a total of about USD 109,171 million. The bank's export and import financing last year amounted to USD 845 million and USD 1,946 million respectively.

f) At end-2004, total deposits amounted to TRY 19,453 million. They increased 7% in 2005 and reached TRY 20,898 million as of year-end. The share of demand deposits in the total reached 12% last year.

g) During 2005 the bank continued to tap international markets for low-cost long-term funding. The total amount of loans obtained from international markets corresponded to TRY 177 million at five-year terms on average. These funds are less expensive than the bank's own deposits and they are channeled principally into long-term mortgages.

h) The bank's current net profit in 2005 was TRY 532 million, only marginally higher than 2004's TRY 528 million. The bank's shareholders' equity reached TRY 3,196 million last year. This translates into a return on equity ratio of 17%, which is consistent with the sectoral average.

i) The bank's capital adequacy ratio went from 58.90% in 2004 to 49.64% in 2005. This nearly ten-point decline was largely the result of the expansion in the bank's lending activities.

j) The ratio of non-interest income to non-interest expenses, which was 49% in 2004, rose to 55% in 2005.

k) The bank's information technology system is equipped with features that allow the individual performance of its employees to be monitored, measured, and evaluated. It was observed however that this aspect of the system was not made very much use of in 2005. It is our considered opinion measurement features should be improved since this has effects on increasing the bank's service quality.

In conclusion, within the framework of this supervisory report, which we have prepared pursuant to article 354 of the Turkish Commercial Code, we recommend that the bank's balance sheet, profit/loss statement, and dividend payment schedule for fiscal year 2005 be approved and that the Board of Directors be acquitted of its fiduciary duties with respect to the bank's activities in 2005.

Ankara, 31 March 2006



Şeref EFE
Member of the Audit Board



Yusuf DAĞCAN
Member of the Audit Board

SENIOR MANAGEMENT



Süleyman Aslan

Assistant General Manager: Treasury Management

Süleyman Aslan is a graduate of Middle East Technical University (Faculty of Economic and Administrative Sciences, Department of International Relations). He began his career as an associate in the School of Banking of Ziraat Bank's Training Department and subsequently served as specialist in Human Resources and Capital Markets Departments, as assistant manager in the İstanbul Investment Securities Branch and Capital Markets Department, as division manager in the Bonds and Bills Department, general manager and Board Member of Ziraat Asset Management, and head of the Foreign Exchange and Money Markets Department. Mr Aslan became Assistant General Manager responsible for Treasury Management at Halkbank on 17 June 2005. He speaks English and has 12 years of professional experience.



Ömer Bakır

Assistant General Manager: Corporate and Commercial Marketing

Ömer Bakır is a graduate of İstanbul Technical University (Faculty of Mining Engineering). He began his career on 1 February 1990 as an assistant inspector at Pamukbank and subsequently served as inspector, service manager, and department manager at the same bank. On 10 December 2004 Mr Bakır became Assistant General Manager responsible for Corporate and Commercial Marketing at Halkbank. He has 16 years of professional experience.



Vahit Ferhan Benli

Assistant General Manager: Financial Institutions and International Banking

Dr Vahit Ferhan Benli is a graduate of the University of Zurich (Faculty of Economics, Institute for Empirical Research), where he received a master's degree and doctorate in banking and financial administration. He began his career as a project assistant at the same university's Institute for Management Development and subsequently served as assistant general manager, credit marketing manager, project finance manager, and credit risk management and supervision consultant for various banks and companies in Turkey and abroad. Dr Benli became Assistant General Manager responsible for Financial Institutions and International Banking at Halkbank on 22 December 2003, a post that he relinquished on 31 March 2006. He speaks English and German. Mr Benli has 13 years of professional experience.



Kamil Gökhan Bozkurt

Assistant General Manager: Organization and Human Resources

Kamil Gökhan Bozkurt is a graduate of Bilkent University (Department of Economics) and holds a master's degree from the Department of Economics of John Hopkins University in the United States. After serving in management positions with a privately-owned company, he joined the Islamic Development Bank (Department of Trade Finance) and then Ziraat Bank (Office of Correspondent and International Relations). He has held seats on the boards of directors of Ziraat Bank Moscow and Ziraat Bank International AG. He joined Halkbank as Assistant General Manager responsible for Organization and Human Resources on 1 March 2004, and in this capacity he was the project leader of the Halkbank-Pamukbank merger. A member of the Board of Directors of Birlik Sigorta, He speaks Arabic and English. Mr Bozkurt has 10 years of professional experience.



Halil Çelik

Assistant General Manager: Operations

Halil Çelik is a graduate of Anadolu University (Faculty of Economics). He began his career at Ziraat Bank as an assistant inspector and appointed to the positions of inspector, chief inspector, and regional manager at that bank and also served as an inspector at İller Bankası. He joined Halkbank as Assistant General Manager responsible for Operations on 28 July 2003. Mr Çelik has 23 years of professional experience.



Erdal Ersoy

Assistant General Manager: Budget and Financial Affairs

Erdal Ersoy is a graduate of Marmara University (Faculty of English Language and Literature) and Anadolu University (Department of Economics). He began his career at Akbank and subsequently undertook management positions at Pamukbank, Saudi-American Bank, and Citibank. He joined Halkbank as Assistant General Manager responsible for Budget and Financial Affairs on 4 July 2002. Mr Ersoy speaks English and has 29 years of professional experience.



Yunus Esmer
Assistant General Manager: Corporate and Commercial Loans

Yunus Esmer is a graduate of Ankara Academy of Economic and Commercial Sciences (Department of Business Administration & Accounting). He joined Halkbank in 1979 and has held the positions of assistant specialist, specialist, and chief specialist in the İstanbul Regional Credit Investigation Department and the Industrial Credits Department; assistant manager in the Project Evaluation Department; and division manager and head in the SME Loans Department. Mr Esmer has been Assistant General Manager responsible for Corporate and Commercial Loans at Halkbank since 17 June 2005. He speaks English and has 26 years of professional experience.



M. Cengiz Gögebakan
Assistant General Manager: Risk Management

M. Cengiz Gögebakan is a graduate of Ankara University (Faculty of Political Sciences, Department of Economics). He began his career as an assistant inspector at Pamukbank and subsequently served in management positions at every stage of the credit placement process at the same bank. In the course of these duties he also published a number of professional studies and articles on the subjects of credit analysis and rating models, credit monitoring processes, and credit risk management. Mr Gögebakan joined Halkbank on 10 December 2004 as Assistant General Manager responsible for Retail Loans and became Assistant General Manager responsible for Risk Liquidation on 9 June 2005. He has 19 years of professional experience.



Erol Göncü
Assistant General Manager: Information Systems and Technical Services

Erol Göncü is a graduate of Middle East Technical University (Department of Mathematics). He began his career at Pamukbank on 3 October 1988 as a systems analyst and subsequently held the positions of service manager and department manager at the same bank. He joined Halkbank as Assistant General Manager responsible for Information Systems and Technical Services on 10 December 2004. Mr Göncü has 18 years of professional experience.



Dr. Şahap Kavcıoğlu
Assistant General Manager: Retail Banking

Dr Şahap Kavcıoğlu is a graduate of Dokuz Eylül University (Faculty of Business Administration and Economic Sciences, Department of Business Administration) after which he graduated from İstanbul University's Institute of Accounting as an audit specialist and studied business administration at Hastings College in England. He received his master's degree and doctorate at the Marmara University Institute of Banking and Insurance. He began his career as an assistant inspector at Esbank in 1990 and subsequently served there as an inspector, branch manager, and assistant general manager before moving on first to Çalık Investment Bank and then to MNG Bank. Dr Kavcıoğlu joined Halkbank on 30 June 2003 as the bank's regional coordinator for İstanbul and has held the position of Assistant General Manager responsible for Retail Banking since 17 June 2005. He has 14 years of professional experience.



Mustafa Savaş
Assistant General Manager: Risk Management and Internal Control

Mustafa Savaş is a graduate of Ankara University (Faculty of Political Sciences). He began his career as an assistant inspector at Halkbank on 1 March 1991 and has served the bank as inspector, branch manager, and head of the Internal Control Office. He became the bank's Assistant General Manager responsible for Risk Management and Internal Control on 18 July 2002. Mr Savaş has 15 years of professional experience.



Ali İpek
Head of Board of Inspectors

Ali İpek is a graduate of Gazi University (Faculty of Economic and Administrative Sciences, Department of Public Administration). He began his career in the Bayrampaşa/İstanbul branch of Halkbank in 1989 and has served the bank as service clerk, assistant inspector, inspector, branch manager, department manager, and office head. He served as an office head at the Banking Regulation and Supervision Agency in 2004 and joined Halkbank as the head of the bank's Board of Inspectors on 6 April 2005. Mr İpek has 17 years of professional experience.

COMMITTEES

Credit Committee

The Credit Committee assesses and finalizes credit applications with which it is charged by the Halkbank Board of Directors. This committee consists of the general manager and of at least two board members who satisfy all the qualifications required of a general manager save for term of office. Two alternate committee members are also designated who will stand in if needed. In the election of Credit Committee members and alternates, the consenting votes of at least three-fourths of the members of the Board of Directors are required.

The general manager is the head of the Credit Committee. In the general manager's absence, one of the other regular committee members serves as the chairman. The chairman of the Credit Committee is responsible for the effective and sound coordination of the committee's activities.

The Credit Committee implements lending policies approved by the Board of Directors concerning the dimensions of the bank's total placements portfolio and its distribution by sector, geographical region, and credit type. The committee also makes recommendations to the Board of Directors for the determination of principles and procedures relevant to the bank's credit policies and to its lending on a portfolio and private individual/corporate entity basis and it ensures that the credit portfolio is managed within the framework of generally accepted risk management principles. The Credit Committee may delegate some of its duties and authorities provided that the scope and limits of these powers are explicitly defined but it may not delegate any authorities concerning any type of unsecured credit other than retail loans and it is responsible for monitoring and checking the activities of the body to which it has delegated such authorities. The Credit Committee convenes at least once a week in a meeting attended by all of its members.

Credit Committee

Hüseyin Aydın - Chairman - Board Member and General Manager
Erol Berktaş - Member - Board Member
Burhanettin Tanyeri - Member - Board Member

Senior Risk Committee

The Senior Risk Committee is the highest ranking body of the risk management system that is responsible for formulating the risk management strategies and policies. All of this committee's decisions must be unanimous. The Senior Risk Committee is headed by the board member responsible for risk management and internal control and its other members are the head of the Bank Risk Committee, the head of the Assets & Liabilities Management Committee, and the head of the Credit Committee. This committee meets regularly at least once a month without any need for being summoned. In extraordinary situations the committee may be convened by its chairman.

Senior Risk Committee

Hasan Sezer - Chairman - Board Member responsible for Risk Management and Internal Control
Hüseyin Aydın - Member - Assets & Liabilities Committee and Credit Committee Chairman
Mustafa Savaş - Member - Bank Risk Committee Chairman

Bank Risk Committee

The Bank Risk Committee is responsible for assessing the formulation of risk management strategies and policies in accordance with the committee's decision. This committee's decisions may be taken by a majority vote. The committee consists of six members and is headed by the assistant general manager responsible for risk management and internal control. Its other members are the assistant general manager for financial control and planning, the assistant general manager for risk mitigation and three persons appointed one each by the head of the Board of Inspectors, the head of the Office of Internal Control, and the head of the Office of Risk Management. The Bank Risk Committee meets regularly at least twice a month. In extraordinary situations the committee may be convened by its chairman. The Bank Risk Committee conducts its activities subject to the oversight of the Senior Risk Committee. At these meetings issues and decisions are presented to the Senior Risk Committee for its approval.

Bank Risk Committee

Mustafa Savaş - Chairman - Assistant General Manager for Risk Management and Internal Control
Erdal Ersoy - Member - Assistant General Manager for Financial Control and Planning
M. Cengiz Göğebakan - Member - Assistant General Manager for Risk Mitigation
Ali İpek - Member - Head of the Board of Inspectors
Ali Ulvi Sargon - Member - Head of the Office of Risk Management
Olca Doğan - Member - Head of the Office of Internal Control

Assets & Liabilities Committee

The Assets & Liabilities Committee is responsible for determining policies related to the management of the bank's assets and liabilities and to the deployment of resources for that purpose and for making decisions that will be carried out by the units that are involved in the management of the bank's balance sheet. At meetings of the Assets & Liabilities Committee, the bank's financial structure, portfolio, budget, loan and deposit interest rates, developments in money and capital markets, and developments in the bank itself as well as in other banks are all discussed and assessed. The committee consists of six members and is headed by the general manager. The other members are the five assistant general managers responsible respectively for corporate and commercial marketing, retail banking, corporate and commercial loans, treasury management, and budget and financial affairs. The committee regularly meets once a week but it must meet at least once a month. Meeting places and times are announced by the chairman. The head of the Office of Strategic Planning and Restructuring is responsible for recording the decisions taken at the committee's meetings and for notifying others about them. Other assistant general managers and bank officers may be invited by the committee to take part in its meetings to obtain information from them or to hear their views.

Assets & Liabilities Committee

Hüseyin Aydın - Chairman - Board Member and General Manager
Erdal Ersoy - Member - Assistant General Manager for Budget and Financial Affairs
Ömer Baktır - Member - Assistant General Manager for Corporate and Commercial Marketing
Şahap Kavcıoğlu - Member - Assistant General Manager for Retail Banking
Yunus Esmer - Member - Assistant General Manager for Corporate and Commercial Loans
Süleyman Aslan - Member - Assistant General Manager for Treasury Management

RISK MANAGEMENT SUBCOMMITTEES

In line with Basel II criteria, the head of the Office of Risk Management has set up an Operational Risks Working Committee within that office. This committee carries out activities aimed at minimizing the damage and losses that may arise from overlooking errors or irregularities caused by the bank's internal control systems or by their failures, from the failure of bank management and personnel to take timely or appropriate action, from mistakes in the bank's management, from flaws and weaknesses in information technology systems, and from natural disasters such as earthquakes, fires, and floods. In addition, the committee is currently working on the creation of a database of operational risks incurred in the past that can be used to identify and quantify risks arising from concentrations and processes. This committee regularly meets at least twice a month. Its decisions are submitted to the Bank Risk Committee.

Operational Risks Working Committee

Ali Ulvi Sargon - Chairman - Head of the Office of Risk Management
Olca Doğan - Member - Head of the Office of Internal Control
Ayşe Sönmezler - Member - Head of the Office of Financial Control
Ergin Kaya - Member - Head of the Office of Branch Operations
Kadir Yaylak - Member - Assistant Head of the Board of Inspectors

BOARD MEMBER RESPONSIBLE FOR RISK MANAGEMENT

Although the chairman and members of the Board of Directors are generally responsible for all of the bank's activities and operations, Article 21 of the Banking Regulation and Supervision Agency's (BRSA) "Regulations concerning the internal audit of banks and their risk management systems" requires the board to designate one of its members who is to be specifically responsible for risk management and internal control. The regulations also require that this board member be someone who has no executive duties whatsoever in any of the operational or other units of the bank or of any organization whose financial results are consolidated with those of the bank. The duties of the board member responsible for risk management and internal control are to check the validity of the risk assessments, audit plans, audit programs, reports, and documents submitted through him to the Board of Directors; to oversee and coordinate the interactions of the Board of Inspectors, Internal Control Center, and Risk Management Group with each other in matters related to these; to keep the Board of Directors advised on the progress of such issues; and to formulate and prepare policies, principles, and procedures that are to be submitted to the whole board for its approval.

HIRING AND PROMOTION POLICIES AND PRACTICES

The formulation and implementation of human resources policies at Halkbank are rooted in the following basic principles:

- Conduct activities to achieve the bank's objectives with the optimum number of personnel.
- Recruit and employ personnel whose competencies are suitable for the nature of the job.
- Respect and treat employees as individuals and be mindful of their material and moral rights.
- Provide working conditions that are safe and appropriate to the nature of the task being performed.
- Provide a work environment that will increase employees' eagerness and ability to work and create opportunities for them to enter into social relationships with one another.
- Be fair and equitable in providing employees with opportunities

to work, learn, and develop to the best of their abilities.

- Deploy a compensation and fringe benefit system that attracts and keeps a sufficient number of human resources who are qualified to perform the tasks required of them and that encourages them to do their jobs without losing interest or impairing their productivity.
- Provide opportunities for employees to improve their knowledge and experience. Reward personnel commensurately with their successfulness.
- Keep employees informed about matters concerning them in a timely manner. Maintain open communication channels so that employees may easily voice their opinions and ideas to management.
- Ensure that employees perform their jobs with an awareness of cost and with a commitment to the principles of productivity and profitability.
- Encourage employees to think creatively and to come up with new ideas that will make their work more effective.
- In principle, fill staff vacancies as much as possible from within the bank for the purpose of preserving and fostering the bank's corporate culture and identity. Base promotions on the criteria of skills, success, education, and length of service.
- Evaluate employees on the basis and within a framework of objective and equitable criteria.

To be hired by the bank, a prospective employee must:

- Be a citizen of the Republic of Turkey or possess a work permit obtained from Turkish authorities and allowing him to work in Turkey.
- Not have been deprived of his public rights.
- Be at least nineteen years of age at the time he sits for the entrance examination.
- Never have been convicted of any of the offenses specified in the bank's Human Resources Regulations.
- Not be prohibited from working in a bank under the Banking Law.
- Have no compulsory military service obligations or else be entitled to a deferment of them at the time he sits for the entrance examination.
- With the exception of those that are hired to bring the bank into compliance with the Labor Law concerning the employment of handicapped persons, be healthy enough to perform the job and be able to prove by means of an official health agency report that he suffers from no physical or mental illness and from no physical impairment that would prevent him from being able to work on a continued basis anywhere in the country.

Depending on the nature of the job position being recruited for, other conditions may be required of candidates such as age, personality, sociability, educational background, work experience, foreign language competency, computer skills, etc.

In order for a bank employee to be promoted to another job and/or position:

- There must be a vacancy to be filled in normal staffing.
- He must satisfy at least the minimum length of service requirement for the job/position he currently holds.
- He must have received at least a "good" performance evaluation during the minimum length of service requirement for the job/position he currently holds.
- He must have successfully passed the progression examination.
- He must possess the competencies for the job to which he is to be assigned.
- He must have successfully completed the training (courses and/or seminars) that he takes part in for the job to which he is to be assigned.

AN ASSESSMENT OF THE FUNCTIONING OF THE INTERNAL CONTROL, INTERNAL AUDIT, AND RISK MANAGEMENT SYSTEMS

The bank's internal control, internal audit, and risk management systems have been structured and are functionally organized as required by "Regulations concerning the internal audit of banks and their risk management systems". In addition to reorganizing the existing Board of Inspectors along these lines, an Office of Risk Management and an Office of Internal Control have also been set up. These three units carry out their activities independently of executive functions and for the purpose of overseeing those functions. They report directly to the Board of Directors.

These units operate within the framework of generally accepted professional standards and business ethics so as to ensure that the bank's activities are conducted in accordance with the bank's stipulated policies, methods, and regulations and to increase the bank's operational productivity.

Risk management activities are conducted under three separate headings: Credit Risk, Market Risk, and Operational Risk.

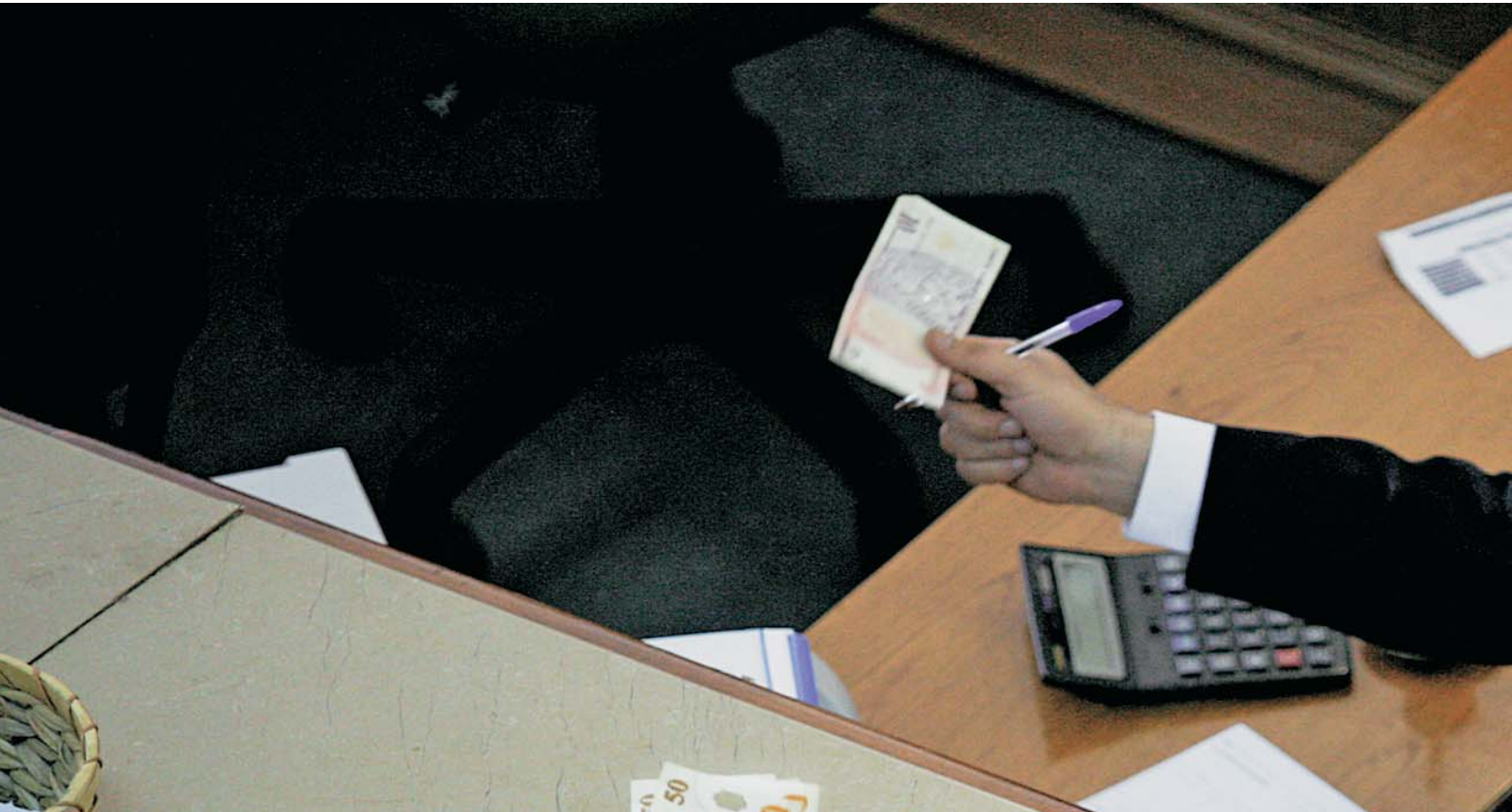
Work is currently in progress at our bank to establish quantification methodologies for these three elements of risk, to take measures to preclude these risks, and to achieve compliance with the Basel II process that will be put into effect under the Standard Model which is scheduled to go into use in our country in 2008 according to the roadmap published by the national auditing authority. For this purpose, the bank has prepared its own roadmap setting out the stages of its Basel II compliance process. This roadmap has been approved by the Board of Directors and has been sent to the national auditing authority.

A consultancy has been hired to ensure that risk management-related activities are carried out on the basis of a sound database and using valid statistical methods. In addition, work has begun on developing software for the purpose of creating data sets for use in calculating the PD (Probability of Default), LGD (Loss Given Default), and EAD (Exposure at Default) parameters so that the Basel II Accord's "Advanced Internal Rating Approach" method can be implemented.

Using the "Basic Indicator Approach", "Standard Approach" and "Alternative Standard Approach" methods, the amount of bank capital needed to cover the bank's exposure to operational risk was determined. For the purpose of effective liquidity and GAP analysis, new software was developed to determine the withdrawn and rolled-over portions of deposits at maturity (core capital study). Work has also begun with the consultancy on developing interest and exchange rate projections and yield curve methods for market risk.

The credit assessment module that the bank uses to evaluate corporate customers' credit applications were subjected to validation by means of ROC and CAP analyses. For the purpose of recording all the losses caused by operational risks accurately in the Loss Database, the number of office units that contribute operational losses to the database was increased and work has begun on software development.

Work is in progress on creating an effective internal audit infrastructure that will allow risk-focused task and process auditing to be performed at the bank. The operational risks identified during auditing and the associated risk-measurement results are digitized and branches' risk levels are determined. Business processes are also analyzed and views and suggestions are presented to appropriate units on ways to improve operational productivity and effectiveness. In addition, control guidelines are updated and continuously revised in line with new business processes.



Internal audit activities are carried out at headquarters units, branches, and some subsidiaries within the framework of specific control programs. In the formulation of control programs for branches, attention is given to the size of their assets; to their credit, non-performing loan, and deposit dimensions; to the number of their customers; and to their risk-exposure levels.

Work is also in progress on projects aimed at reducing onsite auditing time and increasing the effectiveness of the auditing activities that take place and at allowing branch auditing to be performed from headquarters as well. During examinations, the information and documents pertaining to issues that are being examined are subjected to a detailed evaluation. Matters that require formal inspection are referred to the Board of Inspectors while those that can be resolved through administrative action are referred to the appropriate headquarters unit.

The activities of the Office of Internal Control and of the Board of Inspectors are coordinated with each other. Examinations are performed as necessary on issues sent to the office by the board for preliminary investigation and the results are sent back to the board. Similarly, potentially culpable errors that are identified in headquarters or branch units by office personnel are referred to the board for it to determine what administrative, financial, or punitive action needs to be taken. Work is currently under way to develop an "Audit Portal" through which there will be convenient and common access to the results of the activities of the Board of Inspectors and of the Office of Internal Control (inspection and risk warning reports), control procedures, and audit reports.

The Board of Inspectors has been reorganized to bring it into alignment with BRSA requirements. Audit functions and areas have been formulated according to this new structure with the goal of achieving standardization in auditing and making a complete changeover to a risk-focused methodology of inspection.

Within the framework of that methodology, headquarters-based and information technology-supported auditing was introduced in 2005 in addition to traditional onsite auditing. As things currently stand, 87% of the board's personnel are performing onsite audits while the remaining 13% are performing audits and other duties from headquarters.

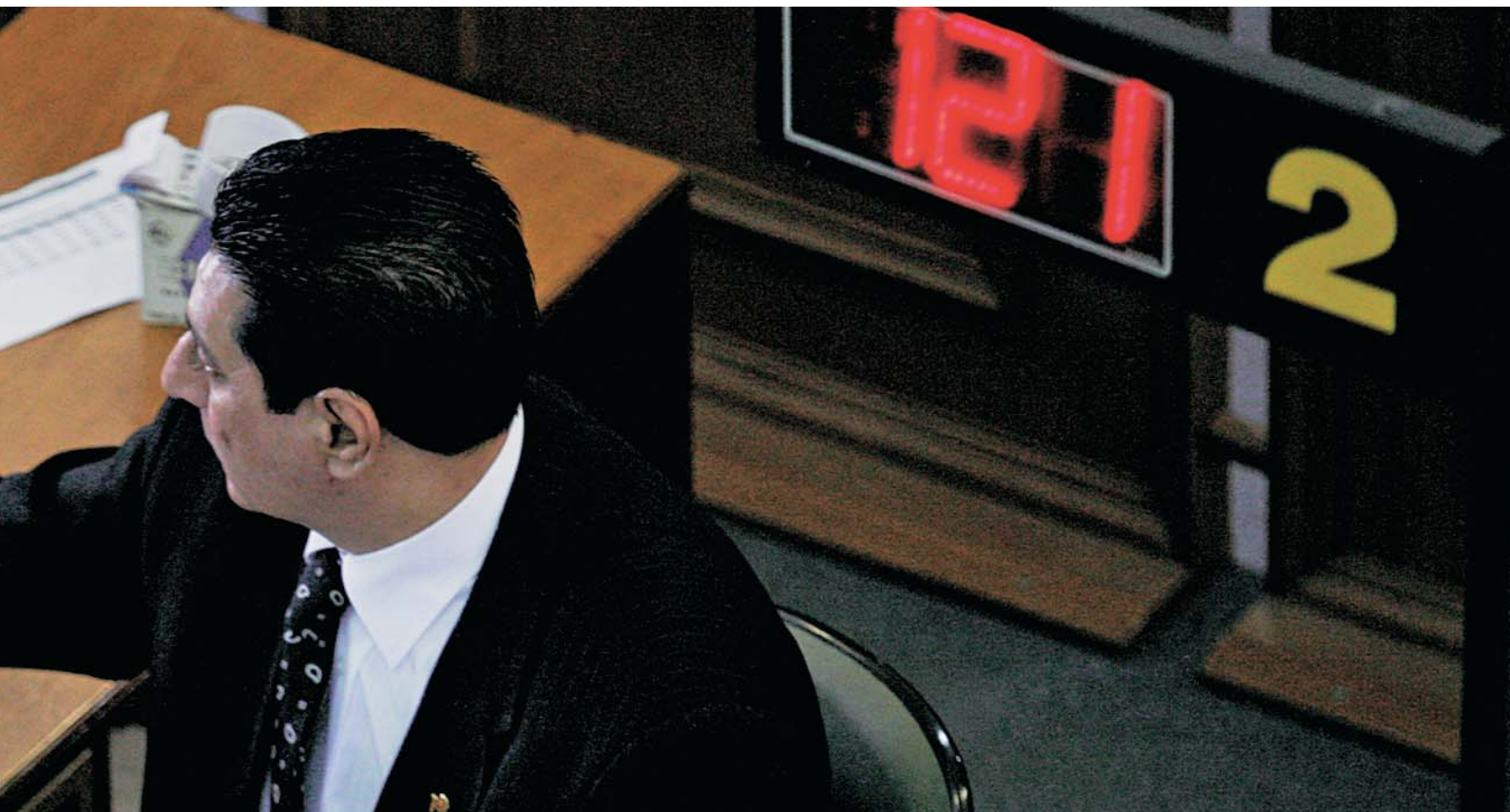
Transaction code lists have been created that will allow errors etc identified during inspections to be more efficiently categorized so that their risk levels and frequencies of occurrence in branches may be seen. Using this information it is now possible to perform statistical analyses of the periodic results of the board's inspections. Once a sufficiently deep pool of statistical data and operating results has been created it will be possible to draw branches' individual risk maps and from those the risk map of the entire bank.

The members of the Board of Inspectors are organized into specializations according to their areas of interest and backgrounds and they are encouraged to develop themselves in those specializations in addition to their general auditing (inspection, examination, investigation) skills.

The bank plans to have its risk-focused remote auditing system in place in all its branches before the end of 2006, whereupon regular onsite auditing will henceforth take place on an annual basis.



Hasan SEZER
Board Member Responsible for
Internal Control, Internal Audit, and Risk Management



ORGANIZATION STRUCTURE





Financial Institutions	Organization and Human Resources	Operations	Information Systems and Technical Services	Budget and Financial Affairs
International Banking and Subsidiaries-Affiliates	Organization	Branch Operations	Software Development	Financial Control
Financial Institutions	Human Resources	Foreign Operations	Infrastructure and Maintenance	Financial Consolidation and External Reporting
	Staff Training	Treasury Operations	Technological Architecture Management	Strategic Planning and Restructuring
	Administrative Services and Procurement	General Accounting	Technology Banking	
	Discipline Committee	Premises-Real Estate and Procurement		

AN ASSESSMENT OF FINANCIAL INFORMATION AND RISK MANAGEMENT





RISK MANAGEMENT AND ITS POLICIES

A basic policy of Halkbank is to foster a culture of risk awareness that is shared in by all of the bank's personnel. Work is currently in progress to implement Basel II criteria within the framework of a set calendar.

The implementation of Basel II criteria and the conduct of risk measurement and management activities at the bank are being carried out by taking a three-pronged approach that focuses on credit risk, market risk, and operational risk. Activities related to the risk management system that are currently under way are summarized below.

A- Credit risk

A roadmap has been laid out for the quantification of credit risk, which is defined as the likelihood of experiencing problems in recovering loans extended by the bank, its investments in securities, or any monetary placement that it has made. In the quantification of credit risk it is planned to begin using the standard method beginning in 2008 and to begin using internal methods in 2009.

Under the heading of credit risk:

- Monthly reports are generated showing the maturity structure of the loan portfolio, action taken concerning non-performing loans, a breakdown of the loan portfolio by currency type, sectoral and regional concentrations, an analysis of the portfolio by rating groups, early warning signals pertaining to credit customers, and the identification of customers that are exposing the bank to repayment and/or business activity risks. The bank's Basel II compliance process is on schedule and the impact of this process on the bank's capital adequacy ratio is periodically examined.
- In the transition to Basel II, attention is being given to subjecting firms to a rating process when making credit allocations as this is fundamental to formulating a credit risk quantification model. The rating systems established for our corporate banking and entrepreneur banking customers have been subjected to verification testing. These systems are now being calibrated on the basis of the results of that testing.

Work has begun on putting together historical data sets (PD, EAD, LGD) that are to be used in the advanced quantification methods planned for 2009 and these activities are now being carried out intensively. Work is also in progress on developing a scorecard system that will be used in allocating credit to retail customers.

- Work is continuing on upgrading existing and writing new infrastructure and system software for the creating of a database that will support an effective credit risk quantification model needed to set up a system to manage loans as a portfolio and calculate expected/unexpected losses.
- The bank has laid out its own Basel II compliance roadmap in line with the one announced by the Banking Regulation and Supervision Agency.
- A "Risk Matrix and Assessment Report" has been prepared for the purpose of evaluating banks' riskiness.

B- Market risk

Market risk is the risk that the bank may suffer a loss or capital impairment as a result of movements in interest rates, exchange rates, and share prices due to volatilities in financial markets. Under the heading of market risk:

- The exchange rate risks that the bank carries are calculated on a day-to-day basis using the standard method and are reported to authorities weekly and monthly.
- Amounts exposed to market risk (interest rate risk, exchange rate risk, equity index risk) are calculated using the standard method and are reported on a monthly basis.

- Values at risk (VaR) are calculated and reported using the parametric method on a daily basis.
- Duration, modified duration, convexity, and DV-01 analyses are performed for every instrument in the bank's investment securities portfolio and for the portfolio as a whole on a daily basis and the results are reported to authorities.
- The bank is working on a project with a consultancy to develop and adapt two of the VaR techniques (historical simulation and Monte Carlo simulation) to the bank's portfolio.
- The volatility of every instrument traded in financial markets is calculated.
- Under the heading of the bank's assets/liabilities management, liquidity and GAP analyses have been completed. Work is currently in progress to develop the interest and exchange rate projections that are needed to perform cash flow and scenario analyses.
- A project to identify the bank's core deposits has been completed and core deposit adjustments are now being included in the bank's liquidity analysis reports.

C- Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events.

According to Basel II criteria, the concept of operational risk is to be taken into account when determining capital adequacy and for that reason, both the quantification of this risk and taking measures to eliminate factors that give rise to operational risk are very important. The quantification and management of operational risk have become even more crucial on account of reductions in banks' revenue streams brought on by increasingly thinner interest rate margins.

Work is being carried out to regularly review the bank's processes, policies, and procedures and to design and develop a database of historical losses. In addition, data collection projects are in progress to identify operational risks on the basis of individual categories of activities and to digitize the results and use them in the creation of a data warehouse. Model research and examination work for the quantification of operational risk is also continuing.

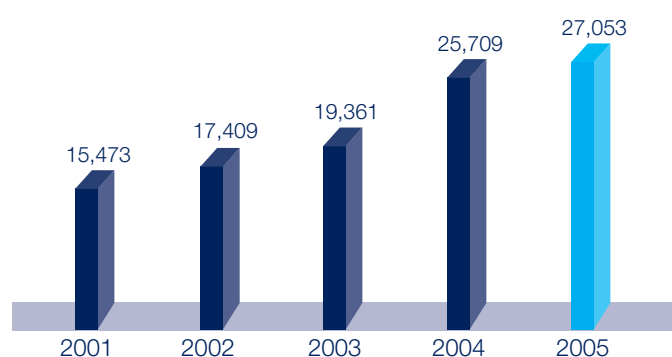
Also under the general heading of risk management:

- Principles governing the allocation of unsecured credit have been set down in writing.
- The guarantees that must be provided by firms wishing to borrow from the bank have been identified on the basis of individual rating groups.
- The maximum amount that may be extended as credit by the bank is being determined for each private-sector commercial loan customers and for each public-sector firm.
- The maximum aggregate amounts that may be extended as credit (concentration limits) by the bank to the top 5, 15, 50, 100, and 200 private-sector firms and to the top 5 and 15 public-sector firms are being identified.
- Credit placements are reviewed at one-year intervals and customers' credit-worthiness is re-determined in light of these reviews.
- Preset, credit, and TR Libor limits have been established for each of the domestic and international correspondents with which the bank works and risks in excess of these limits are not accepted.
- Position limits have been identified for the bank's foreign currency transactions and positions in excess of these limits are avoided.
- Absolute and proportional limits are being identified to prevent losses on all treasury dealings.
- Transaction limits for foreign exchange, money, and capital market transactions have been set for individual job titles.

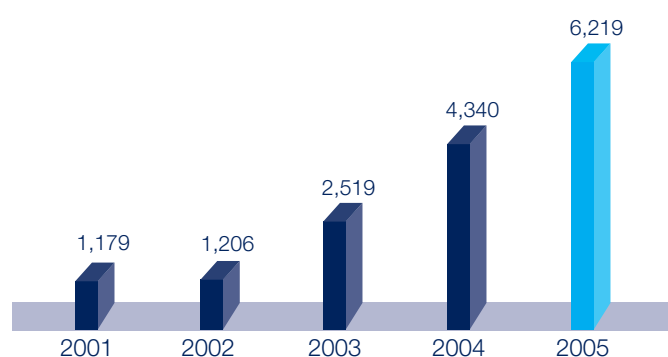
FINANCIAL POSITION

ASSETS (TRY million)	2001	2002	2003	2004	2005
Liquid Assets	1,894	1,009	2,653	2,020	2,014
Securities Portfolio	10,650	13,471	12,680	17,205	16,976
Loans	1,179	1,206	2,519	4,340	6,219
Subsidiaries and Affiliates	75	113	79	100	89
Fixed Assets	302	408	464	705	713
Others	1,373	1,202	966	1,338	1,042
TOTAL ASSETS	15,473	17,409	19,361	25,709	27,053
LIABILITIES (TRY million)					
Deposits	10,239	11,467	13,821	19,453	20,898
Money Markets	2,077	2,254	1,046	870	40
Borrowings	605	315	246	256	462
Securities Issued	352	255	0	0	0
Funds	509	555	682	873	1,024
Others	749	735	998	1,248	1,432
Shareholders' Equity	943	1,827	2,568	3,009	3,196
Period Profit (Loss)	(902)	594	486	528	532
TOTAL LIABILITIES	15,473	17,409	19,361	25,709	27,053

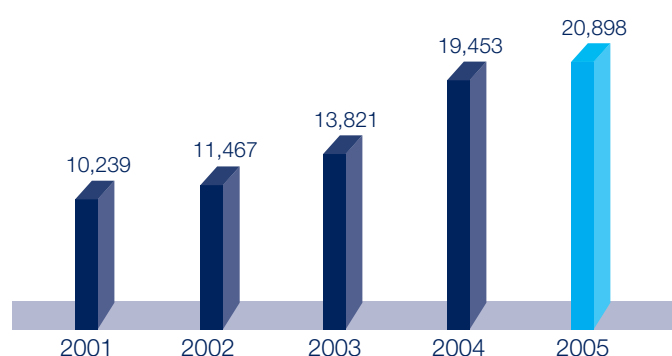
TOTAL ASSETS (TRY MILLION)



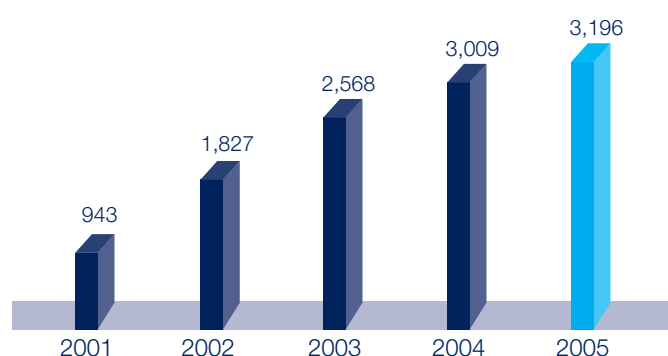
LOANS (TRY MILLION)



DEPOSITS (TRY MILLION)



SHAREHOLDERS' EQUITY (TRY MILLION)



ASSETS

As a result of its activities in 2005, the bank's assets increased 5.2% and reached TRY 27,053 million.

Of the bank's total placements, TRY 16,976 or 62.7% are in its investment securities portfolio, TRY 6,219 million or 22.9% are lendings, and TRY 2,014 million or 7.5% are liquid assets. The remaining 6.9% consists of other placements.

The biggest year-on rises as of end 2005 in asset items were TRY 1,879 million in lendings, TRY 1,764 million in available-for-sale securities, and TRY 1,299 million in securities being held for trading purposes. The biggest declines among asset items were experienced in securities to be held to maturity (down TRY 3,291 million) and miscellaneous receivables (down TRY 194 million).

Comparing the bank's 2004 and 2005 year-end balance sheets, the share of lendings in the total increased from 16.9% to 22.9% and that of disposable and trading securities went from 1.7% to 12.9%. The share of securities to be held to maturity on the other hand shrank from 65.2% to 49.8%. As a result of these changes, there have been significant improvements in the bank's liquidity, lending volume, and asset quality.

LIABILITIES

77.2% of the bank's resources consist of deposits amounting to TRY 20,898 million in total. These are followed in importance by TRY 3,196 million in shareholders' equity (11.8%), TRY 1,024 million in funds (3.8%), and others (7.2%).

In the twelve months to end-2005 the bank's deposits increased TRY 1,444 million while its received loans, shareholders' equity, and special-purpose funds were up TRY 206 million, TRY 187 million, and TRY 152 million respectively. During the same period, the bank's borrowings from interbank money markets decreased TRY 688 million and as of year-end 2005, the bank no longer carried any debt of this kind.

Looking at the deposits that make up the bulk of the bank's resources, savings deposits account for a 51.3% share of total deposits and amounted to TRY 1,814 million. At TRY 611 million, commercial concerns' deposits accounted for a much smaller 12.7% share. Government agencies' deposits, which increased by TRY 276 million during the year, made up a 3.5% share.

Other institutions' deposits accounted for a 9% share in total deposits and declined by TRY 815 million during the year.

Better than three fourths (78.6%) of total deposits are in Turkish lira accounts with the remainder (21.4%) in foreign currency accounts. There were modest improvements in the bank's maturity structure in 2005, with the share of demand deposits going from 10% at the beginning of the year to 12% by the end.

PROFITABILITY

As of end-2005 the bank showed a net profit of TRY 532 million, four million higher than the TRY 528 million that it booked in 2004. The most important items that contributed to this performance are discussed below.

The major source of the bank's income is the interest it receives on its active placements. However as positive economic conditions drove interest rates down substantially last year, the interest received on the bank's placements actually declined TRY 371 million (9.1% year-on) and amounted to TRY 3,717 million in 2005.

TRY 2,592 million (69.7%) of this interest was earned on the bank's investment securities portfolio, TRY 988 million (26.6%) on its lendings, and TRY 89 million (2.3%) on its reserve requirements with the Central Bank.

Year-on declines in interest income were registered amounting to TRY 105 million on the investment securities portfolio, TRY 112 million on money market placements, and TRY 184 million on other interest income. It must be stressed that all of these declines are the result of last year's (2005) cancellation of the inflation accounting adjustments that had been made in 2004. In fact, the greater volume of lending last year resulted in a TRY 59 million increase in the interest received by the bank on its loans. Interest received on Turkish lira placements generated TRY 3,538 million in income or 95% of the total amount.

Looking at the interest expenditure accounts, the biggest share (92%) worth TRY 2,571 million consists of interest paid on deposits. The interest paid on the deposits that make up 77% of the bank's resources, was also its biggest expenditure item in 2005. With the addition of TRY 222 million in other interest outlays, total interest expenditures last year came to TRY 2,793 million.

The bank's net interest income as of year-end amounted to TRY 925 million.

Net commission and fee income was up 40% year-on and reached TRY 155 million while capital market trading profits rose 700% to TRY 24 million and currency trading profits increased 125% to TRY 191 million.

The bank set aside loan and other receivable provisions amounting to TRY 114 million for its activities in 2005.

Personnel expenditures, which make up an important share of the bank's total operating costs amounting to TRY 582 million, were up 31.5% year-on and reached TRY 355 million in 2005. This increase was largely the result of the 3,763 personnel that were added to the bank's payroll as a result of the Pamukbank merger. TRY 68 million was set aside as a provision to cover the bank's employee service award entitlements in 2005. TRY 50 million was claimed as depreciation and provisions for miscellaneous taxes and the like came to TRY 21 million.

As a result of all activities in 2005 the bank booked a pretax profit of TRY 760 million. After setting aside a tax provision of TRY 229 million, the bank's after-tax profit amounted to TRY 532 million. It is worth noting that the bank succeeded in maintaining its level of profitability despite thinner interest margins and the costs involved in the Pamukbank merger.

NON-PERFORMING RECEIVABLES

As of year-end 2005, the bank's non-performing receivables amounted to TRY 1,202 million (gross).

As TRY 1,182 million had been set aside as provisions for these accounts, the bank's net non-performing receivables as of the same date amounted to TRY 20 million and consisted of receivables for which it was deemed unnecessary to set aside provisions on the grounds that they did not entail serious risks for the bank.

Since 2001 the bank has been adhering to a policy of fully (100%) provisioning its non-performing receivables. The bank continued to actively pursue collections on its non-performing loans in 2005 and a total of TRY 239 million was taken in as a result of these efforts last year. TRY 124 million of this was principal while TRY 115 million consisted of interest and currency translation gains.

Part of the bank's efforts to deal with its non-performing loans involves restructuring them. The bank has entered into protocols covering TRY 1,202 million or 39.5% of its non-performing loans.

The bank's receivables covered by restructuring protocols which have been signed with 57 firms belonging to 31 corporate groups under the so-called "Istanbul Approach" and which are currently active amount to TRY 528.6 million, of which TRY 316.1 million is principal. As of year-end 2005, the bank had collected a total of TRY 18.8 million from such firms.

The bank's receivables covered by restructuring protocols that are outside the Istanbul Approach and were signed with 101 corporate groups/firms amount to TRY 299.4 million, of which TRY 159 million is principal. As of year-end 2005, the bank had collected a total of TRY 42.8 million from such firms.

Of the 41,796 customers in the bank's NPL account, 98.5% of them (by number) owe the bank TRY 100,000 or less and the principal on these loans comes to TRY 128 million. These customers are in fact the bank's core audience for it was to serve them that the bank was originally set up. In November 2005 the bank launched a loan liquidation program that takes a positive approach to resolving the problem of these loans without having to have recourse to forfeitures and seizures. This program is based on early payments and reductions in interest.

Under this program as of year-end 2005, the bank had signed protocols with 1,127 borrowers for a total of TRY 9.8 million and collected TRY 5.4 million from 629 of them.

Joint action plans were developed with the Savings Deposit Insurance Fund for the collection of amounts owed by those with controlling stakes in banks whose shares were taken over by that fund from those owners and from companies in the same corporate group and efforts were continued to make these collections.

Due to the protracted litigation and other proceedings that are involved in foreclosures, the intensive efforts that the bank began making in 2001-2002 to convert the mortgages it holds into cash finally began to yield results in 2005 and are continuing to do so in 2006.

The method of collecting receivables by swapping assets for debt (which was not available in previous years because there was no legal basis for it) started to be used in 2005 and a total of TRY 25.7 million was collected in this way.

Continued positive developments in the economy as well as strong seller's market in real estate are making it easier for the bank to resolve its non-performing loans that are backed by forfeited or mortgaged properties.

A FINANCIALLY STRONG BANK

Due to their broad base and robust structure, deposits contribute significantly to the bank's ability to satisfy the demand for short-term credit. An extensive and loyal customer base is also the most important resource on which the bank can depend in tapping markets for the funds it needs.

A designated market maker in Turkish government borrowing instruments, Halkbank's strong capitalization and financial structure support its ability to borrow and procure funding to an unusual degree.

Halkbank's decades of experience in banking have earned it a place of respect not just in Turkey but in international markets as well. An extensive branch network with a national reach, representative offices in many countries, and more than a thousand correspondent relationships provide the strength needed to acquire resources.

In addition to the richness of its existing and alternative sources of funding, in 2005 Halkbank continued its efforts to improve the quality of its assets. In line with this, it significantly increased the volume of its liquid assets by expanding its trading and disposable investment security portfolios.

Except for the use of repo in line with customers' needs as well as of resources that offered advantageous interest margins, the bank had no need of any short-term borrowing as of year-end 2005.

The degree of financial strength that the bank possesses is what enables it to pay its shareholders cash dividends year after year.

HALKBANK'S CREDIT RATINGS

FITCH RATINGS

	Rate	Outlook
National Long Term	A (Tur)	Stable
Local Currency Long Term	BB-	Positive
Foreign Currency Long Term	BB-	Positive
Local Currency Short Term	B	Positive
Foreign Currency Short Term	B	Positive
Individual	D	-
Support	3	-

AUDITORS' REPORT





FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

Translated into English from the
Original Turkish Report

TÜRKİYE HALK BANKASI A.Ş.
INDEPENDENT AUDITORS' REPORT FOR THE PERIOD
JANUARY 1, 2005 AND DECEMBER 31, 2005

To The Board of Directors of
Türkiye Halk Bankası Anonim Şirketi
Ankara

1. We have audited the accompanying unconsolidated balance sheet of Türkiye Halk Bankası A.Ş. (the "Bank") as of December 31, 2005 and the related statements of income, cash flow and shareholders' equity for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted the audit in accordance with the auditing standards, which were determined under provisions of Banking Law Number 5411 including tentative first article. These standards require that we plan and perform the audit to obtain reasonable assurance about 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.

3. In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye Halk Bankası A.Ş. as of December 31, 2005 and the results of its operations for the year then ended in accordance with accounting principles and standards within the Article 37 of Banking Law Number 5411 including tentative first article.

Ankara, March 7, 2006

DENETİM SERBEST MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU



Bülent Beydüz
Audit Partner

Additional paragraph for English translation:

The accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices accepted in countries and jurisdictions other than those in Turkey. The standard procedures and practices to audit the accompanying unconsolidated financial statements are those accepted and approved in Turkey.

TÜRKİYE HALK BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AND DISCLOSURES
AND LIMITED REVIEW REPORT AS OF DECEMBER 31, 2005

1. Bank's Headquarter Address:
Söğütözü Mah. 2. Cad. No: 63 Ankara/TURKEY
2. Bank's contact Phone and Fax Numbers:
Phone : +90 312 289 2000
Fax : + 90 312 289 3048
3. Bank's Website and E-mail Addresses:
Website: www.halkbank.com.tr


The accompanying reporting package designed by the Banking Regulation and Supervision Agency in line with "Regulation on Accounting Practice Numbered 17 on Financial Statements to be announced to the Public and the Accompanying Policies and Disclosures" consists of the sections listed below:

- Section One : GENERAL INFORMATION ABOUT THE BANK
- Section Two : UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- Section Three : EXPLANATIONS ON ACCOUNTING POLICIES
- Section Four : NOTES TO THE FINANCIAL STRUCTURE OF THE BANK
- Section Five : EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- Section Six : OTHER EXPLANATIONS AND DISCLOSURES
- Section Seven : EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT

The accompanying unconsolidated financial statements and the explanatory footnotes and disclosures, presented in thousand New Turkish Lira, unless otherwise indicated, were prepared in accordance with the Accounting Applications Regulation and related communiqués based on the Bank's statutory books that have been reviewed.



Hasan Cebeci
Chairman



Hasan Sezer
Deputy Chairman,
Board Member
Responsible for Risk
Management and
Internal Control



Hüseyin Aydın
Board Member and
General Manager



Erdal Ersoy
Assistant
General Manager



Yusuf Duran Ocak
Head of Financial
Consolidation
and External
Reporting

If you have questions regarding the content of this financial report, please do not hesitate to contact the responsible person:

Name/Title : Nevin Dindar/Assistant Manager
Phone No : +90 312 289 3015
Fax No : +90 312 289 3050

	Page
SECTION ONE	
General Information about the Bank	
I. Establishment date of the Bank, initial articles of association, the history of bank including the changes of these articles	53
II. Capital structure of the Bank, stakeholders that retain direct or indirect control and management of bank solely or together, changes about these issues during the year and disclosures about the group	53
III. Qualifications of the Bank's board of directors, and audit members and general manager and executive vice presidents and the changes if any, disclosures of ownership structure	53
IV. Disclosures of the operations of the Bank and service type	55
SECTION TWO	
Unconsolidated Financial Statements of the Bank	
I. Balance Sheet	56
II. Statement of Off Balance Sheet Commitments	58
III. Income Statement	60
IV. Statement of Changes in Shareholders' Equity	62
V. Cash Flow Statement	64
VI. Profit Distribution Table	65
SECTION THREE	
Explanations on Accounting Policies	
I. Basis of presentation	67
II. Explanations on forward, option contracts and derivative instruments	68
III. Offsetting of financial instruments	69
IV. Interest income and expense	69
V. Fees and commissions income and expenses	69
VI. Trading securities	69
VII. Sales and repurchase agreements and securities lending transactions	69
VIII. Investment securities held-to-maturity, investment securities available for sale and originated loans and receivables	70
IX. Bank originated loans and receivables and specific provisions	71
X. Goodwill and other intangible assets	71
XI. Property and equipment	71
XII. Leasing transactions	72
XIII. Provisions and commitments	72
XIV. Obligations related to employee rights	72
XV. Taxes	73
XVI. Additional explanations on borrowings	73
XVII. Paid-in share capital and stocks	73
XVIII. Aval drafts and acceptances	74
XIX. Government incentives	74
XX. Segment reporting	74

SECTION FOUR

Notes to the Financial Structure of the Bank

I.	Strategy for the use of Financial Instruments and Explanations on Foreign Currency Transactions	74
II.	Explanations and notes to capital adequacy standard ratio	74
III.	Credit Risk	77
IV.	Market Risk	79
V.	Currency Risk	80
VI.	Interest Rate Risk	81
VII.	Liquidity Risk	84
VIII.	Presentation of Assets and Liabilities with their fair values	86
IX.	Activities carried out on Behalf and Account of the Third Parties, Fiduciary Transaction	86
X.	Segment Reporting	86

SECTION FIVE

Explanations and Notes to the Unconsolidated Financial Statements

I.	Information and Disclosures Related to Assets	86
II.	Information and Disclosures Related to Liabilities	103
III.	Information and Disclosures Related to Income Statement	112
IV.	Information and Disclosures Related to Off-Balance Sheet Commitments	115
V.	Information and Disclosures Related to the Statement of Shareholders' equity	118
VI.	Information and Disclosures Related to Statements of Cash Flows	119
VII.	Information and Disclosures Related to Mergers and Acquisitions	121
VIII.	Explanation Related to the Risk Group of the Bank	123
IX.	Explanations Related to Inflation Accounting	124
X.	Explanation Related to the Domestic, Foreign Offshore Branches and Foreign Representation of the Bank	126
XI.	Subsequent Events After the Balance Sheet Date	127

SECTION SIX

Other Explanations and Disclosures

I.	Other Explanations Related to the Bank's Activities	127
----	---	-----

SECTION SEVEN

Explanations on Independent Auditors' Report

I.	Explanations for the Independent Audit Report	127
II.	Explanations and Disclosures of the Auditor	127

TÜRKİYE HALK BANKASI A.Ş.

DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

SECTION I: GENERAL INFORMATION ABOUT THE BANK

I. ESTABLISHMENT DATE OF THE BANK, INITIAL ARTICLES OF ASSOCIATION, THE HISTORY OF BANK INCLUDING THE CHANGES OF THESE ARTICLES:

Türkiye Halk Bankası Anonim Şirketi (the "Bank") is a state economic enterprise (SEE) which was established in Turkey in accordance with the law no: 2284 in 1933 and began its operations in 1938 and still continues its activities as a state owned commercial bank

II. CAPITAL STRUCTURE OF THE BANK, STAKEHOLDERS THAT RETAIN DIRECT OR INDIRECT CONTROL AND MANAGEMENT OF BANK SOLELY OR TOGETHER, CHANGES ABOUT THESE ISSUES DURING THE YEAR AND DISCLOSURES ABOUT THE GROUP

The capital of the Bank direct or indirectly controlled by Turkish Treasury.

As of December 31, 2005 the composition of shareholders and their respective % of ownership can be summarized as follows:

Shareholders	December 2005		December 2004	
	Thousand TRY	%	Thousand TRY	%
Under secretariat of Treasury of the Turkish Republic (*)	1,150,000	99.99	1,150,000	99.99
	1,150,000	100.00	1,150,000	100.00

* Other shareholders have portion less than 1 thousand TRY

III. QUALIFICATIONS OF THE BANK'S BOARD OF DIRECTORS, AND AUDIT MEMBERS AND GENERAL MANAGER AND VICE PRESIDENTS AND THE CHANGES IF ANY, DISCLOSURES OF OWNERSHIP STRUCTURE

Name	Title	Starting Date	Education	Experience in Banking Operations (Years)
Hasan CEBECİ	Chairman	13.04.2005	Ankara Academy of Economic and Commercial Sciences - Economy-Finance	25
Hasan SEZER	Vice Chairman	13.04.2005	Ankara Academy of Economic and Commercial Sciences - Banking Foreign Trade	22
Hüseyin AYDIN	Board Member and General Manager	01.06.2005	Ankara Academy of Economic and Commercial Sciences - Economy-Finance	22
Emin Süha ÇAYKÖYLÜ	Board Member	13.04.2005	Bachelor Degree; METU - Mechanical Engineering Master Degree; Syracuse University Business School NY-USA PhD; Washington International University-Doctor of philosophy in Business Administration	22
Nurzahit KESKİN	Board Member	13.04.2005	Bachelor Degree Afyon Faculty of Economic and Administrative Sciences of Anadolu University, Finance Master Degree; Marmara Uni. Banking and Insurance Ins. PhD; Sakarya Uni. Management and Organization (continuing)	16
Erol BERKTAŞ	Board Member	13.04.2005	Bachelor Degree; METU - Petroleum Engineering Master Degree; Marmara Uni. Banking and Insurance Ins.	19
Burhanettin TANYERİ	Board Member	15.09.2005	Atatürk University- Business Administration	23
Şeref EFE	Audit Member	28.03.2003	Ankara University Social Science Faculty - Public Administration Department	2
Yusuf DAĞCAN	Audit Member	28.03.2003	Eskişehir Economy and Trade Science Academy	26

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

Name	Title	Starting Date	Education	Experience in Banking Operations (Years)
Kamil Gökhan BOZKURT	Executive Vice President	01.03.2004	Bachelor Degree; Bilkent Uni. Economy, Administration and Social Sciences Fac. Economy Sc. Master Degree; The Johns Hopkins University - Economy/	8
Halil ÇELİK	Executive Vice President	28.07.2003	Eskişehir Economy and Trade Academy - Economy	23
Erdal ERSOY	Executive Vice President	05.07.2002	Anadolu University - Economy	29
Mustafa SAVAŞ	Executive Vice President	12.08.2002	Ankara University - Political Sciences Faculty - Political Sciences Faculty Labour Economics and Industry Relations	15
Vahit Ferhan BENLİ	Executive Vice President	22.12.2003	Bachelor Degree; Zurich Uni. Business Administration Economy Master Degree; Zurich Univ. Economy Sciences Faculty Banking and Financial Management PhD; Zurich Uni. EASF	11
Ömer BAKTIR	Executive Vice President	09.12.2004 - 31/03 By Proxy. 14.06.2005	Istanbul Technical University - Mining Engineering	16
M.Cengiz GÖĞEBAKAN	Executive Vice President	09.12.2004 - 31/03 By Proxy. 20.06.2005	Ankara University - Economy	18
Erol GÖNCÜ	Executive Vice President	09.03.2005 - 04/02 By Proxy. 14.06.2005	METU Faculty of Arts and Sciences, Mathematics Dept.	18
Yunus ESMER	Executive Vice President	17.06.2005	Ankara Academy of Economic and Commercial Sciences Business Dept. Administration-Accounting	26
Dr. Şahap KAVCIOĞLU	Executive Vice President	17.06.2005	Bachelor Degree; Dokuz Eylül Uni. EASF Business Administration Dept. Master Degree; Marmara Uni. Banking and Insurance Ins. Banking Dept. PhD; Marmara Uni. Banking and Insurance Ins. Banking Dept.	14
Süleyman ASLAN	Executive Vice President	17.06.2005	METU EASF International Relations Dept.	12

The persons above-mentioned do not own any shares of capital.

The departure dates of the high-level management personnel and their respective titles are listed below:

Name	Title	Departure Date
M. Zeki SAYIN	Chairman	13.04.2005
İlhan ULUDAĞ	Vice Chairman	13.04.2005
Mehmet Emin ÖZCAN	Delegate Member	13.04.2005
Hüseyin AYDIN	Delegate Member	13.04.2005
Burhannettin AKTAŞ	Board Member	13.04.2005
Osman ARIOĞLU	Board Member	13.04.2005
İbrahim Hakkı TUNCAY	Board Member	13.04.2005
Cemil ÖZDEMİR	Board Member	16.08.2005
Ziya ANILDI	Assistant General Manager	01.07.2005
Cahit BAYIR	Assistant General Manager	29.07.2005

TÜRKİYE HALK BANKASI A.Ş.

DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

IV. DISCLOSURES OF THE OPERATIONS OF THE BANK AND SERVICE TYPE

- a) General Information about the Bank: Türkiye Halk Bankası Anonim Şirketi (the "Bank") is a state economic enterprise (SEE) which was established in Turkey in accordance with the law no: 2284 in 1933 and began its operations in 1938 and still continues its activities as a state owned commercial bank
- b) The Bank's restructuring process: A law numbered 4603, the "Law on Türkiye Cumhuriyeti Ziraat Bankası, Türkiye Halk Bankası Anonim Şirketi and Türkiye Emlak Bankası Anonim Şirketi", was prepared in the context of the macro economic program for the period 2000-2002. The purpose of the law was to modernize the Banks' operations to meet international norms and international competition and to sell a majority of the Banks' shares to individuals or legal entities in private sector. The Bank revised its charter of establishment by the extraordinary general assembly on April 14, 2001, elected a new board of directors and increased its nominal capital from TRY 250,000 thousand to TRY 1,250,000 thousand. TRY 100,000 thousand of the increase in capital amounting TRY 1,000,000 thousand has been still remaining as commitment. Within the scope of the restructuring process, the Bank has received government bonds in settlement of the accumulated special duty losses and the Bank's whole special duty loss receivable was thus eliminated as at April 30, 2001. In addition, a significant number of personnel were encouraged to sign new contracts and transferred to other government institutions.
- c) According to Article 2.2 of Law numbered 4603 following the completion of the restructuring procedures, the procedures involved in sale of the shares of the Bank are to be concluded under the provisions of Law no.4046 on Regulation of Privatization Applications and Amendment of Some Laws and Decrees with the Force of Law. The procedures relating to the restructuring and sale of the shares are to be completed within three years (until November 25, 2003) from the effective date of such law. However with the law numbered 5230 dated 31 July 2004, sentence in Article 2.2. of law numbered 4603 of "3 years" is amended as "5 years". As a result of the amendment, privatization period of the Bank has been prolonged. The Council of Ministers has the authority to extend this period by half of that period only.
- d) "Act No: 5230 with regards to the transfer of Pamukbank Türk Anonim Şirketi to Türkiye Halk Bankası A.Ş. and amendments to other acts" came into force as of July 31, 2004 with the publication of Official Gazette numbered 25539. Upon this law, transfer of Pamukbank, whose shares, management, and control are inherited to Saving Deposit Insurance Fund (SDIF) beforehand, and related issues on methods and principles have been set out with the above mentioned transaction. Pamukbank T.A.Ş. was a private sector deposit bank established by Çukurova İthalat ve İhracat T.A.O., Karamehmetler Scrip Company and more than 500 shareholders. The Bank started its private banking operations as an incorporated company in accordance with the decision of Council of Ministers numbered 4/4573 dated 5 March 1955. According to the decision of Banking Regulation and Supervision Agency (BRSA) numbered 742 published in the official gazette numbered 24790 dated 19 June 2002 and the 14th Article, Sub Article 3 and 4 of the Banking Law numbered 4389, the shareholders rights except dividends, management and supervision of the Bank were transferred to Saving Deposit Insurance Fund as of 18 June 2002.
- e) The Bank's service activities and operating areas: The Bank's operating areas include, commercial financing and corporate banking, fund management operations, retail banking and credit card operations.
- f) As at 31 December 2005, the Bank operates with 554 branches, 551 of these are domestic branches, 2 of the branches are in Cyprus and 1 in Bahrain. In addition to this, it has 4 financial service branches in Germany. Additionally, the Bank also has representative offices in Iran and Vienna.

SECTION II: UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

- I. Unconsolidated Balance Sheet
- II. Unconsolidated Statement of Off Balance Sheet Commitments
- III. Unconsolidated Income Statement
- IV. Unconsolidated Statement of Changes in Shareholders' Equity
- V. Unconsolidated Cash Flow Statement
- VI. Unconsolidated Profit Distribution Table

TÜRKİYE HALK BANKASI A.Ş.

BANK ONLY BALANCE SHEET

THOUSAND NEW TURKISH LIRA							
ASSETS	Disc.	CURRENT PERIOD (31/12/2005)			PRIOR PERIOD (31/12/2004)		
		TC	FC	Total	TC	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY (1)		89,084	91,813	180,897	60,099	97,578	157,677
1.1.Cash		88,907	-	88,907	60,035	-	60,035
1.2.Foreign currency		-	45,327	45,327	-	53,611	53,611
1.3.Balances with the Central Bank of Turkey		177	46,470	46,647	64	43,949	44,013
1.4.Other		-	16	16	-	18	18
II. TRADING SECURITIES (Net)	(2)	1,426,583	317,990	1,744,573	148,294	296,937	445,231
2.1.Public sector debt securities		1,426,583	317,475	1,744,058	148,294	296,484	444,778
2.1.1.Government bonds		1,303,688	132,890	1,436,578	131,549	254,567	386,116
2.1.2.Treasury bills		122,895	-	122,895	16,745	-	16,745
2.1.3.Other public sector debt securities		-	184,585	184,585	-	41,917	41,917
2.2. Share certificates		-	-	-	-	-	-
2.3.Other marketable securities		-	515	515	-	453	453
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	(3)	141,426	610,073	751,499	53,272	766,810	820,082
3.1.Due from banks		141,426	610,073	751,499	53,272	766,810	820,082
3.1.1.Domestic banks		100,002	145,951	245,953	26,008	33,500	59,508
3.1.2.Foreign banks		20,610	308,853	329,463	27,264	733,310	760,574
3.1.3.Branches and offices abroad		20,814	155,269	176,083	-	-	-
3.2.Other financial institutions		-	-	-	-	-	-
IV. MONEY MARKET SECURITIES	(4)	-	-	-	-	71,020	71,020
4.1.Interbank money market placements		-	-	-	-	71,020	71,020
4.2.Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3.Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	(5)	1,532,901	235,163	1,768,064	3,963	404	4,367
5.1.Share certificates		3,947	5,605	9,552	3,963	404	4,367
5.2.Other marketable securities		1,528,954	229,558	1,758,512	-	-	-
VI. LOANS	(6)	5,530,704	687,912	6,218,616	3,867,184	473,165	4,340,349
6.1.Short term		1,961,428	376,472	2,337,900	1,144,491	259,492	1,403,983
6.2.Medium and long term		3,549,581	311,440	3,861,021	2,689,092	204,854	2,893,946
6.3.Loans under follow-up		1,201,915	-	1,201,915	1,162,791	56,581	1,219,372
6.4.Specific provisions (-)		1,182,220	-	1,182,220	1,129,190	47,762	1,176,952
VII. FACTORING RECEIVABLES	(7)	-	-	-	-	-	-
VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)	(8)	12,495,424	968,186	13,463,610	14,310,367	2,445,129	16,755,496
8.1.Public sector debt securities		12,495,227	968,101	13,463,328	14,310,180	2,445,025	16,755,205
8.1.1.Government bonds		11,195,227	968,101	12,163,328	11,194,120	2,092,136	13,286,256
8.1.2.Treasury bills		-	-	-	-	-	-
8.1.3.Other public sector debt securities		1,300,000	-	1,300,000	3,116,060	352,889	3,468,949
8.2.Other marketable securities		197	85	282	187	104	291
IX. INVESTMENTS AND ASSOCIATES (Net)	(9)	25,918	-	25,918	22,363	6,012	28,375
9.1.Financial investments and associates		24,901	-	24,901	21,258	6,012	27,270
9.2.Non-Financial investments and associates		1,017	-	1,017	1,105	-	1,105
X. SUBSIDIARIES (Net)	(10)	8,849	268	9,117	9,402	268	9,670
10.1.Financial subsidiaries		8,849	268	9,117	9,402	268	9,670
10.2.Non-Financial subsidiaries		-	-	-	-	-	-
XI. INVESTMENTS (Net)	(11)	-	53,753	53,753	-	62,134	62,134
XII. FINANCE LEASE RECEIVABLES (Net)	(12)	-	-	-	-	-	-
12.1.Gross finance lease receivables		-	-	-	-	-	-
12.2.Unearned income (-)		-	-	-	-	-	-
XIII. RESERVE DEPOSITS		756,205	325,569	1,081,774	681,916	289,492	971,408
XIV. MISCELLANEOUS RECEIVABLES	(13)	14,101	1,447	15,548	208,407	762	209,169
XV. ACCRUED INTEREST AND INCOME RECEIVABLE	(14)	691,298	41,013	732,311	819,291	38,692	857,983
15.1.Loans		107,201	4,077	111,278	120,634	5,085	125,719
15.2.Marketable securities		561,512	35,624	597,136	675,482	32,632	708,114
15.3.Other		22,585	1,312	23,897	23,175	975	24,150
XVI. PROPERTY AND EQUIPMENT (Net)	(15)	712,084	240	712,324	704,899	218	705,117
16.1.Book value		1,328,592	535	1,329,127	1,441,566	510	1,442,076
16.2.Accumulated Depreciation (-)		616,508	295	616,803	736,667	292	736,959
XVII. INTANGIBLE ASSETS [Net]	(16)	888	-	888	243	-	243
17.1.Goodwill		-	-	-	-	-	-
17.2.Other		1,601	-	1,601	1,426	-	1,426
17.3.Accumulated Amortisation (-)		713	-	713	1,183	-	1,183
XVIII. DEFERRED ASSETS FOR TAX	(17)	88,209	-	88,209	61,536	-	61,536
XIX. OTHER ASSETS	(18)	205,120	736	205,856	208,187	1,278	209,465
TOTAL ASSETS		23,718,794	3,334,163	27,052,957	21,159,423	4,549,899	25,709,322

The accompanying disclosures and notes are an integral part of these statements.

TÜRKİYE HALK BANKASI A.Ş.

BANK ONLY BALANCE SHEET

THOUSAND NEW TURKISH LIRA

LIABILITIES	Disc.	CURRENT PERIOD (31/12/2005)			PRIOR PERIOD (31/12/2004)		
		TC	FC	Total	TC	FC	Total
I. DEPOSITS	(1)	16,422,989	4,474,833	20,897,822	14,136,648	5,316,646	19,453,294
1.1.Interbank deposits		414,385	4,473	418,858	15,494	7,492	22,986
1.2.Saving deposits		10,728,107	-	10,728,107	8,914,227	-	8,914,227
1.3.Public sector deposits		730,760	-	730,760	454,987	-	454,987
1.4.Commercial deposits		2,655,885	-	2,655,885	2,044,011	-	2,044,011
1.5.Other institutions deposits		1,893,852	-	1,893,852	2,707,929	-	2,707,929
1.6.Foreign currency deposits		-	4,470,360	4,470,360	-	5,309,154	5,309,154
1.7.Precious metals deposits		-	-	-	-	-	0
II. INTERBANK MONEY MARKET		40,027	-	40,027	181,364	688,164	869,528
2.1.Interbank money market takings		-	-	-	-	688,164	688,164
2.2.Istanbul Stock Exchange money market takings		-	-	-	-	-	0
2.3.Funds provided under repurchase agreements	(2)	40,027	-	40,027	181,364	-	181,364
III. FUNDS BORROWED	(3)	220,758	241,478	462,236	31,010	225,150	256,160
3.1.Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	0
3.2.Other funds borrowed		220,758	241,478	462,236	31,010	225,150	256,160
3.2.1.Domestic banks and institutions		44,369	27,744	72,113	29,498	24,103	53,601
3.2.2.Foreign banks, institutions and funds		176,389	213,734	390,123	1,512	201,047	202,559
IV. MARKETABLE SECURITIES ISSUED (Net)	(4)	-	-	-	-	-	0
4.1.Bills		-	-	-	-	-	0
4.2.Asset backed securities		-	-	-	-	-	0
4.3.Bonds		-	-	-	-	-	0
V. FUNDS	(5)	1,017,933	6,031	1,023,964	865,201	7,742	872,943
VI. MISCELLANEOUS PAYABLES	(6)	198,164	5,576	203,740	173,817	6,135	179,952
VII. OTHER EXTERNAL RESOURCES	(7)	95,313	171,670	266,983	108,917	16,416	125,333
VIII. TAXES AND OTHER DUTIES PAYABLE	(8)	51,154	-	51,154	58,029	-	58,029
IX. FACTORING PAYABLES	(9)	-	-	-	-	-	0
X. FINANCE LEASE PAYABLES (Net)	(10)	-	1,496	1,496	1,627	-	1,627
10.1.Finance Leasing Payables		-	1,496	1,496	1,694	-	1,694
10.2.Deferred finance leasing expenses (-)		-	-	-	67	-	67
XI. ACCRUED INTEREST AND EXPENSES PAYABLE	(11)	201,464	22,390	223,854	214,050	31,039	245,089
11.1.Deposits		195,833	19,629	215,462	205,049	28,078	233,127
11.2.Borrowings		3,288	2,729	6,017	257	2,612	2,869
11.3.Repurchase agreements		40	-	40	103	-	103
11.4.Other		2,303	32	2,335	8,641	349	8,990
XII. PROVISIONS	(12)	666,031	19,151	685,182	613,228	25,212	638,440
12.1.General provisions		33,199	-	33,199	26,330	297	26,627
12.2.Reserve for employee termination benefits		237,023	-	237,023	192,268	-	192,268
12.3.Provisions for income taxes		255,455	-	255,455	242,428	-	242,428
12.4.Insurance technical reserves (Net)		70,000	-	70,000	70,000	-	70,000
12.5.Other provisions		70,354	19,151	89,505	82,202	24,915	107,117
XIII. SUBORDINATED LOANS	(12)	-	-	-	-	-	0
XIV. DEFERRED LIABILITIES FOR TAX		-	-	-	-	-	0
XV. SHAREHOLDERS' EQUITY	(13)	3,196,351	148	3,196,499	3,008,927	-	3,008,927
15.1.Paid-in capital		1,150,000	-	1,150,000	1,150,000	-	1,150,000
15.2.Supplementary capital		63,501	148	63,649	1,220,451	-	1,220,451
15.2.1.Share premium	(14)	-	-	-	-	-	0
15.2.2.Share cancellation profits		-	-	-	-	-	0
15.2.3.Marketable securities value increase fund	(15)	59,196	148	59,344	-	-	0
15.2.4.Revaluation fund	(16)	4,305	-	4,305	-	-	0
15.2.5.Value increase in revaluation fund	(17)	-	-	-	-	-	0
15.2.6.Other capital reserves		-	-	-	-	-	0
15.2.7.Adjustment to paid-in capital		-	-	-	1,220,451	-	1,220,451
15.3.Profit reserves		1,389,547	-	1,389,547	110,753	-	110,753
15.3.1.Legal reserves	(18)	121,915	-	121,915	63,572	-	63,572
15.3.2.Status reserves		-	-	-	-	-	0
15.3.3.Extraordinary reserves	(19)	-	-	-	47,181	-	47,181
15.3.4.Other profit reserves		1,267,632	-	1,267,632	-	-	0
15.4. Profit or loss		593,303	-	593,303	527,723	-	527,723
15.4.1.Prior year income/loss		61,536	-	61,536	-	-	0
15.4.2.Current year income/loss		531,767	-	531,767	527,723	-	527,723
TOTAL LIABILITIES		22,110,184	4,942,773	27,052,957	19,392,818	6,316,504	25,709,322

The accompanying disclosures and notes are an integral part of these statements.

TÜRKİYE HALK BANKASI A.Ş.

OFF BALANCE SHEET COMMITMENTS

THOUSAND NEW TURKISH LIRA							
	Disc.	CURRENT PERIOD (31/12/2005)			PRIOR PERIOD (31/12/2004)		
		TC	FC	Total	TC	FC	Total
A. OFF BALANCE SHEET COMMITMENTS		2,911,392	1,328,988	4,240,380	2,660,114	1,444,497	4,104,611
I. GUARANTEES AND WARRANTIES	(1), (5)	851,956	1,266,278	2,118,234	687,483	1,433,737	2,121,220
1.1.Letters of guarantee		851,698	996,140	1,847,838	687,234	1,145,902	1,833,136
1.1.1.Guarantees subject to State Tender Law		272,977	794,789	1,067,766	194,576	893,743	1,088,319
1.1.2.Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3.Other letters of guarantee		578,721	201,351	780,072	492,658	252,159	744,817
1.2.Bank acceptances		-	16,701	16,701	-	9,933	9,933
1.2.1.Import letter of acceptance		-	16,701	16,701	-	9,933	9,933
1.2.2.Other bank acceptances		-	-	-	-	-	-
1.3.Letters of credit		23	253,003	253,026	14	277,584	277,598
1.3.1.Documentary letters of credit		23	253,003	253,026	14	277,584	277,598
1.3.2.Other letters of credit		-	-	-	-	-	-
1.4.Prefinancing given as guarantee		-	-	-	-	-	-
1.5.Endorsements		-	-	-	-	-	-
1.5.1.Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.Other endorsements		-	-	-	-	-	-
1.6.Securities issue purchase Guarantees		-	-	-	-	-	-
1.7.Factoring guarantees		-	-	-	-	-	-
1.8.Other guarantees		5	434	439	5	318	323
1.9.Other warranties		230	-	230	230	-	230
II. COMMITMENTS	(1), (5)	2,059,436	62,710	2,122,146	1,972,631	536	1,973,167
2.1.Irrevocable commitments		2,056,217	62,710	2,118,927	1,959,401	536	1,959,937
2.1.1.Asset purchase commitments		-	62,710	62,710	-	-	-
2.1.2.Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4.Loan granting commitments		-	-	-	-	-	-
2.1.5.Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6.Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.Payment commitments for checks		1,120,099	-	1,120,099	1,046,620	-	1,046,620
2.1.8.Tax and fund liabilities from export commitments		4,450	-	4,450	-	-	-
2.1.9.Commitments for credit card expenditure limits		892,907	-	892,907	901,496	-	901,496
2.1.10.Receivables from short sale commitments		-	-	-	-	-	-
2.1.11.Payables for short sale commitments		-	-	-	-	-	-
2.1.12.Other irrevocable commitments		38,761	-	38,761	11,285	536	11,821
2.2.Revocable commitments		3,219	-	3,219	13,230	-	13,230
2.2.1.Revocable loan granting commitments		-	-	-	-	-	-
2.2.2.Other revocable commitments		3,219	-	3,219	13,230	-	13,230
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	-	-	-	-	10,224	10,224
3.1.Forward foreign currency buy/sell transactions		-	-	-	-	-	-
3.1.1.Forward foreign currency transactions-buy		-	-	-	-	-	-
3.1.2.Forward foreign currency transactions-sell		-	-	-	-	-	-
3.2.Swap transactions related to foreign currency and interest rates		-	-	-	-	10,224	10,224
3.2.1.Foreign currency swap-buy		-	-	-	-	5,111	5,111
3.2.2.Foreign currency swap-sell		-	-	-	-	5,113	5,113
3.2.3.Interest rate swaps-buy		-	-	-	-	-	-
3.2.4.Interest rate swaps-sell		-	-	-	-	-	-
3.3.Foreign currency, interest rate and security options		-	-	-	-	-	-
3.3.1.Foreign currency options-buy		-	-	-	-	-	-
3.3.2.Foreign currency options-sell		-	-	-	-	-	-
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		-	-	-	-	-	-
3.4.1.Foreign currency futures-buy		-	-	-	-	-	-
3.4.2.Foreign currency futures-sell		-	-	-	-	-	-
3.5.Interest rate futures		-	-	-	-	-	-
3.5.1.Interest rate futures-buy		-	-	-	-	-	-
3.5.2.Interest rate futures-sell		-	-	-	-	-	-
3.6.Other		-	-	-	-	-	-

The accompanying disclosures and notes are an integral part of these statements.

TÜRKİYE HALK BANKASI A.Ş.

OFF BALANCE SHEET COMMITMENTS

THOUSAND NEW TURKISH LIRA						
Disc.	CURRENT PERIOD (31/12/2005)			PRIOR PERIOD (31/12/2004)		
	TC	FC	Total	TC	FC	Total
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)	44,036,581	5,315,089	49,351,670	22,790,194	6,501,324	29,291,518
IV. ITEMS HELD IN CUSTODY	35,651,659	1,355,070	37,006,729	14,840,795	1,960,776	16,801,571
4.1.Assets under management	-	-	-	-	-	-
4.2.Investment securities held in custody	34,628,071	1,195,921	35,823,992	14,255,690	1,810,854	16,066,544
4.3.Checks received for collection	798,399	7,069	805,468	479,615	5,774	485,389
4.4.Commercial notes received for collection	201,165	110,913	312,078	96,342	133,066	229,408
4.5.Other assets received for collection	7,273	-	7,273	5,972	123	6,095
4.6.Assets received for public offering	40	-	40	19	54	73
4.7.Other items under custody	16,711	41,167	57,878	3,157	10,905	14,062
4.8.Custodians	-	-	-	-	-	-
V. PLEDGED ITEMS	8,384,922	3,960,019	12,344,941	7,949,399	4,540,548	12,489,947
5.1.Marketable securities	23,395	817	24,212	23,888	817	24,705
5.2.Guarantee notes	553,181	91,319	644,500	438,422	117,177	555,599
5.3.Commodity	160,819	170,759	331,578	162,098	62,631	224,729
5.4.Warranty	-	-	-	-	-	-
5.5.Immovables	6,041,367	2,438,254	8,479,621	5,158,408	2,818,323	7,976,731
5.6.Other pledged items	628,583	640,072	1,268,655	590,681	342,064	932,745
5.7.Pledged items-depository	977,577	618,798	1,596,375	1,575,902	1,199,536	2,775,438
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTEES						
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)	46,947,973	6,644,077	53,592,050	25,450,308	7,945,821	33,396,129

The accompanying disclosures and notes are an integral part of these statements.

TÜRKİYE HALK BANKASI A.Ş.

BANK ONLY INCOME STATEMENT

THOUSAND NEW TURKISH LIRA			
INCOME STATEMENT	Disc.	CURRENT PERIOD (1/01/2005-31/12/2005)	PRIOR PERIOD (1/01/2004-31/12/2004)
I. INTEREST INCOME	(1)	3,717,406	4,088,915
1.1. Interest on loans		987,878	971,157
1.1.1. Interest on TC loans		853,067	866,220
1.1.1.1. Short term loans		324,877	345,353
1.1.1.2. Medium and long term loans		528,190	520,867
1.1.2. Interest on foreign currency loans		29,841	17,682
1.1.2.1. Short term loans		14,206	9,292
1.1.2.2. Medium and long term loans		15,635	8,390
1.1.3. Interest on loans under follow-up		104,970	87,255
1.1.4. Premiums received from Resource Utilisation Support Fund		-	-
1.2. Interest received from reserve deposits		88,917	102,962
1.3. Interest received from banks		27,700	50,164
1.3.1. The Central Bank of Turkey		783	195
1.3.2. Domestic banks		13,108	35,283
1.3.3. Foreign banks		13,809	14,686
1.3.4. Branches and offices abroad		-	-
1.4. Interest received from money market transactions		11,350	130,167
1.5. Interest received from marketable securities portfolio		2,591,839	2,826,030
1.5.1. Trading securities		167,790	108,271
1.5.2. Available-for-sale securities		82,302	-
1.5.3. Held to maturity securities		2,341,747	2,717,759
1.6. Other interest income		9,722	8,435
II. INTEREST EXPENSE	(2)	(2,792,658)	(2,793,341)
2.1. Interest on deposits		(2,570,722)	(2,681,607)
2.1.1. Interbank deposits		6,031	6,788
2.1.2. Saving deposits		1,628,839	1,515,249
2.1.3. Public sector deposits		94,489	95,202
2.1.4. Commercial deposits		313,225	307,911
2.1.5. Other institutions deposits		413,902	656,860
2.1.6. Foreign currency deposits		114,236	99,597
2.1.7. Precious metals deposits		-	-
2.2. Interest on money market transactions		33,787	55,618
2.3. Interest on funds borrowed		15,835	9,424
2.3.1. The Central Bank of Turkey		-	-
2.3.2. Domestic banks		4,923	285
2.3.3. Foreign banks		10,023	9,025
2.3.4. Branches and offices abroad		-	-
2.3.4. Other financial institutions		889	114
2.4. Interest on securities issued		-	-
2.5. Other interest expense		172,314	46,692

The accompanying disclosures and notes are an integral part of these statements.

TÜRKİYE HALK BANKASI A.Ş.

BANK ONLY INCOME STATEMENT

THOUSAND NEW TURKISH LIRA

INCOME STATEMENT	Disc.	CURRENT PERIOD (1/01/2005-31/12/2005)	PRIOR PERIOD (1/01/2004-31/12/2004)
III. NET INTEREST INCOME (I - II)		924,748	1,295,574
IV. NET FEES AND COMMISSIONS INCOME		155,033	111,159
4.1.Fees and commissions received		182,359	133,730
4.1.1.Cash loans		18,258	21,991
4.1.2.Non-cash loans		24,259	18,725
4.1.3.Other		139,842	93,014
4.2.Fees and commissions paid		27,326	22,571
4.2.1.Cash loans		-	47
4.2.2.Non-cash loans		5	4
4.2.3.Other		27,321	22,520
V. DIVIDEND INCOME		378	194
5.1.Trading securities		-	-
5.2.Available-for-sale securities		378	194
VI. NET TRADING INCOME		214,683	88,249
6.1.Profit/losses on trading account securities (Net)		23,577	2,792
6.1.1.Profit on trading account securities		78,183	38,107
6.1.1.1.Profit on derivative financial instruments		20,742	7,736
6.1.1.2.Other Profit on trading account securities		57,441	30,371
6.1.2.Losses on trading account securities (-)		54,606	35,315
6.1.2.1.Losses on derivative financial instruments		20,136	9,982
6.1.2.2.Other Losses on trading account securities		34,470	25,333
6.2.Foreign exchange gains/losses (Net)		191,106	85,457
6.2.1.Foreign exchange gains (*)		7,297,481	884,031
6.2.2.Foreign exchange losses (-) (*)		7,106,375	798,574
VII. OTHER OPERATING INCOME	(3)	269,417	148,479
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1,564,259	1,643,655
IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	(4)	114,497	90,249
X. OTHER OPERATING EXPENSES (-)	(5)	700,655	526,213
XI. NET OPERATING INCOME (VIII-IX-X)		749,107	1,027,193
XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	(6)	11,439	1,829
XIII. NET MONETARY POSITION GAIN/LOSS		-	(320,407)
XIV. INCOME BEFORE TAXES (XI+XII+XIII)		760,546	708,615
XV. PROVISION FOR TAXES ON INCOME (+/-)	(7)	(228,781)	(180,892)
15.1.Current Tax Provision		(255,455)	(242,428)
15.2.Deferred Tax Provision		26,674	61,536
XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV+XV)		531,765	527,723
XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES		2	-
17.1.Extraordinary net income/expense before taxes		2	-
17.1.1.Extraordinary income		67	-
17.1.2.Extraordinary expense (-)		65	-
17.2.Provision for taxes on extraordinary income		-	-
XVIII. NET PROFIT/LOSSES (XVI+XVII)	(8)	531,767	527,723
Earnings/Losses per share		372	369

(*) As of 17.11.2004, Pamukbank T.A.Ş. (which the Bank took over) started using the Mistral system. In this system, all foreign currency transactions are completed using position accounts. As a result, the net balance of foreign exchange gains or losses accounts present the net foreign exchange gains or losses of the transactions that took place in the current period.

The accompanying disclosures and notes are an integral part of these statements.

TÜRKİYE HALK BANKASI A.Ş.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

THOUSAND NEW TURKISH LIRA

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Disclosure	Paid-in Capital	Adjustment to paid-in capital	Share premium	Share certificate cancellation profits	Legal Reserves
PRIOR PERIOD						
(31/12/2004)						
I. Balances at the end of prior period		1,150,000	1,220,451	-	-	-
II. Changes in Accounting Policies		-	-	-	-	-
III. New balance (I+II)		1,150,000	1,220,451	-	-	-
IV. Net Profit or Losses		-	-	-	-	-
V. Profit Distribution		-	-	-	-	63,572
5.1. Dividends distributed		-	-	-	-	-
5.2. Transfers to legal reserves		-	-	-	-	63,572
5.3. Other		-	-	-	-	-
VI. Increase in capital		-	-	-	-	-
6.1. Cash		-	-	-	-	-
6.2. Revaluation Fund		-	-	-	-	-
6.3. Value Increase Fund Revaluation Fund		-	-	-	-	-
6.4. Marketable Securities Value Increase Fund		-	-	-	-	-
6.5. Adjustment to paid-in capital		-	-	-	-	-
6.6. Issuance of share certificates at end of period		-	-	-	-	-
6.7. Foreign exchange differences		-	-	-	-	-
6.8. Other	(6)	-	-	-	-	-
VII. Convertible bonds		-	-	-	-	-
Balances (I+II+IV+V+VI+VII)		1,150,000	1,220,451	-	-	63,572
CURRENT PERIOD						
(31/12/2005)						
I. Balances at end of prior period		1,150,000	1,220,451	-	-	63,572
Increases in the period:						
II. Investments securities available for sale	(1)	-	-	-	-	-
2.1. Net fair value gains/losses		-	-	-	-	-
III. Cash flow hedge		-	-	-	-	-
3.1. Net fair value gains/losses		-	-	-	-	-
Transferred Amounts:						
IV. Investments securities available for sale	(2)	-	-	-	-	-
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		-	-	-	-	-
VII. Profit Distribution		-	-	-	-	58,343
7.1. Dividends distributed		-	-	-	-	-
7.2. Transfers to legal reserves		-	-	-	-	58,343
7.3. Other		-	-	-	-	-
VIII. Increase in capital		-	-	-	-	-
8.1. Cash		-	-	-	-	-
8.2. Revaluation Fund		-	-	-	-	-
8.3. Value Increase Fund Revaluation Fund		-	-	-	-	-
8.4. Marketable Securities Value Increase Fund	(3)	-	-	-	-	-
8.5. Adjustment to paid-in capital	(4)	-	-	-	-	-
8.6. Issuance of share certificates at end of period		-	-	-	-	-
8.7. Foreign exchange differences	(5)	-	-	-	-	-
8.8. Other		-	-	-	-	-
IX. Convertible bonds		-	-	-	-	-
Closing balances (I+II+III+IV+V+VI+VII+VIII+IX)		1,150,000	1,220,451	-	-	121,915

The accompanying disclosures and notes are an integral part of these statements.

TÜRKİYE HALK BANKASI A.Ş.

STATEMENT OF CASH FLOW

	Disc.	THOUSAND NEW TURKISH LIRA	
		CURRENT PERIOD (31/12/2005)	PRIOR PERIOD (31/12/2004)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1. Operating profit before changes in operating assets and liabilities (+)		531,767	527,723
1.1.1. Interest received (+)		3,717,406	4,088,915
1.1.2. Interest paid (-)		2,792,658	2,793,341
1.1.3. Dividend received (+)		11,817	2,023
1.1.4. Fees and commissions received (+)		182,359	111,159
1.1.5. Other income (+)		-	-
1.1.6. Collections from previously written off loans and other receivables (+)		718	63,725
1.1.7. Payments to personnel and service suppliers (-)		354,631	280,770
1.1.8. Taxes paid (-)		21,475	16,721
1.1.9. Extraordinary items (+/-)		-	-
1.1.10. Other (+/-)	1	(211,769)	(647,267)
1.2. Changes in operating assets and liabilities		(1,767,745)	1,751,370
1.2.1. Net increase (decrease) in trading securities (+/-)		(1,299,342)	66,899
1.2.2. Net increase (decrease) in due from banks and other financial institutions (+/-)		68,583	(12,826)
1.2.3. Net increase (decrease) in loans (+/-)		(1,878,267)	(1,473,185)
1.2.4. Net increase (decrease) in other assets (+/-)		185,218	(412,836)
1.2.5. Net increase (decrease) in bank deposits (+/-)		395,872	4,154
1.2.6. Net increase (decrease) in other deposits (+/-)		1,048,656	3,715,414
1.2.7. Net increase (decrease) in funds borrowed (+/-)		206,076	(24,339)
1.2.8. Net increase (decrease) in matured payables (+/-)		-	-
1.2.9. Net increase (decrease) in other liabilities (+/-)	1	(494,541)	(111,911)
I. Net cash provided from banking operations (+/-)		(1,235,978)	2,279,093
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities (+/-)			
2.1. Cash paid for purchase of investments, associates and subsidiaries (-)	2	11,002	-
2.2. Cash obtained from sale of investments, associates and subsidiaries (+)	3	7,954	10,241
2.3. Fixed assets purchases (-)		65,959	176,900
2.4. Fixed assets sales (+)		61,667	-
2.5. Cash paid for purchase of investments available for sale (-)		1,699,168	665
2.6. Cash obtained from sale of investments available for sale (+)		-	-
2.7. Cash paid for purchase of investment securities (-)		1,701,270	6,926,811
2.8. Cash obtained from sale of investment securities (+)		4,872,218	2,308,189
2.9. Extraordinary items (+/-)		-	-
2.10. Other (+/-)		131,582	1,782,500
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities (+/-)			
3.1. Cash obtained from funds borrowed and securities issued (+)		-	-
3.2. Cash used for repayment of funds borrowed and securities issued (-)		-	-
3.3. Capital increase (+)		-	-
3.4. Dividends paid (-)		407,844	442,379
3.5. Payments for finance leases (-)		-	-
3.6. Extraordinary items (+/-)		-	-
3.7. Other (+/-)	1	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)	1	-	-
V. Net increase in cash and cash equivalents (I+II+III+IV)		(47,800)	(1,166,732)
VI. Cash and cash equivalents at beginning of the year (+)	4	228,697	1,415,911
VII. Cash and cash equivalents at end of the year (V+VI)	5	180,897	249,179

The accompanying disclosures and notes are an integral part of these statements.

TÜRKİYE HALK BANKASI A.Ş. PROFIT DISTRIBUTION TABLE

TÜRKİYE HALK BANKASI A.Ş. PROFIT DISTRIBUTION TABLE	THOUSAND NEW TURKISH LIRA	
	CURRENT PERIOD (31/12/2005) (**)	PRIOR PERIOD (31/12/2004)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1.CURRENT YEAR INCOME	760,546	708,615
1.2.TAXES AND DUTIES PAYABLE	255,455	242,428
1.2.1.Corporate Tax (Income tax) (*)	255,455	242,428
1.2.2.Income withholding tax	-	-
1.2.3.Other taxes and duties	-	-
A. NET INCOME FOR THE YEAR (1.1-1.2)	505,091	466,187
1.3.PRIOR YEARS LOSSES (-)	-	-
1.4.FIRST LEGAL RESERVES (-)	-	23,309
1.5.OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	505,091	442,878
1.6.FIRST DIVIDEND TO SHAREHOLDERS (-)	-	57,500
1.6.1.To owners of ordinary shares	-	57,500
1.6.2.To owners of preferred shares	-	-
1.6.3.To owners of preferred shares (preemptive rights)	-	-
1.6.4.To profit sharing bonds	-	-
1.6.5.To holders of profit and loss sharing certificates	-	-
1.7.DIVIDENDS TO PERSONNEL (-)	-	-
1.8.DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9.SECOND DIVIDEND TO SHAREHOLDERS (-)	-	350,343
1.9.1.To owners of ordinary shares	-	350,343
1.9.2.To owners of preferred shares	-	-
1.9.3.To owners of preferred shares (preemptive rights)	-	-
1.9.4.To profit sharing bonds	-	-
1.9.5.To holders of profit and loss sharing certificates	-	-
1.10.SECOND LEGAL RESERVES (-)	-	35,034
1.11.STATUTORY RESERVES (-)	-	-
1.12.GENERAL RESERVES	-	-
1.13.OTHER RESERVES	-	-
1.14.SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1.APPROPRIATED RESERVES	-	407,844
2.2.SECOND LEGAL RESERVES (-)	-	-
2.3.DIVIDENDS TO SHAREHOLDERS (-)	-	407,844
2.3.1.To owners of ordinary shares	-	407,844
2.3.2.To owners of preferred shares	-	-
2.3.3.To owners of preferred shares (preemptive rights)	-	-
2.3.4.To profit sharing bonds	-	-
2.3.5.To holders of profit and loss sharing certificates	-	-
2.4.DIVIDENDS TO PERSONNEL (-)	-	-
2.5.DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-

The accompanying disclosures and notes are an integral part of these statements.

TÜRKİYE HALK BANKASI A.Ş.

PROFIT DISTRIBUTION TABLE

TÜRKİYE HALK BANKASI A.Ş. PROFIT DISTRIBUTION TABLE	THOUSAND NEW TURKISH LIRA	
	CURRENT PERIOD (31/12/2005) (**)	PRIOR PERIOD (31/12/2004)
III. EARNINGS PER SHARE		
3.1.TO OWNERS OF ORDINARY SHARES	-	350,222
3.2.TO OWNERS OF ORDINARY SHARES (%)	-	100.0
3.3.TO OWNERS OF PRIVILEGED SHARES	-	-
3.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	0.0
IV. DIVIDEND PER SHARE		
4.1.TO OWNERS OF ORDINARY SHARES	-	306,392
4.2.TO OWNERS OF ORDINARY SHARES (%)	-	100.0
4.3.TO OWNERS OF PRIVILEGED SHARES	-	-
4.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	0.0

(*) As of 31 December 2004, TRY 61,536 Thousand worth of net deferred tax income is presented in the tax provision account in the income statement. However, this balance is not taken into consideration for profit distribution. However, this balance is not taken into consideration for the calculation of the distributable profit. As of 31 December 2005, deferred tax income worth TRY 26,674 Thousand is also not taken into consideration.

(**) As the general assembly has not met as of the report date, no profit distribution table is presented.

The accompanying disclosures and notes are an integral part of these statements.

TÜRKİYE HALK BANKASI A.Ş.

DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

1. Presentation of Financial Statements

According to the 37th article of the 5411 numbered Banking Law, consulting the associations of institutions and the Turkish Accounting Standards Board, banks must apply uniformity in their accounting systems in line with the principles and procedures based on the international standards to be established by the Banking Regulation and Supervision Agency (BRSA); correctly record all their transactions; and timely and correctly prepare their financial reports in a style and format that will meet the requirements of providing information, that is clear reliable and comparable and suitable for auditing, analysis and interpretation.

Banks shall not settle their balance sheets without ensuring reconciliation with legal and auxiliary books and records, branches and domestic and foreign correspondents.

The Bank maintains its books of account and prepares its financial statements in accordance with the regulations regulated by the Turkish Commercial Code and Turkish tax legislation and relevant accounting rules and regulations.

According to the 1st Provisional Clause of the 5411 numbered Banking Law, the Bank prepares its financial statements in compliance with the "Accounting Applications Regulation (AAR)" and other related communiqués within the scope of the 13th clause of the repealed 4389 numbered Banking Law titled "Accounting and Recording System".

As also stated in the 5411 numbered Banking Law, "Any legislation, which has been put into force, based on repealed provisions and the provisions shall remain in force and effect until decrees, regulations and communiqués to be put into effect in accordance with this Law take effect, that are not in conflict herewith".

Principles of Accounting

As summarized below, except to the fact that the application of inflation accounting has ended as of 1 January 2005, all accounting principles and valuation methodologies have been utilized without any variations in the financial statements as of 31 December 2005.

2. Accounting Policies

The accompanying financial statements are prepared on the basis of the Bank's statutory records. According to the changes in the tax procedure law on the basis of the 5024 numbered law, the Bank reflects inflation accounting adjustments to its statutory records as of 1 January 2004. As of 31 December 2003, besides the revaluation of fixed assets, financial statements have been prepared with the principles of historical cost and on the basis of statutory records. However, to present the financial statements accurately as of 31 December 2004, inflation accounting adjustments and reclassifications are made according to AAR Communiqué 14.

2.1 Inflation Accounting

According to the 14th Accounting Application Regulation (AAR) titled "Financial Reporting in Hyperinflationary Environment", the financial statements are stated in terms of the measuring unit current at the balance sheet date.

Therefore, comparative figures as of 31 December 2004 are restated into the same current measuring unit. This restatement is completed in order to minimize variations between the current and previous period figures due to changes in the purchasing power parity.

If the conditions specified at the 5th and 25th clauses of the 14th AAR are met, the Bank will no longer be required to prepare its financial statements according to this regulation and this will also require the conclusion of reporting in hyperinflationary environment.

According to BRSA's circular numbered two issued on 28 April 2005, most of the conditions as explained below were considered and was decided to end reporting in hyperinflationary environment. As a result, on the basis of BRSA's decision number 1623 dated 21 April 2005; the application of inflation accounting has ended as of 1 January 2005.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

The main indicators regarding this subject can be listed below:

- a) As of January 2005, there is a decreasing trend in the percentage of foreign currency deposits in the composition of the total deposits and the majority of the deposits consisting of TRY deposits;
- b) In banking sector statistics as of January 2005, there is a decreasing trend in the foreign currency loans and the dominance of TRY deposits in the composition of total loans.
- c) No maturity difference is added on the prices with short-term transactions;
- d) No indexation to prices during the issuance of cash equivalent government internal debt securities;
- e) Decrease in the wholesale price index (published by State Statistics Institution) below certain levels.

According to the same decision, the balance recorded in the 'Paid in Capital Inflation Adjustment Difference' as of 31 December 2004 will be recorded in 'Other Capital Reserves'. The inflation adjustment differences on other equity capital accounts and balance sheet accounts are added onto their respective accounts.

2.2. New Turkish Lira

As required by the 1st circular order published on 5 January 2005 by the Banking Regulation Supervision Agency (BRSA) the accompanying financial statements of the Bank have been presented on the basis of one thousand New Turkish Lira (TRY) unless otherwise stated. In order to present financial statements comparatively, the previous period's financial statements and footnotes have also been presented in the Turkish monetary unit.

Besides the issues explained above, there are no significant differences in the accounting policies applied in the current period's financial statements and the previous period's financial statements. The Bank has applied previous period accounting policies consistently in the current period.

All of the financial statements have been presented comparatively with the 31 December 2004 audited balances.

II. EXPLANATION ON FORWARDS, OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

The derivative instruments of the Bank are composed of currency swaps. Bank has no embedded derivative instruments separated from the host contract.

Bank enters into swap transactions in order to reduce disparity among currencies and to hedge against liquidity risk. Certain swap transactions are designated as hedging instruments whereas they are classified as held for trading in accordance with, "Accounting Standards for Financial Instruments" of AAR No:1.

In addition, liabilities and receivables arising from derivative transactions are recorded in off balance sheet accounts by their contractual notional amounts. The accruals related to the period end valuation are recorded in the balance sheet as of the period end and is reflected on the income statements.

In the determination of the fair values of the foreign currency derivative instruments, current market foreign exchange rates are considered to be the best estimate of the present value of the forward exchange rates. As of the balance sheet date there is no market for forward foreign exchange market rates, and no reliable estimates for forward foreign exchange rates could be made due to volatility. Accordingly, fair value differences are computed through comparison of the present value of contract foreign exchange rates as of balance sheet date and period-end Bank foreign exchange rates. The differences are shown in the balance sheet as "Interest and income accruals" when fair value difference is positive and "Interest and expense accruals" when fair value difference is negative, and reflected to income statement.

There are no embedded derivatives held for reserve recorded in shareholders' equity separated from the host contract or that are designated as hedging instruments as of December 31, 2005.

TÜRKİYE HALK BANKASI A.Ş.

DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

III. OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are netted off and reflected net in the financial statements when the Bank has a legal right and sanction regarding netting 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. Otherwise, the financial assets and liabilities are not netted. There are no financial assets and liabilities netted off against each other in the financial statements.

IV. INTEREST INCOME AND EXPENSE

Interest income and expenses are recognized on accrual basis. Exchange gains arising from the valuation of Turkish Lira Loans, quoted to foreign currency are included as interest income and exchange losses are included as provision and decrease in value in other expenses; exchange gains arising from valuation of marketable securities quoted to foreign currency are included in interest income and exchange losses are included in other expenses. In accordance with the related regulation, 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 COMMISSIONS INCOME AND EXPENSES

Other income and expenses are recognized on accrual basis, except for fees and commissions for various banking services rendered. They are recognized as income in the period when they are received.

Commissions and banking services expenses rendered for funds borrowed paid to other financial institutions, as part of the transaction costs, are considered as a component of interest of the related funds borrowed and accordingly, recorded as expense periodically.

Income generated via contracts or consulting services and project management services provided to third parties relating to the sale/purchase of ownership shares; or the purchase of assets are recognized as income when transaction is completed; when the collection is made or when the service is rendered, depending on the nature of the transaction.

VI. TRADING SECURITIES

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 for the purpose of generating profit in the short-run. Trading securities are initially recognized at cost. Transaction costs of the related securities are included in the initial cost. The difference between the cost and fair value of such marketable securities is accounted as interest and income accrual or "provision for decrease in value of marketable securities" account.

The difference between the selling price and purchase price of securities held for trading are reflected under interest income. If the selling price of security is higher than the discounted value at the trading date, the positive difference between the sales price and discounted value is recorded as income to "Capital Market Transaction Gains", and if the selling price of security is lower than the discounted value at the trading date, the negative difference between the sales price and discounted value is recorded as expense to "Capital Market Transaction Losses" in accordance with AAR.

Government bonds and treasury bills within held for trading portfolio are traded in Istanbul Stock Exchange (ISE) are valued by weighted average ISE prices effective as of balance sheet date. The government bonds and treasury bills within held for trading portfolio and are traded in ISE but not subject to purchase or sale in ISE as of balance sheet date are valued by prices calculated adding a daily interest on weighted average ISE prices effective on the last transaction date.

The interest received from securities held for trading is reflected under interest income, and the dividends received from such securities are reflected under dividend income.

VII. SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

The sales and purchases of marketable securities under repurchase agreements are recorded in the balance sheet in accordance with the Uniform Chart of Accounts. Accordingly, government bonds, which are sold to customers under repurchase agreements, are classified as a part of the portfolio that they were included in originally and are valued in accordance with the valuation principles of the related portfolio. Funds obtained from repurchase agreements are classified as a separate sub account within liabilities under money markets borrowings account group liabilities as "Funds provided from repurchase agreements". The interest expense accruals

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

calculated for the funds obtained by means of repurchase agreements are reflected to interest and other expense accruals from repurchase transaction account in the balance sheet.

Such transactions are short term and consist of government debt securities.

Income and expenses generated from such transactions have been reflected to "Interest received from marketable securities portfolio" and "Interest on money market transactions" accounts in the income statement.

As of December 31, 2005, the Bank does not have any reverse repo transactions.

As of December 31, 2005, the Bank does not have any marketable securities subject to lending.

VIII. INVESTMENT SECURITIES HELD-TO-MATURITY, INVESTMENT SECURITIES AVAILABLE FOR SALE AND ORIGINATED LOANS AND RECEIVABLES

Securities held to maturity are those obtained with the intention of holding until maturity, and accordingly, the relevant conditions including the funding abilities exist for fulfilling such intention. This portfolio includes securities with fixed or determinable payments and with a fixed maturity, excluding originated loans and receivables.

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

Loans and receivables originated by the Bank have been generated by providing cash, material purchases or services to the Borrower.

Securities held to maturity, securities available for sale and Bank originated loans and receivables are recorded at cost.

Securities available for sale are reflected by the market value after the acquisition. When there is no active market for prices as a base for a fair value, it is considered that market value cannot be reliably measured. The discounted value calculated by "Internal Rate of Return Method" is deemed to be the fair value. Unrealized gains and losses resulting from the changes in the fair value of held to maturity securities are not reflected to income statement for the period and preserved under shareholders' equity as "revaluation fund", until a collection, sale or disposal of the asset. If the asset is sold or disposed, difference of fair value within shareholders' equity is reflected to the income statement.

Since equity available for sale securities portfolio does not belong to companies quoted on the stock exchanges, there is no market value for these assets. Therefore, those securities presented in the accompanying financial statements with their indexed values are based on their acquisition dates.

Foreign currency denominated financial assets included in the available for sale securities portfolio (foreign share certificates) are recorded at cost translated to Turkish lira at the Bank's period end exchange rates. The differences generated from conversion are reflected to exchange rate gains and losses accounted in the relevant periods.

Held to maturity securities are subsequently measured at amortized cost using the internal rate of return method, less reserve for impairment in value, if any.

The Bank does not have any financial instruments, which were previously classified as held-to-maturity investments but prohibited to be classified as held-to-maturity investments for two years because of an incompliance with the principals of securities classification.

The interests received from securities held to maturity are recorded as interest income.

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

Before "Accounting Applications Regulation" (AAR) came into force, Securities held to maturity was journalized according to the "Uniform Chart of Accounts and Prospects for Banking".

TÜRKİYE HALK BANKASI A.Ş.

DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

IX. BANK ORIGINATED LOANS AND RECEIVABLES AND SPECIFIC PROVISIONS

The Bank initially records originated loans and receivables at cost. In subsequent periods, in accordance with the AAR, Communiqué No: 1, these loans were to be measured at amortized cost using Internal Rate of Return method as of 31 December 2004.

Cash loans are recorded in accordance with the regulations stated by the Communiqué on the Uniform Chart of Accounts and Its Explanations. Provision is set for the loans that may be doubtful accordance with "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" and the amount is deducted from the current period income. Provision criteria for 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 included within groups III, IV and V loans without considering the collaterals received, to the extent possible, in accordance with the Banking Law No.4389 as revised by Law Number 4672, Article 3, Sub Article 11 and Article 11, Sub Article 12 published on the Official Gazette No. 24448 dated June 30, 2001 on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" amended by Communiqué published on the Official Gazette No 34657 dated January 31, 2002 in the current period financial statements. These provisions are recorded to "Provision and Impairment Expenses - Special Provision Expense" account. These special provisions are recorded to income/expense accounts by using "Provisions and Diminution in Value Expenses-Special Provision Expenses".

Collections on loans against which provision is set forth are deducted from the "Provision for Loans and Other Receivables" account in the income statement. The collections made related to the previous years' written-off loans or allowances are recorded under "Other Operating Income" account and interest received is recorded under the "Interest Received from Loans under Follow-up".

Releases of provisions are made by the reversal of the amount from the "Provision and Impairment Expenses - Special Provision Expense" account. Releases of provisions for allowances recorded in the previous periods are made by crediting "Collections Regarding Previous Year's Expenses" account.

In addition to specific reserves, within the context of the stated regulations, Bank provides general provision for its loans and other receivables. General loan provision is calculated using a rate of 0.5% for cash loans and other receivables and 0.1% for non-cash loans.

The collections on provisions within the same year are credited to the Provision Expenses, and the provisions for the previous year are transferred to Other Income.

X. GOODWILL AND OTHER INTANGIBLE ASSETS

There is no goodwill arising from any acquisitions in associates and subsidiaries.

Intangible fixed assets are reflected at restated costs and depreciated in accordance with approximate economic life by using the straight-line method. The cost of assets subject to depreciation is restated after deducting the exchange rate differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets. Depreciation rate for intangible fixed assets is 10 years.

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

XI. PROPERTY AND EQUIPMENT

Immovables are reflected at their restated costs, less reserve for impairment, if any. In accordance with AAR Communiqué No:2, buildings are valued by the Construction and Real Estate Department of the Bank in 2004 and 2005, and reserve for impairment is set for those buildings, which have expertise values lower than net book values.

TÜRKİYE HALK BANKASI A.Ş.

DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

Tangible fixed assets are reflected with their restated costs. Straight-line depreciation method is used for tangible fixed assets based on the estimated economic lives of the related assets. Depreciation rates which are based on the estimated economic lives of the related assets are as follows:

	Economic Life
Buildings	50
Movables	50
Other tangible fixed assets	10-5
Leased tangible fixed assets	8-5
Leasehold improvements	10-5

The gain or loss arising on the disposals of the tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset expressed in terms of purchasing power and is recognized in shareholders' equity with other income or other expense in the balance sheet.

The repair costs of tangible fixed assets are capitalized if it extends the economic life of the asset. Otherwise the repair costs are expensed. There are no pledges, mortgages or other restrictions on tangible fixed assets.

There are no pledges, mortgages, and other related incumbrances on the Bank's tangible fixed assets.

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

XII. 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 addition to interest expense, the Bank records depreciation expense in each period for the leased assets. Depreciation period is 5-8 years in accordance with AAR, Communiqué No: 2, "Accounting Standard for Tangible Fixed Assets".

The Bank has TRY 1,496 thousand arising from leasing transactions as lessor.

XIII. PROVISIONS AND COMMITMENTS

Provisions and contingent liabilities except for general and specific provisions set for the loans and other receivables are accounted for in accordance with the AAR Communiqué No: 8.

The details of contingent liabilities are explained in note 5 "IV- Information and Disclosures Related to the Off-Balance Sheet Commitments.

As of the balance sheet date, the Law Department of the Bank declares that there are 241 pending lawsuits filed against the Bank. The total amount of the cases categorized is in TRY 48,375 Thousand, EUR 668,138 and USD 1,547,714 as of December 31, 2005. An amount of TRY 6,988 thousand has been allocated regarding those lawsuits in other provisions.

As of the balance sheet date, except for the issues mentioned above, the Bank has no provisions and commitments in the current period.

XIV. OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Liabilities regarding employee benefits are recorded in accordance with Communiqué AAR 10 "Accounting Standard of Bank Employee Benefits"

The five-year arithmetical average of actual payment rates are the basis for provision for liabilities arising from employee termination benefits and notice pay, 100% provision is set forth. The Bank has set provision amounting to TRY 237,023 Thousand for employee termination benefits and notice amount.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

As at balance sheet date, there are no employees with limited duration contracts whose contract will be ending after 12 months.

Actuary audits are required for Pamukbank T.A.Ş. Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı and T.C. Ziraat Bankası ve T. Halk Bankası A.Ş. Mensupları Emekli ve Yardım Sandığı according to AAR number 10. According to 23rd provisional clause of the 5411 numbered Banking Law, these two pension funds are expected to be transferred to the Social Security Agency in three years after the publication of the 5411 numbered Banking Law. The audit report which was based on the 10.24% technical interest rate defined by official institutions indicates that no technical deficit exists for T.C. Ziraat Bankası ve T. Halk Bankası A.Ş. Mensupları Emekli ve Yardım Sandığı Vakfı. However, a technical deficit was calculated for Pamukbank T.A.Ş. Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı and according to Communiqué AAR 10's 1st provisional clause, a TRY 70,000 Thousand provision has been set.

The Bank does not have any liabilities with regards to the Türkiye Halk Bankası Anonim Şirketi Personel Yardımlaşma Sandığı in which majority of personnel is enrolled.

XV. TAXES

Under the changes in the law No. 4842 that was published on 24 April 2003, the effective corporation tax rate is 30% and effective from April 1, 2004, since the 10% fund levy was abolished. However, with Law No. 5035 published at January 2, 2004, only for the year 2004 the corporation tax will be calculated at 33%. For the year 2005, 30% tax rate will be applied.

In accordance with AAR, communiqué on "Standard on Tax Accounting" numbered 18, published in Official Gazette no. 25551 dated August 12, 2004, deferred tax calculation is reflected to the accompanying financial statements as of 2004.

The Bank accounts deferred tax from the timing differences between accounting policies and tax regulations.

Current period-deferred tax asset is TRY 89,230 Thousand and deferred tax income is TRY 26,674 Thousand and the current period deferred tax liability is TRY 1,021 Thousand. Tax provision for the period is TRY 255,455 Thousand.

The tax legislation provides for a temporary tax of 30% (25% before April 24, 2003) 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. However, in accordance with Law No. 5035, effective from January 2, 2004, temporary taxes for the year 2004 will be calculated and paid at the rate of 33%.

The deadline for the declaration of tax returns is the evening of April 15 following the balance sheet date and is paid in one installment at the end of April

In 2003 and prior years corporation tax is computed on the statutory income tax base determined in accordance with the Procedure Tax Code without any adjustment for inflation accounting. With Law No. 5024 published on December 30, 2003 related with changes in Procedure Tax Code, Income Tax Law and Corporation Tax Law, starting from January 1, 2004, taxable income will be derived from the financial statements which are adjusted for inflation accounting. Accumulated earnings arising from the first application of inflation accounting on December 31, 2003 balance sheet will not be subject to corporation tax, and similarly accumulated deficits arising from such application will not be deductible for tax purposes. Moreover, accumulated tax loss carried forward related with 2003 and prior periods will be utilized at their historical (nominal) values in 2004 and future years.

XVI. ADDITIONAL EXPLANATIONS ON BORROWINGS

Debt instruments are accounted for in accordance with the Communiqué No: 1. Hedging techniques are not used for borrowings and hedge accounting is not applied in accounting and valuation of debt instruments and the liabilities that represent the borrowings.

The Bank has not issued convertible bonds.

XVII. PAID IN SHARE CAPITAL AND STOCKS

The Bank does not have any transaction costs related to share issue in the current period.

Profit distribution of the Bank is decided by the general assembly. The general assembly has not met as of the report date; and therefore the profit distribution is not definite.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

XVIII. AVAL DRAFTS AND ACCEPTANCES

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

There are no acceptances given as liabilities against any assets.

XIX. GOVERNMENT INCENTIVES

There are no government incentives utilized by the Bank at current and previous periods.

XX. SEGMENT REPORTING

According to AAR Communiqué 17's provisional clauses, segment reporting will be made after 1 January 2006.

SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK

I. STRATEGY FOR THE USE OF FINANCIAL INSTRUMENTS AND EXPLANATIONS ON THE FOREIGN CURRENCY TRANSACTIONS

Although majority of the funds on the balance sheet bear fixed interest rates, marketable securities on the asset side carry floating interest rates. Funds are repriced at short periods based on the market conditions due to the average maturity of between 30 to 45 days. Liquidity position of the Bank is decided to cover all liabilities due.

Since the proportion of borrowing from money market to total liabilities is low, the Bank can easily borrow from short-term markets like ISE repo, Central Bank and money markets or Interbank when needed. In case of such liquidity crisis, the Bank could strengthen its deposits base with the advantage of widespread branches all around the country.

As a part of the Bank's risk management strategy, any kind of risk creating position taking is limited by the decision of the Board of Directors. Daily limits and foreign currency position limits and loss limits carried to generate a profit from short-term fluctuations or to serve customers with competitive prices, are defined to reduce any risk to be derived. This position limitation has been reviewed in 2005.

The Bank has a strategy of not holding any position regarding any foreign currency. Thus the Bank does not hold any currency risk. The Bank also does not hold an interest rate risk as the rates on majority of foreign currency assets are indexed to LIBOR or to rates on the foreign currency liquidity market of Central Bank of the Republic of Turkey. The cost of foreign currency sources and yield on financial assets are closely monitored. The Bank preserves positive profit margin by adjusting interest on deposits in line with market rates.

II. EXPLANATIONS AND NOTES TO CAPITAL ADEQUACY STANDARD RATIO:

The risk measurement method used 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 unconsolidated capital adequacy ratio calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" is 49.64%.

As of December 31, 2004, the bank has made its calculations by classifying the loans given to cooperatives and consumer loans except in 0% weighted risk loans (43% in total loans) to 100% weighted risk group, and remaining loans to 50% weighted loans. (As of December 31, 2004 - 58.90%)

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

The amounts deducted from the capital in the calculation of shareholders' equity are not considered in the calculation of 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.

Beginning from December 31, 2004, in the calculation of the amounts subject to credit risk regarding the transactions on the non-cash loans, the net receivable amount from the counter parties is found by deducting the specific provision amount set in accordance with

TÜRKİYE HALK BANKASI A.Ş.

DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" and the net amount 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 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.

1. Information related to the capital adequacy ratio:

	Risk Weights			
	Bank only			
	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non-Cash Loans				
Balance Sheet items (Net)	14,330,571	751,499	3,176,629	3,189,853
Cash	134,234	-	-	16
Due from banks	46,647	751,499	-	-
Interbank money market placements	-	-	-	-
Receivables from reverse repo transactions	-	-	-	-
Reserve deposits	1,081,774	-	-	-
Special finance houses	-	-	-	-
Loans	680,105	-	3,149,045	2,369,771
Loans under follow-up (Net)	-	-	-	19,695
Subsidiaries, associates and marketable sec. HTM	-	-	-	1,177
Miscellaneous receivables	1,154	-	-	14,394
Marketable securities held to maturity (Net)	12,205,598	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-
Financial lease receivables	-	-	-	-
Leased assets (Net)	-	-	27,584	-
Fixed assets (Net)	-	-	-	674,076
Other assets (*)	181,059	-	-	110,724
Off balance sheet items	408,773	228,889	1,848,637	82,011
Guarantees and pledges	25,069	225,402	747,785	8,684
Commitments	-	3,219	1,065,893	-
Other off balance sheet items	-	-	-	-
Transactions related with derivative financial instruments	-	-	-	-
Interest and income accruals	383,704	268	34,959	73,327
Not risk weighted accounts	-	-	-	-
Total risk weighted assets	14,739,344	980,388	5,025,266	3,271,864

(*) Deferred tax asset of TRY 88,209 Thousand is reflected in 100% risk weight in other assets.

2. Summary information about the unconsolidated capital adequacy ratio:

	Bank only	
	Current Period	Prior Period
Total risk weighted assets (RWA) (1)	5,980,575	4,769,473
Amount subject to market risk (SRY) (2)	302,600	189,335
Shareholders' Equity	3,118,701	2,920,871
Shareholders' Equity/(RWA+ (SRY(%))	49.64	58.90

(1) RWA: Risk weighted assets

(2) SRY: Amount subject to Market Risk

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

3. Information related to components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	1,150,000	1,150,000
Nominal capital	1,250,000	1,250,000
Capital Commitments (-)	(100,000)	(100,000)
Adjustment to paid-in capital	1,220,451	1,220,451
Share premium	-	-
Legal reserves	121,915	63,572
First legal reserve (Turkish Commercial Code 466/1)	48,615	25,306
Second legal reserve (Turkish Commercial Code 466/2)	72,711	37,931
Other legal reserve per special legislation	589	335
Status reserves	-	0
Extraordinary reserves	47,181	47,181
Reserves allocated by the General Assembly	47,181	47,181
Retained earnings (*)	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Profit	593,303	527,723
Current period profit	531,767	527,723
Prior period profit	61,536	-
Loss (-)	-	-
Current period loss	-	-
Prior period loss	-	-
Total Core Capital	3,132,850	3,008,927
SUPPLEMENTARY CAPITAL		
Revaluation Fund	-	-
Furniture, fixture and vehicles	-	-
Buildings	-	-
Profit on sale of associates, subsidiaries and buildings to be transferred to share capital	-	-
Revaluation fund of leasehold improvement	-	-
Increase in the value of revaluation fund	4,305	-
Foreign exchange differences	-	-
General reserves	33,199	26,627
Provisions for possible losses	-	5,000
Subordinated loans	-	-
Marketable securities and investment securities value increase fund	59,344	-
Associates and subsidiaries	-	-
Investments available-for-sale	59,344	-
Investments held for structural transactions	-	-
TOTAL SUPPLEMENTARY CAPITAL	96,848	31,627
TIER III CAPITAL		
CAPITAL	3,229,698	3,040,554

(*) The balance recorded in the previous period in extraordinary reserves, the monetary profit arising from the 2003 profit distribution in April 2004 are recorded in the other reserves in the current period.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

	Current Period	Prior Period
DEDUCTIONS FROM THE CAPITAL	110,997	119,683
Investments in financial companies whose main activities are money and capital markets, insurance and that operate with licenses provided in accordance with special laws.	97,163	103,288
Leasehold improvements	10,664	13,606
Installation costs	888	243
Prepaid expenses	2,282	2,546
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 Shareholders' Equity	3,118,701	2,920,871

III. CREDIT RISK

In reliance with credit ratings, the Bank manages its credit risk through limiting its risk with highly credible banks and organizations. The Bank rates each of its customers (legal or real), where the high risk customers are either asked for additional guarantees, no loans are provided to them, or strategies related to lowering this risk. The Bank's credit risk is focused in Turkey where the main operation takes place. During the loan application process, limits for product and customers are taken into consideration and these limits are controlled regularly. The related loan units within the Bank are responsible for defining limits for sectors and geographic regions.

The risks and limits generated for banks and transactions with correspondent banks are followed up daily. Off balance sheet risk concentration on individual customers and banks are also followed up daily in cooperation with treasury department.

Those loans which are renewed or restructured are traced not only according to their relevant regulations, but are also traced with the risk management process where they are re-considered for their credit group and weight. With these methods, new precautions are taken and loans that have a longer maturity naturally have a greater credit risk than the short-term loans.

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." The financial statements obtained for loans to be granted are audited as foreseen in the related legislation. The loan limits are updated by the initiative of the Bank Credit Committee and top management as deemed necessary and in accordance with the changes in economic conditions. The Bank obtains adequate collateral for loans given and other receivables. Such collateral comprise surety ships, mortgages on property, cash blockages and cheques.

The Bank has a policy to reduce total risk by settling as soon as possible forward and option contracts through usage of rights, fulfillments of obligations or sale in case a significant credit risk is encountered.

Indemnified non-cash loans are weighted in the same risk group with the non-performing loans and recorded to follow up accounts according to their collaterals.

The Bank is not an active participant in international banking market.

The percentage of the top 100 cash loan clients of the Bank to the total loan portfolio is 24%.

The percentage of the top 100 non-cash loan clients of the Bank to the total loan portfolio is 59%.

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 8%.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

In accordance with "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves." the Bank has set TRY 33,199 thousand general loan loss provision.

Information according to geographical concentration

	Assets	Liabilities (6)	Non-cash loans	Capital Expenditures (3)	Net profit (4)
Current Period					
Domestic	26,610,783	23,412,936	1,681,207	38,714	531,767
European Union Countries	183,016	269,740	405,618	53,753	-
OECD Countries (1)	25,321	-	5,476	5,605	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	106,669	-	25,459	-	-
Other Countries	28,828	173,782	474	268	-
Unallocated Assets/liabilities (2)					
Total	26,954,617	23,856,458	2,118,234	98,340	531,767
Prior Period (5)					
Domestic	24,875,380	22,491,843	2,039,538	31,765	527,723
European Union Countries	595,259	187,802	76,378	62,134	-
OECD Countries (1)	77,591	211	4,042	6,012	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	51,498	13,028	685	-	-
Other Countries	8,962	7,511	577	721	-
Unallocated Assets/liabilities (2)					
Total	25,608,690	22,700,395	2,121,220	100,632	527,723

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

(2) Unallocated assets/liabilities which could not be distributed according to a consistent principal

(3) The fixed capital expenditures will be presented in the 'Capital Expenditures' column and will not be presented again in the 'Assets' column.

(4) The net profit in the net profit column is total profit of the Bank and no regional distribution is presented again.

(5) Since the disclosure was not requested in 31.12.2003 reporting, previous year figures could not be presented

(6) The shareholders' equity has not been presented in the liabilities in the column.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

Sector concentrations for cash loans

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	141,063	2.56	7,933	1.15	86,436	2.25	22,534	4.85
Farming and raising livestock	129,588	2.35	4,742	0.69	70,133	1.83	18,592	4.00
Forestry	5,682	0.10	1,735	0.25	14,505	0.38	3,026	0.65
Fishing	5,793	0.11	1,456	0.21	1,798	0.05	916	0.20
Manufacturing	1,239,170	22.49	480,622	69.87	554,428	14.46	310,355	66.84
Mining	28,019	0.51	14,263	2.07	126,269	3.29	55,490	11.95
Production	1,205,532	21.87	461,987	67.16	424,550	11.07	253,440	54.58
Electric, gas and water	5,619	0.10	4,372	0.64	3,609	0.09	1,425	0.31
Construction	332,016	6.02	17,298	2.51	164,565	4.29	13,305	2.87
Services	2,297,913	41.70	164,264	23.88	1,410,015	36.78	91,778	19.77
Wholesale and retail trade	996,647	18.08	19,705	2.86	859,135	22.41	23,146	4.98
Hotel, food and beverage services	53,729	0.97	39,042	5.68	13,040	0.34	17,652	3.80
Transportation and telecommunication	289,979	5.26	67,218	9.77	29,490	0.77	2,680	0.58
Financial Institutions	44,607	0.81	21,424	3.11	65,378	1.71	8,568	1.85
Real estate and renting services	9,060	0.16	0	0.00	132,659	3.46	416	0.09
Self-employment services	640,171	11.62	7,225	1.05	225,927	5.89	8,821	1.90
Education services	32,124	0.58	6,318	0.92	61,968	1.62	245	0.05
Health and social services	231,596	4.20	3,332	0.48	22,418	0.58	30,250	6.51
Other	1,500,847	27.23	17,795	2.59	1,618,139	42.21	26,374	5.68
Total	5,511,009	100.00	687,912	100.00	3,833,583	100.00	464,346	100.00

IV. MARKET RISK:

The Bank has determined its market risk activities and to take necessary actions according to the "Communiqué" on Internal Control and Risk Management System", published in the Official Gazette No. 24312 on February 8, 2001.

Market risk is measured and traced with Standard Method by the Bank. A study has continued to calculate the market risk according to "Internal Method". Results of monthly measurement of market risk and weekly measurement of foreign currency risks are reported to Bank's High Level of Management in addition to legal reporting. In this context, the most important part of the market risk is interest rate risk. In addition to this daily risk analysis report, daily market risk analyses report and weekly macroeconomic risk analyses reports are prepared and presented to the High Level Management.

Below is the table showing the details of "Market Risk Measurement with Standard Method" as of December 31, 2005 in reliance with the "Communiqué Regarding the Measuring and Evaluation of Banks Capital Adequacy Ratio":

	Current Period
Capital to be employed for interest rate risk - standard method	22,978
Capital to be employed for general market risk	22,978
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	1,230
Capital liability	1,230
Capital to be employed for options subject to currency risk	-
Total Value-at-risk (VAR)-Internal Model	-
Total capital to be employed for market risk	24,208
Amount subject to market risk	302,600

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

V. CURRENCY RISK:

Foreign currency risk indicates the possibilities of the potential losses 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 account. Net short and long position of Turkish Lira equivalent of each foreign currency is calculated.

The Bank's exposure to foreign currency risk is limited. However, possible foreign currency risks are calculated in foreign currency risk table in the frame of standard method at weekly and monthly periods to follow up the foreign currency risk periodically. When deemed necessary, in rare circumstances foreign currency swap transactions are made with banks.

As of 31 December 2005 and the previous five working days the publicly notified exchange rates are as follows:

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

Date	USD	EURO	YEN
30/12/2005	1,339 YTL	1,5794 YTL	0,01134 YTL
29/12/2005	1,339 YTL	1,5839 YTL	0,01135 YTL
28/12/2005	1,339 YTL	1,5949 YTL	0,01139 YTL
27/12/2005	1,341 YTL	1,5896 YTL	0,01143 YTL
26/12/2005	1,338 YTL	1,5860 YTL	0,01149 YTL
23/12/2005	1,338 YTL	1,5881 YTL	0,01146 YTL

The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is as follows:

USD : 1,34205 YTL
 EURO : 1,59127 YTL
 YEN : 0,01132 YTL

TÜRKİYE HALK BANKASI A.Ş.

DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

Information on the foreign currency risk of the Bank:

	EURO	USD	Yen	Other FC	Total
Current Period					
Assets					
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	67,734	22,258	34	1,787	91,813
Due from other banks and financial institutions	293,482	260,654	1,023	54,914	610,073
Trading securities	74,702	243,288	-	-	317,990
Money market placements	-	-	-	-	-
Investment securities available-for-sale	74,053	161,110	-	-	235,163
Loans (**)	233,744	480,565	-	433	714,742
Investments in subsidiaries and associates	53,753	268	-	0	54,021
Investment securities held-to-maturity (****)	1,619,266	914,099	-	45	2,533,410
Property and equipment	3	216	-	21	240
Goodwill	-	-	-	-	-
Other assets (***)	299,358	86,217	-	342	385,917
Total Assets	2,716,095	2,168,675	1,057	57,542	4,943,369
Liabilities					
Interbank deposits	-	4,469	-	4	4,473
Foreign currency deposits	2,346,062	2,073,143	1,064	50,091	4,470,360
Money market takings	-	-	-	-	-
Funds provided from other financial institutions	205,941	35,104	-	433	241,478
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	2,176	3,368	-	32	5,576
Other liabilities	168,555	47,597	255	4,479	220,886
Total liabilities	2,722,734	2,163,681	1,319	55,039	4,942,773
Net On Balance Sheet Position					
Net Off Balance Sheet Position	(6,639)	4,994	(262)	2,503	596
Financial derivative assets	-	-	-	-	-
Financial derivative liabilities	-	-	-	-	-
Non-cash loans (*)	494,641	730,717	7,768	33,152	1,266,278
Prior Period					
Total Assets	3,250,467	3,026,901	472	57,038	6,334,878
Total Liabilities	3,239,197	3,018,679	948	57,680	6,316,504
Net On Balance Sheet Position	11,270	8,222	(476)	(642)	18,374
Net Off Balance Sheet Position	5,112	5,112	-	-	10,224
Non-cash loans	522,418	857,229	7,754	46,336	1,433,737

(*) The non-cash loans have not been included in the off-balance sheet position.

(**) The loans indexed with the foreign currencies worth TRY 26,830 Thousand have been included.

(***) Accrual of the loans indexed with the foreign currencies and held to maturity investments worth TRY 17,152 thousand is included.

(****) Held to maturity investments indexed to foreign currency worth TRY 1,565,254 thousand are included.

VI. INTEREST RATE RISK:

The interest rate sensitivity of assets, liabilities and off-balance sheet items are measured by the Bank. Interest rate risk is calculated by including assets and liabilities and the general and specific interest rate risk tables within the standard method and it is taken into consideration as part of the general market risk in the computation of Capital Adequacy Standard Ratio.

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

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

Work is performed regarding interest income according to the macro economical indicators in the Bank's budget estimations and the effects of the market interest fluctuations on the financial position and cash flow are eliminated at the maximum level possible by means of target revisions. Cost of the Bank's TRY deposits, repurchase agreements, FC deposits etc and all of the resources are determined with the approval of Executive Member of the Board of Directors authorized by the Board of Directors.

The Bank is not subject to a material interest rate risk exposure since the Bank does not permit interest mismatches or imposes limits.

1. Information related to the interest rate mismatch of the Bank (Interest rate sensitivity of assets, liabilities and off-balance sheet items based on remaining period to repricing dates):

Current Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Demand (1)	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	46,647	-	-	-	-	134,250	180,897
Due from banks and other financial institutions	751,334	-	-	-	165	-	751,499
Trading securities	46,366	789,544	223,518	284,208	400,422	515	1,744,573
Money market placements	-	-	-	-	-	-	-
Investment securities available-for-sale	-	1,521,546	146,714	45,194	45,058	9,552	1,768,064
Loans (4)	339,532	679,067	796,989	1,600,172	2,783,161	-	6,198,921
Investment securities held-to-maturity	5,826,075	4,630,913	2,497,468	508,872	282	-	13,463,610
Other assets (2) (4)	1,111,299	11,255	14,188	216,986	475,905	1,115,760	2,945,393
Total assets	8,121,253	7,632,325	3,678,877	2,655,432	3,704,993	1,260,077	27,052,957
Liabilities							
Interbank deposits (4)	413,941	-	-	-	-	4,917	418,858
Other deposits (4)	5,876,021	8,162,636	2,532,824	1,106,470	283,473	2,517,540	20,478,964
Money market takings (4)	40,027	-	-	-	-	-	40,027
Miscellaneous payables (4)	-	-	-	203,740	-	-	203,740
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions (4)	71,900	-	-	-	390,336	-	462,236
Other liabilities (3) (4)	147,901	96,502	19,818	10,821	1,025,426	4,148,664	5,449,132
Total liabilities	6,549,790	8,259,138	2,552,642	1,321,031	1,699,235	6,671,121	27,052,957
On Balance Sheet Interest Sensitivity Gap	1,571,463	(626,813)	1,126,235	1,334,401	2,005,758	(5,411,044)	-
Off Balance Sheet Interest Sensitivity Gap	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	1,571,463	(626,813)	1,126,235	1,334,401	2,005,758	(5,411,044)	-

(1) TRY 88,209 Thousand worth of net deferred tax assets have been included in the 'demand' column.

(2) TRY 19,695 Thousand worth of specific provisions for doubtful loans have been included in the 'demand' column.

(3) The total of the capital equity have been presented in the 'demand' column.

(4) The current IT system of the Bank is not sufficient, and therefore re-pricing has not been completed as of the time period left. As a result, the accounts maturity have been distributed on the basis of the original maturity.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

Prior Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Demand	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	44,013	-	-	-	-	113,664	157,677
Due from banks and other financial institutions	820,082	-	-	-	-	-	820,082
Trading securities	-	196,377	137,179	52,581	58,641	453	445,231
Money market placements	22,780	48,240	-	-	-	-	71,020
Investment securities available-for-sale	-	-	-	-	-	4,367	4,367
Loans(*)	243,156	486,312	543,755	1,084,584	1,940,122	-	4,297,929
Investment securities held-to-maturity	-	11,679,217	2,531,759	2,481,853	62,667	-	16,755,496
Other assets	1,001,819	12,787	18,045	135,142	661,598	1,328,129	3,157,520
Total assets	2,131,850	12,422,933	3,230,738	3,754,160	2,723,028	1,446,613	25,709,322
Liabilities							
Interbank deposits	16,851	1,267	7	-	-	4,861	22,986
Other deposits	4,871,931	9,307,216	1,915,967	905,864	490,697	1,938,633	19,430,308
Money market takings	467,783	401,745	-	-	-	-	869,528
Miscellaneous payables	-	-	-	-	-	179,952	179,952
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	53,469	-	17,089	185,602	-	256,160
Other liabilities	133,932	124,437	24,156	7,805	887,358	3,772,700	4,950,388
Total liabilities	5,490,497	9,888,134	1,940,130	930,758	1,563,657	5,896,146	25,709,322
On Balance Sheet Interest Sensitivity Gap	(3,358,647)	2,534,799	1,290,608	2,823,402	1,159,371	(4,449,533)	-
Off Balance Sheet Interest Sensitivity Gap	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	(3,358,647)	2,534,799	1,290,608	2,823,402	1,159,371	(4,449,533)	-

(*) Loans under follow up of TRY 42,420Thousand for which provision is not set are presented in other assets.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

2. Average interest rates applied to monetary financial instruments:

Current Period	EURO	USD	Japanese Yen	TRY
	%	%	%	%
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	1.14	2.03	-	10.25
Due from banks and other financial institutions	2.34	4.11	-	14.10
Trading securities	4.89	5.66	-	16.03
Money market placements	-	-	-	13.63
Investment securities available-for-sale	4.51	5.45	-	17.16
Loans	6.00	5.75	-	20.50
Investment securities held-to-maturity	3.56	6.33	-	15.93
Liabilities				
Interbank deposits	-	-	-	13.86
Other deposits	2.07	2.21	-	13.31
Money market takings	-	-	-	13.49
Miscellaneous payables	-	-	-	11.25
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	4.93	-	-	11.12

Prior Period	EURO	USD	Japanese Yen	TRY
	%	%	%	%
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	0.99	1.04	-	12.50
Due from banks and other financial institutions	2.13	2.34	-	19.15
Trading securities	6.51	5.27	-	20.88
Money market placements	-	1.13	-	-
Investment securities available-for-sale	-	-	-	-
Loans	6.50	6.00	-	36.68
Investment securities held-to-maturity	3.58	4.33	-	25.80
Liabilities				
Interbank deposits	-	-	-	-
Other deposits	1.97	1.80	-	17.29
Money market takings	1.10	1.07	-	-
Miscellaneous payables	-	-	-	13.00
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	6.22	-	-	-

VII. LIQUIDITY RISK:

Liquidity risk occurs when there is not sufficient amount of cash or cash flows to fulfill the cash outflows completely and on time, resulting from unstable cash flows. Liquidity risk may also occur when the market penetration is not enough, when the open positions cannot be closed urgently with a suitable price and sufficient amount due to barriers and break-ups at the markets.

The Bank uses domestic and foreign markets for its liquidity needs. Low level of liquidity need makes it possible to easily borrow from the corresponding markets (CBRT, ISE, Interbank money market, Settlement and Custody Bank and other markets). Lower ratio of the deposits compared to other banks with similar-sized balance sheets indicates that bigger share can be obtained from the markets when needed. Money market debts which can be obtained from domestic banks, making repo transactions in foreign markets with the Eurobonds in the portfolio are the other potential resource items.

The Bank's fund resources consist mainly of deposits. Besides, the investments portfolio also consists mainly of the held to maturity investments.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

Presentation of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and over	Undistributed (4)	Total
Current Period								
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Turkey	134,250	46,647	-	-	-	-	-	180,897
Due from banks and other financial institutions	-	751,334	-	-	-	165	-	751,499
Trading securities	-	1,116	6,044	56,875	303,949	1,376,074	515	1,744,573
Money market placements	-	-	-	-	-	-	-	-
Investment securities available-for-sale	-	-	-	-	258,567	1,499,945	9,552	1,768,064
Loans (3) (5)	-	339,532	679,067	796,989	1,600,172	2,783,161	-	6,198,921
Investment securities held-to-maturity	-	191,429	-	49,704	2,195,501	11,026,976	-	13,463,610
Other assets (5)	-	1,111,299	11,255	14,188	216,986	475,905	1,115,760	2,945,393
Total assets	134,250	2,441,357	696,366	917,756	4,575,175	17,162,226	1,125,827	27,052,957
Liabilities								
Interbank deposits (5)	4,917	413,941	-	-	-	-	-	418,858
Other deposits (5)	2,517,540	5,876,021	8,162,636	2,532,824	1,106,470	283,473	-	20,478,964
Funds provided from other financial instruments (5)	-	71,900	-	-	-	390,336	-	462,236
Money market takings (5)	40,027	-	-	-	-	-	-	40,027
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables (5)	-	-	-	-	203,740	-	-	203,740
Other liabilities (1) (5)	1,003,319	96,747	96,502	19,818	10,821	4,221,925	-	5,449,132
Total liabilities	3,565,803	6,458,609	8,259,138	2,552,642	1,321,031	4,895,734	-	27,052,957
Net Liquidity Gap	(3,431,553)	(4,017,252)	(7,562,772)	(1,634,886)	3,254,144	12,266,492	1,125,827	-
Prior Period (2)								
Total Assets	228,699	2,067,911	507,394	930,769	5,352,588	15,289,012	1,332,949	25,709,322
Total Liabilities	2,783,003	5,490,497	9,888,135	1,940,130	930,758	4,676,799	-	25,709,322
Net Liquidity Gap	(2,554,304)	(3,422,586)	(9,380,741)	(1,009,361)	4,421,830	10,612,213	1,332,949	-

(1) Shareholders' Equity is presented in "1 Year and Over" column.

(2) Maturity distribution of prior period assets and liabilities are restated in accordance with the Communiqué dated on 16.07.2004 with 25524 Number in Official Gazette

(3) Loans under follow up of TRY 19,695 Thousand for which specific provision is not set are presented in other assets.

(4) Items such as Tangible and Intangible Fixed Assets, Subsidiaries Associates, and Joint Ventures and Stationary, Prepaid expenses, deferred tax asset and follow up loans which are required in order to continue the daily course of operations, but ones not easy to liquidate have been shown under "Other Assets".

(5) Since the current IT system is not sufficient to provide outstanding maturities of the figures they are presented with their original maturities.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

VIII. PRESENTATION OF ASSETS AND LIABILITIES WITH THEIR FAIR VALUES

	Book Value		Fair Value (*)	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	15,983,173	17,650,965	16,487,618	18,345,821
Due from banks and other financial institutions	751,499	891,102	751,764	891,329
Investment securities available-for-sale	1,768,064	4,367	1,887,271	4,367
Investment securities held-to-maturity	13,463,610	16,755,496	13,848,583	17,450,125
Financial Liabilities	21,603,825	20,758,934	21,825,304	20,995,367
Interbank deposits	458,885	892,514	459,031	892,951
Other deposits	20,478,964	19,430,308	20,694,280	19,663,435
Funds provided from other financial institutions	462,236	256,160	468,253	259,029
Marketable securities issued	-	-	-	-
Miscellaneous Payables	203,740	179,952	203,740	179,952

(*) The amounts presented in the fair value column are calculated by adding the related accrual figures.

(**) As the held to maturity investments portfolio do not include any securities that are listed on the stock exchanges, these securities are presented with their valuation.

IX. ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF THE THIRD PARTIES, FIDUCIARY TRANSACTIONS

The Bank acts as an Intermediary for purchases and sales of government securities in the name of real persons and corporates, conducts repo transactions, and provides custody services.

The Bank has no fiduciary transactions.

X. SEGMENT REPORTING

According to the provisional clauses of Communiqué 17 of the AAR, the information relevant to segment reporting will be provided after 1 January 2006.

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand Unrestricted Amount	177	46,470	64	43,949
Time Unrestricted Amount	-	-	-	-
Total	177	46,470	64	43,949

2. Additional information about trading securities:

2. a. Information on trading securities given as collateral or blocked:

	Current Period		Prior Period	
	TC	FC	TC	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	-	85,118	-	-
Other	-	-	-	-
Total	-	85,118	-	-

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

2. b. Trading securities subject to repurchase agreements: None

3. Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union countries	168,928	595,259	-	-
USA and Canada	106,669	51,498	-	-
OECD Countries	25,321	77,591	-	-
Off-shore banking regions	-	-	-	-
Other	28,545	36,226	-	-
Total	329,463	760,574	-	-

4. Information on receivables from reverse repurchase agreements: None

5. Information on securities available for sale:

a. Main types of securities available for sale:

Securities available for sale constitute of share certificates, which are not quoted in a stock exchange.

b. Information on securities available for sale:

	Current Period	Prior Period
Debt securities	1,758,512	-
Quoted in a stock exchange	1,758,512	-
Not quoted	-	-
Share certificates	9,552	4,367
Quoted in a stock exchange	-	-
Not quoted	9,552	4,367
Impairment provision (-)	-	-
Total	1,768,064	4,367

c. Securities available-for-sale shown as collateral:

As of 31 December 2005, there is an internal debt bond with a nominal value of TRY 115,900 Thousand, cost value of TRY 122,751 Thousand with a maturity date of 18 August 2010. This security is presented as a collateral for TRY 100,000 capital payment of a borrowing.

d. Securities available-for-sale given as collateral or blocked:

	Current Period		Prior Period	
	TC	FC	TC	FC
Share certificates	-	-	-	-
Bond, T-bill and similar investment securities	122,751	-	-	-
Other	-	-	-	-
Total	122,751	-	-	-

e. Securities available-for-sale subject to repurchase agreements: None

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

6. Information related to 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	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect Loans granted to shareholders	-	-	-	-
Loans granted to employees	30,898	-	28,597	-
Total	30,898	-	28,597	-

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and other receivables	Restructured o Rescheduled	Loans and other receivables	Restructured or Rescheduled
Non-specialized loans	2,745,200	54,850	99,846	13,188
Discount Notes	17	-	-	-
Export loans	208,249	1,315	-	1,430
Import loans	-	-	-	-
Loans given to financial sector	-	-	-	-
International loans	79,838	-	-	-
Consumer loans	591,174	-	36,724	12
Credit cards	150,382	-	62,572	5
Precious metals loans (Gold, etc...)	-	-	-	-
Other	1,715,540	53,535	550	11,741
Specialized lending	3,271,093	14,744	-	-
Other receivables	-	-	-	-
Total (*)	6,016,293	69,594	99,846	13,188

(*) Loans under follow up of TRY 19.965 Thousand for which provision is not set are presented in the table above.

c. Loans according to their maturity:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and other receivables	Restructured o Rescheduled	Loans and other receivables	Restructured or Rescheduled
Short-term loans	2,231,291	4,725	99,846	2,038
Non-specialized loans	1,901,464	4,716	99,846	2,038
Specialized loans	329,827	9	-	-
Other receivables	-	-	-	-
Medium and long-term loans	3,785,002	64,869	-	11,150
Non-specialized loans	843,736	50,134	-	11,150
Specialized loans	2,941,266	14,735	-	-
Other receivables	-	-	-	-
Total	6,016,293	69,594	99,846	13,188

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

d. Information on Consumer loans:

	Short-term	Medium and long-term	Total	Accrued interest and income receivable
Consumer loans-TC	210,016	386,074	596,090	7,238
Real estate loans	1,436	197,023	198,459	2,410
Automobile Loans	2,173	56,387	58,560	711
Consumer Loans	192,017	132,664	324,681	3,941
Other	14,390	-	14,390	176
Consumer loans- Indexed to FC	18	904	922	25
Real estate loans	-	870	870	22
Automobile Loans	18	34	52	3
Consumer Loans	-	-	-	-
Other	-	-	-	-
Consumer loans- FC	-	-	-	-
Real estate loans	-	-	-	-
Automobile Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	-	-	-
Individual Credit Cards-TC	212,959	-	212,959	-
Installment	632	-	632	-
Non-Installment	212,327	-	212,327	-
Individual Credit Cards-FC	-	-	-	-
Installment	-	-	-	-
Non-Installment	-	-	-	-
Personnel Loans-TC	6,157	24,741	30,898	375
Real estate loans	-	-	-	-
Automobile Loans	-	-	-	-
Consumer Loans	2,538	24,741	27,279	323
Other	3,619	-	3,619	52
Personnel Loans-Indexed to FC	-	-	-	-
Real estate loans	-	-	-	-
Automobile Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	-	-	-
Personnel Loans-FC	-	-	-	-
Real estate loans	-	-	-	-
Automobile Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	-	-	-
Personnel Credit Cards-TC	-	-	-	-
Installment	-	-	-	-
Non-Installment	-	-	-	-
Personnel Credit Cards-FC	-	-	-	-
Installment	-	-	-	-
Non-Installment	-	-	-	-
Total	429,150	411,719	840,869	7,638

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

e) Information on Commercial Installment Loans and Corporate Credit Cards:

	Short-term	Medium and long-term	Total	Accrued interest and income receivable
Commercial Installment Loans-TC	61,167	270,085	331,252	7,518
Business Residential Loans	2,182	9,875	12,057	274
Automobile Loans	2,334	73,389	75,723	1,718
Consumer Loans	39,932	186,801	226,733	5,146
Other	16,719	20	16,739	380
Commercial Installment Loans- Indexed to FC	-	5,782	5,782	131
Business Residential Loans	-	-	-	-
Automobile Loans	-	-	-	-
Consumer Loans	-	5,782	5,782	131
Other	-	-	-	-
Commercial Installment Loans - FC	-	-	-	-
Business Residential Loans	-	-	-	-
Automobile Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards-TC	-	-	-	-
Installment	-	-	-	-
Non-Installment	-	-	-	-
Corporate Credit Cards-FC	-	-	-	-
Installment	-	-	-	-
Non-Installment	-	-	-	-
Total	61,167	275,867	337,034	7,649

f. Breakdown of loans by users:

	Current Period	Prior Period
Public	85	53
Private	6,198,836	4,297,876
Total	6,198,921	4,297,929

g. Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic loans	6,119,083	4,290,724
Foreign loans	79,838	7,205
Total (*)	6,198,921	4,297,929

(*) Loans under follow up of 19,695 Thousand TRY for which provision is not set are not presented in this table. (31. 12.2004: TRY 42,420 Thousand)

h. Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	10,043	202
Indirect loans granted to subsidiaries and investments	-	-
Total	10,043	202

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

i. Specific provisions provided against loans:

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibility	74,833	52,771
Loans and receivables with doubtful collectibility	18,347	24,947
Uncollectible loans and receivables	1,089,040	1,099,234
Total	1,182,220	1,176,952

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:

	III. Group: Loans and receivables with limited collectibility	IV. Group: Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current period	7,595	86	234,688
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	7,595	86	234,688
Prior period	8,492	11,209	262,071
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	8,492	11,209	262,071

j.2. Information on the movement of loans under follow-up:

	III. Group: Loans and receivables with limited collectibility	IV. Group: Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Prior period end balance	59,216	30,395	1,129,761
Additions (+)	70,668	3,853	19,916
Transfers from other categories of loans under follow-up (+)	-	-	-
Transfers to other categories of loans under follow-up (-)	-	-	-
Collections (-) (*)	(52,656)	(15,801)	(43,437)
Write-offs (-)	-	-	-
Current period end balance	77,228	18,447	1,106,240
Specific provision (-)	(74,833)	(18,347)	(1,089,040)
Net Balance on balance sheet	2,395	100	17,200

(*) The difference resulting from the restatement of prior period items is presented under the "collections".

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

j.3. Information on foreign currency loans and other receivables under follow-up:

	III. Group: Loans and receivables with limited collectibility	IV. Group: Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current Period:			
Period end balance	-	-	-
Specific provision (-)	-	-	-
Net Balance on balance sheet	-	-	-
Prior Period:			
Period end balance	4,601	7,777	44,203
Specific Provision (-)	1,101	2,510	44,151
Net Balance on balance sheet	3,500	5,267	52

k) Main guidelines regarding the discharge of loans and other receivables with a loss character:

Provision needs to be set for the loans under follow up so in respect of the 'Communiqué on the Definition of the Status for the Provision to be Set for Other Receivables and Loans by Banks'. The Bank has filed its records according to the communiqué.

7. Receivables on factoring: None.

8. Information on held-to-maturity securities (Net):

a. Information on held-to-maturity securities (Net):

Information on investment securities held-to-maturity: Total held to maturity portfolio is composed of government bonds.

	Current Period	Prior Period
Debt securities	13,558,014	16,829,064
Quoted in a stock exchange	-	-
Not quoted	13,558,014	16,829,064
Impairment provision (-)	94,404	73,568
Total	13,463,610	16,755,496

b. Movements of Held-to-Maturity Securities:

	Current Period	Prior Period
Beginning Balance	16,755,496	12,227,115
Foreign currency differences on monetary assets	(100,103)	(16,673)
Purchases during year	1,701,270	6,926,811
Disposals through sales and redemptions (*)	(4,872,218)	(2,308,189)
Impairment provision (-)	(20,835)	(73,568)
Period end balance	13,463,610	16,755,496

(*) Indexation effect from the restatement of prior year figures are presented in "disposals through sales and redemptions" as of 31 December 2004.

The following is the explanation for the movement of the Held to Maturity Securities between 31.12.2005 and 31.12.2004:

(i) Between 1 January 2004 and 31 December 2004, TRY 115,648 Thousand of Special Issue Government Debt Securities with the transaction date of 22.01.2003 and maturity date of 15.10.2008, which was recorded in Held to Maturity Securities, was taken by Treasury before maturity and in exchange, Special Issue Government Debt Securities with a transaction date of 21.01.2004 and maturity date of 15.10.2008, with first coupon payment in 19.01.2005 and with coupon payments in every 3 months is given back TRY 55,245 Thousand of the coupon amounting TRY 110.490 Thousand in 21.01.2004 is paid in cash, and the payment of the remaining amount of TRY 55,245 Thousand is paid off by the Treasury by the securities with the maturity, interest conditions as stated above.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

(ii) Besides, the debt securities issued by the Privatization Institution and followed in the held to maturity securities portfolio with a value date of 05.10.2004 and maturity date of 04.10.2004 worth (nominal value) TRY 1,530,000 has been redeemed at an earlier date of 16.06.2005. The capital payment of TRY 30,000 thousand has been made by the Privatization Institution and the remaining payments will be made in seven years in seven installments. In the first six years, TRY 200,000 Thousand payments are made and the remaining TRY 300,000 thousand is made by seven different Privatization Bonds and through the 47th issuance, the early redemption has been made on 29 August 2005.

(iii) According to the decree dated 31 July 2004 and published in the Official Gazette number 25539, and as a result of the transfer of Pamukbank T.A.Ş. to Türkiye Halk Bankası A.Ş. dated 16 November 2004, Pamukbank T.A.Ş.'s available-for-sale securities portfolio worth TRY 2,234,924 consisting of government bonds and 195,559 TRY worth of FC government bonds were taken into the Bank's records. The securities worth TRY 625,000 Thousand, USD 252,568,197 and EURO 745,429,256 and a total cost of TRY 2.234.924 also include securities that are FC indexed. To value these securities SDIF's Board of Directors' 14.08.2002 and decree 521 were taken into consideration and the Central Bank's sell rate for FC's is taken as a basis for calculation as of 14.08.2002. As a result, the valuation of these investments as of 31.12.2004 produced a diminution of TRY 94.404 Thousand in value and this is presented in the financial statements. Besides, the investments followed by Pamukbank T.A.Ş.'s as government debt notes are transferred to Türkiye Halk Bankası after the transfer of Pamukbank T.A.Ş. to the Bank. From the discussed securities, there was a disposal worth TRY 8,986 Thousand. Furthermore, there was redemption worth TRY 195,559 Thousand on 4 December 2005.

(iv) As of 31 December 2005, government bonds in the held to maturity portfolio having maturities between 2012 and 2015 worth of TRY 2,340,938 are issued as indexed TRY notes in adjudications by the Treasury in respect of the SDIF Boards' decision number 462, dated 01.09.2004, and Act No: 5230 with regards to the "Transfer of Pamukbank Türk Anonim Şirketi to Türkiye Halk Bankası A.Ş. and amendments to other acts" in replace with the shareholders' equity deficit arouse from the transfer.

(v) The TRY 1,129,700 Thousand worth of government debt bonds followed under held till maturity securities were redeemed on 21.12.2005. These securities were provided by Republic of Turkey Undersecretariat of Treasury to offset the Bank's duty losses.

(vi) According to a protocol signed between the Central Bank of Turkey, Republic of Turkey Undersecretariat of Treasury, Ziraat Bank and the Bank, the Bank has received foreign currency special disposition bonds against the foreign currency borrowings to the Central Bank of the Banks transferred to Savings Deposit Insurance Fund in 2001. These securities were redeemed on 26.10.2005 and 26.12.2005.

(vii) The eurobonds and foreign currency government internal debt bonds recorded under the held to maturity portfolio with a cost of EUR 24,584 and USD 209,976 is transferred to the ready for sale portfolio. The total transfer amount does not exceed 5% of the total held to maturity securities portfolio.

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

Investment securities held-to-maturity	Current Period				Prior Period			
	Historical Cost		Valuation		Historical Cost		Valuation	
	TRY	FC	TRY	FC	TRY	FC	TRY	FC
Given as collateral or blocked	777,055	441,922	797,847	449,020	1,527,055	1,089,248	1,575,043	1,091,242
Subject to repo transactions	39,035	-	40,060	-	179,141	-	182,688	-
Held for structural position	-	-	-	-	-	-	-	-
Receivables from securities lending	-	-	-	-	-	-	-	-
Collaterals on securities lending	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	816,090	441,922	837,907	449,020	1,706,196	1,089,248	1,757,731	1,091,242

Securities in held to maturity portfolio, which are not kept as collateral amount to TRY 12,205,598 Thousand.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

The breakdown of total held to maturity securities of the Bank is as follows:

	Current Period				Prior Period			
	Historical Cost		Valuation		Historical Cost		Valuation	
	TRY	FC	TRY	FC	TRY	FC	TRY	FC
Obtained from Undersecretary Of Treasury of Republic of Turkey	6,664,065	968,101	6,822,854	989,690	7,971,935	2,126,652	8,254,468	2,147,402
Obtained from Chairmanship of Privatization Administration	1,300,000	-	1,402,804	-	1,530,000	-	1,606,347	-
Obtained with the Transfer	4,531,162	-	4,632,953	-	4,808,246	195,851	5,120,217	196,593
Other	197	85	197	85	186	122,626	186	124,887
Total	12,495,424	968,186	12,858,808	989,775	14,310,367	2,445,129	14,981,218	2,468,882

a) Obtained from Under secretariat of Treasury of Republic of Turkey:

- Held to maturity securities of TRY 7,632,166 thousand of as of December 31, 2005 was obtained from the Undersecretariat of Treasury of Republic of Turkey (Treasury) against the Bank's accumulated duty losses. TRY 6,664,065 Thousand of securities are Turkish Liras and TRY 968,101 Thousand of them are foreign currency securities. TRY 39,035 Thousand of these TRY securities are subject to repo transactions and TRY 968,101 Thousand is issued by the Treasury and given to the Bank against receivables resulting from transfer of Emlakbank branches in 2001. This FC denominated securities are issued and given to Bank by Treasury for the transfer of Emlakbank branches and in consideration of the loss incurred from derivatives before restructuring of the Bank.

b) Obtained from Chairmanship of Privatization Administration:

- Besides, the TRY 1,530,000 Thousand worth of securities issued by the Chairmanship of Privatization Administration, followed at the held to maturity portfolio, with a value date of 05.10.2004 and a redemption date of 04.10.2005 was redeemed at an earlier date of 16.06.2005. The TRY 30,000 thousand capital payments were settled by the Chairmanship of Privatization Administration and the remaining capital payment worth TRY 1,500,000 thousand will be paid out in seven years. During the first six years, TRY 200,000 Thousand will be received and in the final year, TRY 300.000 Thousand worth of seven Privatization bonds will be issued as compensation. According to the changes in the "Restructuring Plan", it has been decided that these bonds will be redeemed at an earlier date. The earliest bond that can be redeemed at an earlier date according to this plan is the 15 June 2006 dated bond with a nominal value of TRY 200 Thousand (47th issue) on 31 December 2005. As of the balance sheet date, the balance of the securities is TRY 1,300,000 Thousand.

c) In accordance with "Act No: 5230 with regards to the transfer of Pamukbank Türk Anonim Şirketi to Türkiye Halk Bankası A.Ş. and amendments to other acts" obtained through transfer:

- "Act No: In reliance with the law concerning the transfer of insolvent Pamukbank T.A.Ş. to the Bank published in Official Gazette numbered 25539 and dated 31 July 2004, through the transfer occurred on 16 November 2004, government bonds of TRY 625,000 Thousand, USD 252,568,197 and EUR 745,429,256 in nominal and TRY 2,234,924 Thousand in total cost which were followed up under available for sale portfolio of insolvent Pamukbank T.A.Ş. were recorded by the Bank. For the valuation of foreign currency denominated securities, the Central Bank selling rate at 14 August 2002 which is the date of the transfer of securities to Pamukbank T.A.Ş. for precaution was used in accordance with decree numbered 521 of SDIF. Therefore diminish in value arose from the valuation amounting TRY 94,404 Thousand is reflected in the accompanying financial statements of 31 December 2005.
- Debenture Bonds maturing on June 14, 2006 amounting TRY 49,705 thousand is due to the exchange of Treasury to a security with a maturity of 2001. Government bond with 5-years maturity, 2 coupons a year and interest rate of LIBOR+2,85 (yearly) is a USD denominated security.
- Debenture Bonds under held to maturity portfolio amounting TRY 2,340,938 Thousand resulted from the need to compensate the shareholders' equity deficit arose from the transfer of Pamukbank T.A.Ş through the 462 number decree of SDIF dated 1 September 2004 regarding to article 5230 with regards to the transfer of Pamukbank Türk Anonim Şirketi to Türkiye Halk Bankası A.Ş. and amendments to other acts". The deficit in the shareholders' equity of Pamukbank will be compensated by SDIF via the Special issue Debenture Bonds will be lend by Treasury pending to the transfer date.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

c.2. Investment securities held-to-maturity given as collateral or blocked:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	-	-	-	-
Bonds and similar investment securities	777,055	441,922	1,527,055	1,089,248
Other	-	-	-	-
Total	777,055	441,922	1,527,055	1,089,248

Investment securities held-to-maturity given as collateral (TRY) consists of a 3 month period coupon indexed to the next adjudication average domestic borrowing notes. All foreign currency investments consist government internal debt bonds with variable interest rates.

c.3. Investment Securities held-to-maturity subject to repo transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government Bonds	39,035	-	179,141	-
Treasury Bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	39,035	-	179,141	-

c.4. Investment securities held-to-maturity held for structural position: None.

As of the balance sheet date, the Bank does not have any investment securities held-to-maturity held for structural position.

9. Information on investments (Net):

a.1. Information on investments:

Description	Address (City/Country)	Bank's share	Bank's risk group
		percentage-If different voting percentage(%)	share percentage (%)
HALK FİNANSAL KİRALAMA A.Ş.	İSTANBUL	46	46
KOBİ YATIRIM A.Ş.	ANKARA	31.47	33.64
BİRLİK SİGORTA A.Ş.	İSTANBUL	15	15
BİRLİK HAYAT SİGORTA A.Ş.	İSTANBUL	15	15.75
FİNTEK A.Ş.	ANKARA	24	29.76
ZİRAAT HALK ALTERNATİF DAĞ. KAN. A.Ş.	İSTANBUL	24	24
KREDİ GARANTİ FONU	ANKARA	16.67	16.67
KKB KREDİ KAYIT BÜROSU A.Ş.	İSTANBUL	18.18	18.18
BANKALARARASI KART MERKEZİ A.Ş.	İSTANBUL	18.95	18.95

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

a.2. Information related to the investments as sorted in (a.1): (**)

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair value (*)
206,168	18,871	3,544	12,529	-	2,562	4,135	-
24,486	24,321	147	3,370	-	2,669	781	-
53,981	9,942	994	3,280	-	2,592	(2,059)	-
21,479	14,658	111	2,594	49	4,090	3,696	-
5,585	2,622	281	216	69	195	2	-
5,623	3,045	1,385	3	80	628	450	-
12,753	12,558	9,823	131	-	749	555	-
20,239	18,237	1,922	550	1,672	1,838	4,281	-
9,140	8,350	3,242	319	-	1,530	(716)	-

(*) No subsidiary is listed on the stock exchange.

(**) The information above at (a.2) has been presented on the basis of the financial data obtained from the 30.9.2005 unaudited financial statements of the investments as the 31.12.2005 financial statements could not be obtained. However the financial data regarding Halk Finansal Kiralama A.Ş was obtained from the audited 30.9.2005 financial statements.

b.1. Movement for investments:

	Current Period	Prior Period
Balance at the beginning of the period	28,375	62,694
Movements during the period	(2,457)	(34,319)
Purchases (***)	6,716	11,216
Free shares obtained profit from current year's share	4,286	-
Dividends from current year income	-	-
Sales (**)	7,954	-
Revaluation increase	-	999
Impairment provision (*)	(5,505)	(46,534)
Balance at the end of the period	25,918	28,375
Capital commitments	-	-
	0.00	0.00

(*) Halk Finansal Kiralama A.Ş. having a book value as of 31 December 2005 is 60,720 TRY has a provision for dimmution in value worth 46,534 TRY as of 31 December 2004. As of 31 December 2005, an additional TRY 5,505 Thousand was set therefore, total provision set is TRY 52.039 Thousand. These provisions were calculated using 30.9.2005 audited financial statements.

(**) Although there has not been any sales of participations, subsidiaries and other investments, the reclassification of Macar-Halkbank, ISE Clearing and Custody Center, Alidaş Alanya Lim. İşl. Tur. A.Ş. to 'Ready for Sale Securities' was presented as TRY 7,871 Thousand disposal in the current period. Besides, TRY 83 Thousand disposal is due to the liquidation of Halk Gayrimenkul Expertiz A.Ş. in 2005.

(***) From the TRY 6,716 acquisitions in the current period, TRY 1,894 Thousand is due to reclassification of Interbank Card Center and Credit Register Bureau to associates from ready for sale securities.

(****) The Bank and the Halk Bankası Personeli Yardımlaşma Vakfı ("Foundation") have signed an agreement to transfer the shares in Halk Yatırım Menkul Değerler A.Ş., Halk Finansal Kiralama A.Ş., Birlik Hayat Sigorta A.Ş. and Birlik Sigorta A.Ş to the Bank at November 29, 2005. From the TRY 33,947 Thousand that needs to be paid to the Foundation, 1,000 Thousand YTL has been paid in 2005 and the remaining balance will be paid out according to a protocol that has later been signed. The TRY 1,000 Thousand worth of certificate is recorded in the Bank's temporary accounts.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

b.2. Valuation of investments:

	Current Period	Prior Period
Valuation with cost	25,918	28,375
Valuation with fair value	-	-
Valuation with equity method	-	-

b.3. Sectoral information on investments and related carrying amounts:

Investments	Current Period	Prior Period
Banks	-	6,012
Insurance Companies	5,665	3,691
Factoring Companies	-	-
Leasing Companies	8,680	7,055
Finance Companies	-	-
Other Financial Investments	10,555	10,511

b.4. Investments which are quoted to a stock exchange: None.

b.5. Information on the associates that were disposed in current period: None.

b.6. Information on the associates purchased in current period: None.

10. Information on Subsidiaries (Net):

10.a.1. Information on Subsidiaries:

Description	Address (City/Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
HALK YATIRIM MENKUL DEĞERLER A.Ş.	İSTANBUL	45	45
PAMUK INT. FINANCE SER. LTD.	DUBLIN/IRELAND	100	100

a.2. Information related to the subsidiaries as sorted in (a.1): (***) (**)

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair value (*)
35,468	19,663	603	847	426	2,164	5,328	-
-	-	-	-	-	-	-	-

(*) None of the subsidiaries are listed on the stock exchange.

(**) Financials as of 31.12.2004 of Pamuk International Finance Ser. Ltd, which is acquired with the transfer of Pamukbank TA.Ş. could not be acquired as of 31.12.2005.

(***) The information set out in (a.2) was presented through a reference to the financial statements as of 30.09.2005 as the end of the year financial statements could not be presented.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

b.1. Movement of subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	9,670	8,086
Movements in period	(553)	1,584
Purchases	-	268
Free shares obtained profit from current years share	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	1,909
Impairment provision (*)	(553)	(593)
Balance at the end of the period	9,117	9,670
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) TRY 593 Thousand provision is set for the Halk Yatırım Menkul Değerler A.Ş., whose book value is equal to TRY 10,263 as of 31 December 2004. As of 31 December 2005, another TRY 553 Thousand worth of provision is added and this provision is set as TRY 1,146 Thousand. For the calculation of this provision, the financial statement as of 30.9.2005 was utilized.

b.2. Valuation of subsidiaries:

	Current Period	Prior Period
Valuation with cost	9,117	9,670
Valuation with fair value	-	-
Valuation with equity method	-	-

b.3. Sector information and subsidiaries and the related carrying amount:

Investments	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	9,117	9,670
Other Financial Investments	-	-

b.4. Subsidiaries, which are quoted to the stock exchange market: None

b.5. Information regarding subsidiaries within the consolidation:

The related footnotes and explanations will be prepared with the consolidation tables.

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:

a. Capital commitments of Bank to joint ventures or share of commitments and capital commitments of the joint venture to other associates, except for the other commitments concerning the joint venture:

There are no commitments in the current period.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

b. Information on joint-ventures:

Joint Ventures	Shareholding Percentage of the Parent Bank	Current Assets	Non-current Assets	Long Term Borrowings	Income	Expense
Demir-Halkbank (*)	30	3,053,078	20,352	63,328	70,111	53,099
Total		3,053,078	20,352	63,328	70,111	53,099

(*) The financial statements as of 31.12.2005 for this joint venture could not be obtained. As a result, the joint venture's 31.12.2004 USD based financial data was presented herein using the 31.12.2005 foreign currency buy-rate.

As of the report date, the transfer of Demir Halk N.V.'s shares to other associates besides T.Halk Bankası A.Ş. was completed. However, as the general assembly did not meet, the changes in the equity structure and board structure have not been made yet.

c.The method used in the accounting of the controlled participations in the unconsolidated financial statement of the main subsidiary and the reasons for not including the controlled subsidiary in the consolidation:

The joint ventures not consolidated in the financial statements are accounted on a cost basis and at the end of each period, the Bank's share in the joint venture's equity is reviewed and checked whether a diminution in value exists.

12. Information on financial lease receivables (Net):

a) Aging of finance lease receivables:

Bank has no receivables from financial leasing transactions.

b) Information on net finance lease receivables:

Bank has no receivables from financial leasing transactions.

c) Disclosures about the criteria taken into consideration during the determination of the rent installments, and if any renewal or purchase option conditions and explanations regarding any restructuring of the leasing agreements, limitations due to leasing agreements, whether the Bank has been in default due to leasing agreements, whether limitations will arise to the restructuring of the leasing agreement and other significant conditions

Bank has no receivables from financial leasing transactions.

13. Information on receivables arising from term sales of assets included in miscellaneous receivables (*):

	Current Period	Prior Period
From sale of subsidiaries, associates and joint ventures	-	-
From sale of buildings	-	-
From sale of other assets	-	-

(*) The receivable resulted in the sale of the assets with a fixed term is worth TRY 9,418 Thousand (31 December 2004: TRY 5,490 Thousand) and is followed in account 272-273 (Receivables from the Sale of Assets with a fixed term). As a result, this is not presented as a part of other receivables balance in the current period.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

14. Explanations related to interest and income accruals and rediscounts:

a. Information about accrued interest and income receivables:

Accrued interest and income receivables	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest receivables	19,365	807	25,957	1,614
Interest accruals	85,204	3,250	93,487	3,227
Loan commissions and other income receivables	2,550	17	918	48
Loan commissions and other income accruals	82	3	272	196
Total	107,201	4,077	120,634	5,085

b. Information on other accrued interest and income:

Other accrued interest and income	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	80,539	12,417	4,630	8,855
Investment securities available-for-sale	117,589	1,618	0	0
Investment securities held-to-maturity	363,384	21,589	670,852	23,777
Interest accruals of reverse repo transactions	-	-	-	-
Interest accruals of reserve deposits	22,497	925	23,140	691
Income accruals of financial derivative instruments	-	-	-	-
Interest and income accruals	-	-	-	-
Income accrual of foreign exchange gains	-	-	-	-
Accruals of factoring receivables	-	-	-	-
Other	88	387	35	284
Total	584,097	36,936	698,657	33,607

15. Information on Property and Equipment (Net):

	Land and buildings	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
Prior Period End:					
Cost	731,842	174,395	4,576	531,263	1,442,076
Accumulated depreciation(-)	(223,694)	(138,350)	(1,785)	(373,130)	(736,959)
Net book value	508,148	36,045	2,791	158,133	705,117
Current Period End:					
Net book value at beginning of the period	508,148	36,045	2,791	158,133	705,117
Additions	7,226	7,263	2,606	48,864	65,959
Disposals (-)	(46,423)	(622)	(250)	(14,372)	(61,667)
Impairment	52,579	-	-	143	52,722
Depreciation (-)	(14,341)	(15,102)	(560)	(19,804)	(49,807)
Currency translation differences resulting from foreign investments	-	-	-	-	-
Current Period Cost	716,870	93,768	8,808	509,681	1,329,127
Current Period Accumulated depreciation(-)	(209,681)	(66,184)	(4,221)	(336,717)	(616,803)
Closing net book value	507,189	27,584	4,587	172,964	712,324

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

a. If the value of the reversal or recording of a diminution in value of a separate asset in the current period has a material effect on the financial statements:

a.1. Amount of the reversal or recording of the diminution in the value of the asset:

The diminution in value for the Bank's tangible assets have as of 31 December 2004 worth TRY 65,219 Thousand has decreased to TRY 12,497 Thousand. In 2005, the cancellation in the diminution in value of the assets amounted to TRY 52,722 Thousand.

a.2. The amount of the reversal of the diminution in value or the value of the related record on the financial statements:

The reversal of the diminution in value is TRY 52,722 Thousand.

b. Provision related to the diminution in the value of assets either recorded or reversed in the current period whose independent effect on the financial statements is not significant but whose gross effect is material:

From the TRY 12,497 Thousand provision set as of 31 December 2005, TRY 10,770 Thousand has been set for real estates and the remaining TRY 1,727 Thousand has been set for real estates ready for disposal.

16. Information on Intangible Assets:

a. Useful life and depreciation rates used:

Intangible assets consist of establishment costs.

Balance sheet value of intangible assets' is calculated through subtracting the indexed depreciation value from the indexed purchasing costs. Depreciation rate for the intangible assets is 10 years.

b. Depreciation methods utilized:

The intangible assets are depreciated throughout their useful life on the basis of the straight-line depreciation method.

c. The book value and accumulated depreciation amounts as of current period and the previous period:

	Current Period	Prior Period
Book value	1,601	1,426
Accumulated Depreciation	(713)	(1,183)
Net Book value	888	243

d. Reconciliation of movements on intangible assets for the current period:

	Current Period
Beginning Balance	243
Amounts Formed Internally	771
Additions due to mergers, transfers and acquisitions	-
Not used and disposed items	-
Increases or decreases in the revaluation fund	-
Impairment charges	-
Reversal of impairment charges	-
Depreciation expenses (-)	(126)
Currency translation differences arising from foreign investments	-
Other differences in book values	-
Period end balance	888

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

e. The book value, description and the remaining depreciation life of an intangible fixed asset that is significant in terms of the overall presentation of the financial statements:

None.

f. Information about intangible assets acquired by government incentives and initially recognized at fair value:

None.

g. The methods through which intangible fixed assets are valued after their first record on the basis of their fair value and acquired through state incitement should be described: None.

h. The book value of intangible assets that have a limited use or are pledged:

None.

i. The value of the commitments made for the purchases of intangible fixed assets:

None.

j. Information on revalued intangible assets according to their type:

None.

k. The total value of the research and development expenses recorded in the period:

The total value of the research and development expenses recorded in the period is TRY 1 Thousand.

l. Information on goodwill:

As of the balance sheet date, there are no positive or negative goodwill in the financial statements.

m. Information on the opening balance, closing balance and the movement of goodwill:

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

n. Information on the opening balance, closing balance and the movement of negative goodwill:

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

17. Information on Deferred Tax:

a. According to the Standards applicable to deferred tax asset and net loss deductible from tax for the base of the calculation of deferred tax asset is:

Current period tax provision:	TRY 255,455 Thousand.
Current period tax expense:	TRY 255,455 Thousand.
Net Deferred tax asset:	TRY 88,209 Thousand.
Net Deferred tax income:	TRY 26,674 Thousand.

Deferred tax income from temporary timing differences amounts to TRY 26,674 TRY. Since deferred tax is calculated in current period for the first time, no income or expense has been arose due to the reversal of timing differences of prior periods.

b. If deferred tax asset is not calculated in the previous period or there are deductible temporary differences that are not reflected on the balance sheet, the expiry date of the valid balances, financial loss, and tax deduction or exceptions are as follows:

As of the balance sheet date, no deferred tax assets were calculated and there were no deductible temporary differences that are not reflected on the balance sheet.

TÜRKİYE HALK BANKASI A.Ş.

DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

c. Any provision set for the diminution in value due to deferred tax or any resulting deferred tax asset resulting from the cancellation of the provision set for diminution in value:

As of the balance sheet date, there are no deferred tax assets due either to the cancellation of the provision set for the diminution in value for deferred tax or due to any provision set for the diminution in value for deferred tax.

There are no provisions set due to any diminution in value in deferred tax.

Temporary timing difference, taxable loss, deferred tax asset and liability reflected to the accompanying financial statements with tax deduction exemptions and deferred tax income and expense are stated above.

18. Information on Other Assets:

a. Information on Pre-paid expenses, taxes and related operations:

Prepaid expenses comprise expenses regarding insurance and rent worth 2,282 TRY.

Pre-paid taxes comprise TRY 96 Thousand worth of income tax and 180,962 TRY temporary corporate taxes.

b. If the other assets account excluding the off-balance sheet commitments are greater than 10% of the balance sheet total, the name and the amount of the sub-accounts that at least have a 20% share within this account:

Other assets should not exceed 10% of the balance sheet total.

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES

1. Information on maturity structure of deposits:

a.1. Maturity structure of deposits (Current period):

	Demand	With 7 days maturity	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and over
Saving deposits	450,339	-	3,118,510	5,189,294	1,561,809	385,148	23,007
Foreign currency deposits	702,676	-	1,309,241	909,438	681,335	609,599	258,071
Residents in Turkey	685,587	-	1,273,162	863,319	632,802	407,790	254,964
Residents abroad	17,089	-	36,079	46,119	48,533	201,809	3,107
Public sector deposits	146,892	-	313,518	264,605	1,663	4,067	15
Commercial deposits	1,034,512	-	649,075	781,509	137,461	53,113	215
Other institutions deposits	183,121	-	485,677	1,017,790	150,556	54,543	2,165
Precious metals deposits	-	-	-	-	-	-	-
Interbank deposits	4,917	-	413,941	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	1,953	-	63,941	-	-	-	-
Foreign Banks	2,753	-	-	-	-	-	-
Special financial institutions	211	-	350,000	-	-	-	-
Other	-	-	-	-	-	-	-
Total	2,522,457	-	6,289,962	8,162,636	2,532,824	1,106,470	283,473

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

a.2. Maturity structure of deposits (Prior period):

	Demand	With 7 days maturity	Up to 1 month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over
Saving deposits	358,514	-	1,649,794	5,705,005	889,028	200,304	111,582
Foreign currency deposits	704,830	-	2,070,755	1,159,427	402,195	600,152	371,795
Residents in Turkey	691,286	-	2,024,624	1,100,289	343,633	316,799	366,307
Residents abroad	13,544	-	46,131	59,138	58,562	283,353	5,488
Public sector deposits	44,057	-	91,972	313,865	4,042	1,038	13
Commercial deposits	690,245	-	517,967	713,488	77,322	39,939	5,050
Other institutions deposits	140,987	-	541,443	1,415,431	543,380	64,431	2,257
Precious metals deposits	-	-	-	-	-	-	-
Interbank deposits	4,861	-	16,851	1,267	7	-	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	2,463	-	10,810	142	7	-	-
Foreign Banks	2,055	-	4,020	-	-	-	-
Special financial institutions	343	-	2,021	1,125	-	-	-
Other	-	-	-	-	-	-	-
Total	1,943,494	-	4,888,782	9,308,483	1,915,974	905,864	490,697

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

Saving Deposits	Under the guarantee of deposit insurance		Exceeding the limit of insurance deposit (*)	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	5,960,292	5,084,415	4,757,034	3,820,663
Foreign currency saving deposits	1,933,592	2,243,981	2,352,789	1,680,830
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	14,688	13,995	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

(*) In accordance with the BRSA decision numbered 1083 and published in the Official Gazette No. 25157 on July 3, 2003, all saving deposits are taken under the guarantee of Saving Deposits Insurance Fund until July 5, 2004. Subsequent to July 5, 2004, saving deposits up to TRY 50 thousand is taken under the guarantee of Saving Deposit Insurance Fund.

According to the Official Gazette dated 27 June 2001 number 24445, in the clause stated for the regulations for the Bank's mergers and transfers in the Official Gazette dated 5 October 2002 number 24897, for the Bank's transfers or merges, in situations where more than one Bank merges, the insurance premiums of the newly established Bank is as stated in the 4th clause of the appendix published with the 2000/862 numbered decree at 1 June 2000, indicating that half of the indicated ratios should be used. According to this declaration, although the liabilities calculated and recorded as of 31 December 2004 are 0.0015, during 2005, half of the payments have been made.

b.2. Saving deposits held in the international branches is not included in the guarantee of saving deposit insurance fund due to the legislation and also due to the legislation in foreign countries they are subject to foreign authorities' guarantee.

b.3. Savings deposits not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Foreign branches' savings deposits	180,073	255,245
Off-shore banking regions' saving deposits	-	-

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

2. Information on funds provided from repurchase agreement transactions

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	40,027	-	181,364	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	35,995	-	112,535	-
Real persons	4,032	-	68,829	-
From foreign transactions	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	40,027	-	181,364	-

3. Information on borrowings:

a. Information on borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	44,369	27,531	29,358	24,577
Medium and long-term	176,389	213,947	1,652	200,573
Total	220,758	241,478	31,010	225,150

Funds borrowed consist of funds directly obtained from the foreign institutions, organizations and banks. Such funds include Industrialization Fund, KFW Incentive Fund, EPI Industry Environment Fund, Turkish-German Fund (KSF-1) and European Investment Bank Fund. Funds obtained from European Council Development Fund, are granted to the small industry sites, organized industry regions and Başkent University. Besides, in the Bahrain branch, the Bank has GSM, ERG and HERMES loans from these loan institutions. In the last quarter of 2005, the Bank has also used loans from Morgan Stanley Bank International Limited, Deutsche Bank and Barclays Capital.

b. Information on the concentration of liabilities:

77.25% of the Bank's liabilities are composed of deposits and 1.7% is composed of borrowings and 3.79% is composed funds.

4. Information on debt securities issued: None.

5. Explanation on funds:

Funds obtained are granted as loans as specified in the agreements signed between the Bank, and the ministries or the institutions that the funds belong to. In this context, there are funds such as those originated by the Ministry of Investment and Trade, Natural Disaster Credit Fund of the Treasury, Development Support Fund, Treasury and Foreign Trade Funds, Local Press Support Fund, Motorway Transportation Fund, Undersecretariat to Treasury incentive certificated SME Loan Funds and other funds.

a. Information on current period funds

Maturity Structure		Interest Structure		Currency Type			
Short term	Medium and Long-term	Fixed	Variable	EURO	USD	TRY	Other
104,735	919,229	1,017,933	6,031	5,891	140	1,017,933	-

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

b. Information on prior period funds

Maturity Structure			Interest Structure		Currency Type			
Short term	Medium and Long-term		Fixed	Variable	EURO	USD	TRY	Other
2,126	870,817		865,201	7,742	7,603	139	865,201	-

6. Explanation on miscellaneous payables:

Miscellaneous payables are composed of cash collaterals obtained for loans issued and other banking services and various blocked money and legal commitments.

	Current Period	Prior Period
Total cash collateral obtained	3,581	3,159
Cooperative Blocked Security (*)	37,953	65,758
EKK	62,515	30,857
EKK Support Fund (**)	56,521	50,698
Other	43,170	29,480
Total	203,740	179,952

(*) The amount blocked from the cooperative loans issued are recorded in "Blocked Security Support Fund"

(**) Interest calculated for "cooperative blocked security" is followed under "EKK support fund".

7. Other liabilities (which do not exceed 10% of the balance sheet total including items exceeding 20% of the balance sheet total):

Other liabilities do not exceed 10% of the balance sheet total.

8. Information on taxes, dues and premium payables:

a) Information regarding taxes:

	Current Period	Prior Period
Corporate taxes payable	-	-
Taxation of securities	36,159	42,656
Property tax	180	206
Banking Insurance Transaction Tax (BITT)	5,611	5,588
Foreign Exchange Legislation Tax	297	420
Value added tax payable	661	198
Other	5,872	5,950
Total	48,780	55,018

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employee	7	8
Social Security Premiums - Employer	11	12
Bank Social Aid Pension Fund Premium-Employee	902	1,132
Bank Social Aid Pension Fund Premium Employer	1,256	1,625
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance - Employee	-	-
Unemployment Insurance - Employer	-	-
Other	198	234
Total	2,374	3,011

9. Explanation on factoring payables: None.

10. Explanation on financial lease payables:

a) Explanations about the requirement that brings on significant liabilities to the Bank, related to subject of constraints take place in contract, call options, renovation and the criteria, which is used to determinate lease installment in finance lease contract.

There are no requirements, which bring on significant commitments to the Bank with completed finance lease contract.

b) Explanations related to contract amendments that bring on new commitments to the Bank.

As of balance sheet date, there are no commitments arising from the finance lease contract.

c) Liabilities due to financial leasing transactions:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1 - 4 years	1,496	1,496	1,694	1,627
More than 4 years	-	-	-	-
Total	1,496	1,496	1,694	1,627

d) Explanations related to operating lease transactions

Operating lease is recorded in accordance with accruals essentials.

e) Explanations related to lessee and lessor in sale and lease-back transaction's contract conditions and special contract articles.

Operating lease is recorded in accordance with accruals essentials.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

11. Information on accrued interest and expense payables:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Accrued interest on deposits	195,833	19,629	205,049	28,078
Accrued interest on borrowings	3,288	2,729	257	2,612
Accrued interest on bonds	-	-	-	-
Accrued interest on repurchase agreement transactions	40	-	103	-
Accrued interest on financial derivative instruments	-	-	-	-
Accrued interest and expense	-	-	-	-
Foreign exchange losses accrued	-	-	-	-
Accruals on factoring payables	-	-	-	-
Other interest and expense accruals	2,303	32	8,641	349
Total	201,464	22,390	214,050	31,039

12. Explanations on provisions and subordinated loans:

a. Information on general provisions:

	Current Period	Prior Period
General provisions	33,199	26,627
Provisions for First Group Loans and Receivables	31,070	24,505
Provisions for Second Group Loans and Receivables	-	-
Provisions for Non Cash Loans	2,118	2,122
Others	11	-

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	9,835	5,543	9,531	5,336	4,356	32,463
Reserve for Employee Termination Benefits and Notification Indemnity	81,333	135,129	113,499	141,230	192,268	237,023
Actual payment Ratio	12,09	4,10	8,40	3,78	2,27	13,70
Ratio of reserve for Employee Termination and Notification Indemnity	100	100	100	100	100	100
Possible reserve for Employee Termination Benefits and Notification Indemnity	-	-	-	-	-	-

c.1. Funds established in connection to the Social Insurance Institution:

	2 PP	Prior Period	Current Period
Reserve Amount	-	70,000	70,000
Actual and Technical Deficit Amount	-	74,064	66,096
Reserve Ratio	-	95%	106%

For "Pamukbank T.A.Ş. Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı" and "T.C. Ziraat Bankası ve T. Halk Bankası A.Ş. Mensupları Emekli ve Yardım Sandığı Vakfı", according to the declaration AAR Communiqué 10, an actuarial audit is performed. As indicated in the Banking Law number 5411, temporary clause 23, in the following 3 years of the publishing of the regulation, for the fund necessary to be transferred to the "Social Security Institution"; according to the audited technical balance sheet report where the technical interest deficit ratio is used as 10.24%, indicated officially, there are no actual or technical deficits encountered for the "T.C. Ziraat Bankası ve T. Halk Bankası A.Ş. Mensupları Emekli ve Yardım Sandığı Vakfı". For "Pamukbank T.A.Ş. Memur ve Müstahdemleri

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

Emekli ve Yardım Sandığı Vakfı", there has been an actual and technical deficit indicated. The amount indicated for year 2005 amounting to TRY 70,000 thousand, has remained within the range of the provisions set previously according to the declaration AAR Communiqué 10, clause 1.

c.2. Liabilities set for Bank staff for rights after retirement with various foundations funds and etc.:

There are no liabilities set for Bank staff for rights after retirement with Türkiye Halk Bankası Anonim Şirketi Personel Yardımlaşma Sandığı.

d. Uncertainties related to the timing of the expected payment amount and nature of provisions:

On the basis of the precautionary principle, general loan provisions and, if required, retirement pay provisions have been set with future uncertainties in consideration.

e. Foreign currency indexed foreign currency valuation differences

Because foreign currency indexed loans are recognized as of the initial date, any differences generated from initial date are reflected onto the foreign currency gains or losses accounts.

f. Provision for the diminution in value due settlement date:

There are no provisions set for the diminution in value due settlement date.

g. Special provisions for unindemnified non-cash loans:

As of the balance sheet date, the Bank appropriated special provision for unindemnified non-cash loans but not for checks.

h. Explanations related to Other Provisions

h.1. Explanations related to Free Provisions set for Potential Risks

	Current Period	Prior Period
Free Provisions set for Potential Risks	-	5,000

h.2. The amounts of the accounts which cause other provisions to exceed 10% of the total provisions;

From the TRY 89,505 Thousand worth of other provisions, TRY 52,219 Thousand consists of unindemnified and 'not turned to cash' non-cash loans' special provisions. The remaining TRY 37,286 Thousand is the provision arising from the legal cases against the Bank, the provisions for the loans provided to the firms transferred from Pamukbank and the provision for the points earned by customers on their credit cards.

j. Disclosures are made about the number, maturity, interest rate, and the institution that the capital like loan is obtained from, and the details about the option to convert to share of the quasi capital credits used by the Bank.

k. The Bank does not utilize any loan-like equity.

13. Information on Shareholders' Equity:

a. Presentation of paid-in-capital:

	Current Period	Prior Period
Common stock provision	1,150,000	1,150,000
Preferred stock provision	-	-

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:

The Bank is not subject to registered share capital system.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

c. Information on share capital increases and their sources; other information on increased capital shares in the current period: None.

d. Information on share capital increases from revaluation funds in the current period:
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:

Although there have not been any equity payments in the current period, there is an equity commitment worth TRY 100,000 Thousand.

f. Indicators of the Bank's main income, profit and liquidity for the previous periods and possible effects on equity of the foresights which are formed considering the uncertainties in these indicators:

Credit, interest and foreign currency risk policies that the Bank follows are determined in a way that losses from these risks would be set minimum.

g. Summary information on privileged shares:

The shares of the Bank are allocated as group A and group B. The group A shares belong to the Under secretariat of Treasury and these shares represent 99.99% of the total capital.

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

	Current Period	Prior Period
Number of shares (Thousand) (*)	1,250,000	1,250,000
Preferred shares	-	-
Common stock issue premiums	-	-
Common stock cancelling profit	-	-
Other equity	-	-
Total common stock issue	-	-

(*) The amount reflects the number of shareholders. The total number of shares is 1,431,120,919 with total amount of TRY 1,250,000 Thousand of shares with different nominal values.

15. Information on marketable securities value increase fund:

a.1 Information regarding marketable securities value increase fund:

	Current Period		Prior Period	
	TC	FC	TC	FC
From associates and subsidiaries	-	-	-	-
From investment securities available-for-sale	59,196	148	-	-
From investment securities subject to structural position	-	-	-	-
Total	59,196	148	-	-

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

	Current Period	Prior Period
Foreign currency marketable securities value increase fund	148	-
Foreign exchange gain resulting from foreign currency associates, subsidiaries, and investment securities available-for-sale as also included above.	-	-

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

b. The Bank must present and explain, the impact of the accounting of the FC rate changes for the first time, excluding when the amount of the related balance can not be estimated, FC rate differences which are recorded onto the shareholder equity and are retained from previous periods must be shown as a separate account:

None.

16. Information on revaluation fund:

	Current Period		Prior Period	
	TC	FC	TC	FC
Movables	-	-	-	-
Immovables	-	-	-	-
Gain on sale of buildings and shares of subsidiaries and associates to be added to capital	4,305	-	-	-
Special cost revaluation fund	-	-	-	-
Total	4,305	-	-	-

17. The explanations on the elements of the revaluation fund are made:

According to inflation accounting, the revaluation increases recorded in the Bank's legal records are eliminated.

18. Information on legal reserves:

	Current Period	Prior Period
I. First legal reserves	48,615	25,306
II. Second legal reserves	72,711	37,931
Other legal reserves allocated per special legislation	589	335
Total	121,915	63,572

19. Information on extraordinary reserves:

	Current Period	Prior Period
Reserves allocated by the General Assembly	-	47,181
Retained Earnings	-	0
Accumulated losses	-	0
Foreign currency share capital exchange difference	-	0
Total	-	47,181

In the current period, it has been decided that the TRY 47,181 Thousand worth of 'Reserves Allocated by the General Assembly' will be recorded under the 'Other Reserves' account as of 31 December 2004.

20. Information regarding individuals or organizations that have 10% or more share of the capital or having such voting right power:

Name/Commercial Title	Share Amounts	Share Percentage	Paid-in Capital	Unpaid Portion
Under secretariat of Treasury	1,250,000 (*)	99.99%	1,150,000	100,000

(*) Other shareholders share is less than TRY 1 Thousand.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

III. INFORMATION AND DISCLOSURES RELATED TO INCOME STATEMENT

The fundamental errors for any groups or items related to the prior period:

In restatement studies of equity participations and subsidiaries and affiliates in reliance with Communiqué No. 14 of AAR, the capital increases of equity participation of the Bank named Birlik Hayat A.Ş. and Birlik Sigorta A.Ş and the subsidiary of the Bank named Halk Yatırım Menkul Değerler A.Ş, generated from cash equivalent gain on sale of buildings and extraordinary reserves in bonus shares is not considered as cash and excluded from the restatement studies as of December 31, 2003 financial statements. Misstatement has been corrected through the restatement of those capital increases in the financial statements as of March 31, 2004. Correction made related to the restatement error amounting to TRY 1,847 for equity participation and 1,909 TRY for subsidiaries are explained in the footnotes. This correction amount is shown in revaluation increase disclosures and the effect of the fundamental error on the current period is reflected as monetary gain in the income statement.

1. Information on interest income:

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	289	200

b. Information on financial lease income: None

c. Interest received from reverse repurchase agreement transactions: None.

d. Information on interest received from factoring: None.

2. Information on interest expense:

a. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest paid to associates and subsidiaries	488	1,098

b. Information on financial lease expenses:

	Current Period	Prior Period
Financial Lease Expenses	183	57

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

c. Maturity structure of the interest expense on deposits:

Account name	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	
TRY							
Interbank deposits	111	5,885	-	-	-	-	5,996
Saving deposits	1,999	431,984	906,084	201,416	79,538	7,818	1,628,839
Public sector deposits	381	41,505	51,510	332	759	2	94,489
Commercial deposits	43,381	128,032	122,381	13,630	5,556	245	313,225
Other deposits	905	89,697	251,627	67,953	3,279	441	413,902
Precious metal deposits	-	-	-	-	-	-	-
Deposits with 7 days notification	-	-	-	-	-	-	-
Total TRY	46,777	697,103	1,331,602	283,331	89,132	8,506	2,456,451
FC							
Foreign currency deposits	4,165	41,285	25,632	12,843	20,705	9,606	114,236
Interbank deposits	35	-	-	-	-	-	35
Deposits with 7 days notification	-	-	-	-	-	-	0
Precious metal deposits	-	-	-	-	-	-	-
Total FC	4,200	41,285	25,632	12,843	20,705	9,606	114,271
Total	50,977	738,388	1,357,234	296,174	109,837	18,112	2,570,722

d. Interest expense on repurchase agreements transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interests given to repurchase agreement transactions	23,462	-	45,739	-

e. Information about the interest expense on factoring payables: None.

3. Information about other operating income:

There is no other operating income arising from extraordinary income accounts.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

4. Provision expenses of Banks for Loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	94,437	49,802
III. Group	70,668	26,758
IV. Group	3,853	5,307
V. Group	19,916	17,737
General provision expenses	9,479	5,226
Provision expenses for possible losses	-	5,000
Foreign exchange differences on foreign currency losses	-	-
Marketable securities impairment expense	-	-
Trading securities	-	-
Investment securities available for sale	-	-
Impairment provision expense (*)	6,059	22,319
Investment and Associates	5,505	-
Subsidiaries	554	593
Joint ventures	-	-
Investment securities held to maturity	-	21,726
Other	4,522	7,902
Total	114,497	90,249

(*) The impairment provision expense is due to the diminution in the market value of associates, subsidiaries and held to maturity securities.

5.a. Information on other operating expenses:

	Current Period	Prior Period
Personnel Expenses	354,631	280,770
Reserve for Employee Termination Benefits	68,224	26,854
Bank social aid provision fund deficit provision	-	-
Depreciation expenses of fixed assets	49,815	35,598
Amortization expenses of intangible assets	126	33
Other Operating Expenses	117,901	102,241
Maintenance Expenses	6,268	4,055
Advertisement Expenses	4,753	5,796
Other Expenses	106,880	92,390
Loss on sale of assets	7,347	2,580
Operational Leasing Expenses	5,800	1,363
Other	96,811	76,774
TOTAL	700,655	526,213

5.b. Expenses arising from extraordinary accounts: None.

6.a. Income and expenses relating to associates and subsidiaries:

	Current Period	Prior Period
Income and loss from subsidiaries (+/-)	883	1,141
Income and loss from associates (+/-)	10,556	688

b. Information on the income/loss relating to the transactions with the risk group of the Bank:

None.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

c. Information regarding the profit and loss arising from the operations resulting within the Bank's risk group between real and legal entitlements:

The information regarding this topic are presented in the 8th disclosure titled 'explanations on the risk group of the Bank' in section V.

7. Information on tax provisions:

a) Explanations related to calculated current tax income or expense and deferred tax income or tax expense.

As of 31.12.2005, current period tax expense is TRY 255,455 Thousand; net deferred tax income is TRY 26,674 Thousand.

b) Explanations related to deferred tax income or expense due to temporary differences:

No deferred tax income or expense is encountered in the current period.

c) Explanations related to deferred tax income or expense due to temporary difference, financial loss and tax abatement and exceptions.

Net amount of deferred tax asset reflected to income statement due to temporary difference, financial loss and tax abatement and exceptions is 88,209 and net amount of deferred tax income is TRY 26,674.

8. Explanations Related to net period profit and loss

a) Income and Expense due to the ordinary banking transactions:

Bank's collections from domestic deposits are assessed as loans, securities and interbank transactions. Furthermore, the Bank also realized income by the commissions from non-cash loans, other banking transactions and insurance agencies.

As a result of the Bank's ordinary operations, 3,717,406 thousand TRY interest income, 2,792,658 thousand TRY interest expense, 155,033 thousand TRY net fees and commissions income are realized. On the other hand, as a result of non-banking transactions 700,655 thousand TRY expense, and 269,417 thousand TRY income are also realized.

The profit or loss included in the accompanying financial statements occurred through the Bank's operations until the merge with Abolished Pamukbank T.A.Ş. on 12 November 2004 and after the merge date in the period.

b) There are no significant changes in forecasts of the accounts and the forecasts do not have an impact on the income statement.

c) There is no profit or loss related to minority rights.

9. Nature and amount of changes in accounting estimates, which have material effect on the current period or expected to have a material effect on subsequent periods:

There are no significant changes in accounting estimates, which have a material effect on the current period or expected to have a material effect on subsequent periods.

IV. INFORMATION AND DISCLOSURES RELATED TO THE OFF-BALANCE SHEET COMMITMENTS

1.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 more likely than not, then this asset will be realized. If realization is probable, then it will also be explained in the footnotes.

No contingent assets realization is encountered at balance sheet date.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

b.2. For contingent liabilities, if realization is probable and the amount can reliably be determined, then a provision is set for this liability. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes.

As of December 31, 2005, the Law Department of the Bank declares that there are 241 pending lawsuits filed against the Bank. Total amount of the cases are TRY 48,375 Thousand, EUR 668,138 and USD 1,547,714 as of December 31, 2005.

2. Information related to derivative financial instruments (*):

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	-	10,224
Forward FC Transactions	-	-
FC Swap Transactions	-	10,224
Futures FC Transactions	-	-
Option FC Transactions	-	-
Total of interest derivative transactions (II)	-	-
Forward interest rate transactions	-	-
Interest rate swap transactions	-	-
Interest option transactions	-	-
Futures interest transactions	-	-
Other trading transactions (III)	-	-
A. Total trading derivative transactions (I+II+III)	-	10,224
Types of hedging transactions		
Fair value hedges		
Cash flow hedges	-	-
Hedges for TRY investments made by investment and associates	-	-
B. Total hedging related derivatives	-	-
	-	-
Total Derivative Transactions (A+B)	-	10,224

(*) As of 1 December 2004, the FC purchase-sale transactions presented at the off-balance sheet with a two day value is presented at the FC purchase-sale commitments.

3. Information on off-balance sheet liabilities:

a. Nature and amount of irrevocable loan commitments:

Type of Irrevocable Commitments	Current Period	Previous Period
Credit Card Expenditure Limit Commitments	892,907	901,496
FC Purchase Sale Two Value Days Commitments	62,710	
Other Irrevocable Commitments (*)	38,761	11,821
Associate and Joint Venture Capital Commitments	-	-
Taxation and Fund Liabilities due to Export Commitments	4,450	
Payment Commitments for Checks	1,120,099	1,046,620
Total	2,118,927	1,959,937

(*) Halk Yatırım Menkul Değerler, purchased the shares of Halk Finansal Kiralama A.Ş., Birlik Hayat Sigorta A.Ş., and Birlik Sigorta A.Ş., which belongs to Halk Bankası Personel Yardımlaşma (in liquidation), on November 29, 2005.

TÜRKİYE HALK BANKASI A.Ş.

DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

As of November 30, 2005, based on the acquired companies' audited financial statements the arithmetical mean book value is calculated by using the reports prepared by three different firms as of January 26, 2006. TRY 1,000 thousand as advance settlement is deducted from TRY 33,947 thousand of determinant acquisition selling price. The remaining balance of TRY 32,947 thousand is recognized at the other irrevocable commitments account. Due to the continuing legal process of the acquisition, these items are not included in the balance sheet.

b. Nature and amount of contingent loss and commitments from off-balance sheet items including those stated below:

There is no contingent loss that stems from off-balance sheet items. Commitments from off-balance sheet items are represented in "Statements of Off-Balance Sheet Commitments".

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

	Current Period	Prior Period
Letters of guarantee	1,847,838	1,833,136
Acceptances	16,701	9,933
Letters of credit	253,026	277,598
Other	669	553
Total	2,118,234	2,121,220

b.2. Guarantees, surety ships and similar transactions: None other than the ones explained in article b.1.

4. Bank indicates contingent items that focused on special concentrate fields. These disclosures could be prepared according to regional, customer or sector segments. Regional differentiation could be set as different domestic, abroad country groups and domestic sub-regions. Customers classified as state owned institutions, commercial, industrial and servicing companies.

According to the tentative article of AAR Communiqué 17, the mentioned information in financial statements will begin to be announced to the public at January 1, 2006. Therefore, explanations and footnotes related to this subject are not included.

5.a. Total non-cash loans:

	Current Period	Prior Period
Guarantees given against cash loans	50,137	45,588
With maturity of less than 1 year	-	-
With maturity of more than 1 year	50,137	45,588
Other non-cash loans	2,068,097	2,075,632
Total	2,118,234	2,121,220

b. Collateral, mortgage and other restrictions on tangible fixed assets, the amount of capital expenditures related to construction of tangible fixed assets purchase commitments:

There is no limitation on fixed assets, which are the property of the Bank. There are no commitments for purchase of fixed assets.

6. Custodian and intermediary services:

The Bank provides custodian and intermediary services for purchase - sale and saving services.

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

During 2004, the Bank was evaluated by the international rating institution, "Fitch Rating" and was rated as BB (-).

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

8. Risk concentration:

a. Sector risk concentrations of non-cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	8,972	1.05	489	0.04	15,779	2.30	2,212	0.15
Farming and Raising livestock	7,414	0.87	299	0.02	12,644	1.84	2,212	0.15
Forestry	1,370	0.16	190	0.02	2,814	0.41	-	0.00
Fishing	188	0.02	0	0.00	321	0.05	-	0.00
Manufacturing	332,305	39.00	374,605	29.58	168,708	24.54	477,607	33.31
Mining	16,115	1.89	5,458	0.43	32,721	4.76	11,009	0.77
Production	309,989	36.39	316,001	24.96	132,214	19.23	404,073	28.18
Electric, gas and water	6,201	0.73	53,146	4.20	3,773	0.55	62,525	4.36
Construction	213,611	25.07	248,103	19.59	210,726	30.65	261,266	18.22
Services	274,997	32.28	248,212	19.60	169,335	24.63	657,950	45.89
Wholesale and retail trade	151,565	17.79	63,000	4.98	72,205	10.50	484,305	33.78
Hotel, food and beverage services	6,168	0.72	1,359	0.11	4,583	0.67	1,818	0.13
Transportation and telecommunication	25,344	2.97	20,789	1.64	20,296	2.95	25,208	1.76
Financial Institutions	28,669	3.37	41,350	3.27	23,104	3.36	33,715	2.35
Real estate and renting services	1,239	0.15	33	0.00	16,082	2.34	61,841	4.31
Self-employment services	52,339	6.14	119,391	9.43	25,933	3.77	50,670	3.53
Education Services	5,343	0.63	1,574	0.12	4,436	0.65	97	0.01
Health and social services	4,330	0.51	716	0.06	2,696	0.39	296	0.02
Other	22,071	2.59	394,869	31.18	122,935	17.88	34,702	2.42
Total	851,956	100.00	1,266,278	100.00	687,483	100.00	1,433,737	100.00

b) Information about the 1st and 2nd group non-cash loans and other receivables including those that have been restructured or rescheduled:

	I st Group-Standard loans and other receivables		Loans and other receivables II nd Group-under close follow-up	
	TRY	FC	TRY	FC
Non-cash loans	812,428	1,181,496	39,528	84,782
Letters of guarantee	812,170	914,253	39,528	81,887
Bank acceptances	-	14,548	-	2,153
Letters of credit	23	252,261	-	742
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	235	434	-	-

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

1. Information regarding the adjustments made as a result of the application of the Accounting of the Financial Instruments in the current period:

a. Increase due to restatement of the available for sale investments:

An increase worth of TRY 59,344 thousand recorded in the 'Securities Value Increase Fund' in the shareholders' equity. This increase is due to the revaluation of the fair value of the ready for sale securities that are considered to be outside the scope of risk protection assets.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

b. Information regarding the increases in the accounts related to the protection from cash flow risks:

b.1. These are presented through confirmations at the beginning and the end of the period.

There are no accounts either at the beginning of the period or the end of the period that are related to the protection from cash flow risk.

b.2. In order to limit the risk from cash flows, income or loss from financial assets or liabilities, if recorded to the capital is explained in the footnotes.

No income or expense has been recorded regarding these instruments.

c. The confirmation regarding the foreign exchange gains/losses between the beginning of the period and end of the period is presented.

No confirmations have been made regarding the changes in the foreign exchange rates between the beginning of the period and end of the period.

2. Information regarding the adjustments made as a result of the application of the Accounting of the financial instruments in the current period:

a. Information regarding to available for sale investments: None.

b. Information regarding the protection from cash flow risks:

There is no income or expenses recorded as a result of the financial assets or liabilities (used for protection from the cash flow risk) that have been recorded to the capital, which was later, transferred to net profit or loss.

3. Information regarding dividends:

a. No dividend amounts are declared after the date of the balance sheet and before the announcement of the financial statements.

b. No dividend per share is proposed for distribution to the shareholders after the date of the balance sheet. As a result, no profit distribution table was presented with the accompanying financial statements.

c. As of the report date, no proposals regarding the dividend per share has been made. As a result, no profit distribution is provided with the accompanying financial statements in the current period.

4. Amounts transferred to the Legal Reserves Account:

No amount is transferred to the legal reserves account at the current period.

5. Information about common stock issues:

There has not been any common stock issue in the current period.

6. For all the capital share classes of the Bank; rights, priorities and restrictions on dividend distribution and on re-payment of the capital:

There has been an increase due to the non-paid-up shares of the associates of the Bank worth TRY 4,305 Thousand.

VI. EXPLANATIONS RELATED TO THE STATEMENT OF CASH FLOWS

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

Explanations of the other items in the Cash Flow:

Other cash flows relating to the banking operations include, net monetary position profit and loss, foreign currency profit/loss and profit/loss from other operations. Net increase/(decrease) in other liabilities in the changes in assets and liabilities regarding the banking

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

activities comprise accounts excluding deposits given, borrowings and funds, interest and expense accruals and shareholders' equity presented in liabilities.

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

	Current Period	Prior Period
Cash and cash equivalents (+) (*)	4,822	-
Loans given(+)	-	-
Other assets (+)	-	-
Funds provided from other financial institutions (-)	-	-
Other liabilities (-)	-	-
Goodwill (+)	-	-
Total purchase price (+) (1)	4,822	-
Foreign exchange income (-) (2)	-	-
Purchase cost (3)(1-2)	4,822	-
Total cash and cash equivalents at the acquisition (-) (4)	-	-
Cash out-flow due to acquisition (5) (3+4)	4,822	-

(*) Out of the TRY 11,002 thousand presented as acquired joint ventures, associates and other investments, TRY 4,286 thousand is due to the free-of-charge shares. The remaining TRY 4,822 Thousand and TRY 1,894 thousand are due to investments made in cash and the reclassifications made from ready for sale securities.

3. Information on disposals of the participations, subsidiaries and other investments:

Although there has not been any sales of participations, subsidiaries and other investments, the reclassification of Macar-Halkbank, ISE Clearing and Custody Center, Alidaş Alanya Lim. İşl. Tur. A.Ş. to 'Ready for Sale Securities' was presented as a TRY 7,871 Thousand disposal in the current period. Besides, a TRY 83 Thousand disposal is due to the liquidation of Halk Gayrimenkul Expertiz A.Ş.

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

a. Components of cash and cash equivalents and accounting policies in determination of the components: Cash, Central Bank of the Republic of Turkey, cash in transit, cheques received and money market transactions are defined as cash and cash equivalents.

b. Effect of changes in accounting policies: None.

Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
Cash		
Cash and Foreign Currency	113,646	121,997
Balances with the Central Bank of Turkey and other	44,013	6,499
Cash Equivalents	71,020	1,287,298
Other	18	117
Total cash and cash equivalents	228,697	1,415,911

Total cash and cash equivalents at the end of the prior period equals the cash and cash equivalents at the beginning of the period of the current period.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

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

	Current Period	Prior Period
Cash		
Cash and Foreign Currency	134,234	113,646
Balances with the Central Bank of Turkey and other	46,647	44,013
Cash Equivalents	0	71,020
Other	16	18
Total cash and cash equivalents	180,897	228,697

6. Amount of cash and cash equivalents restricted for the usage of the Bank and the shareholders by legal limitations and other reasons:

The Bank does not hold any blocked deposits.

7. In addition to the information stated in the first column, additional information on the Bank's financial condition and its liquidity situation:

a. There are no restraints for the available debts or the usage of debts, which are not yet used but are obtained for the Bank's activities and capital participations.

b. Total amounts of the banking, investment and financial activities of the cash flows included in the Bank's shares of associates which are controlled together recorded according to partial consolidation method are:

There are no associates stated in the Bank's solo financial statements which are controlled together recorded according to partial consolidation method.

c. Total of the cash flow amount which indicates the increase in the banking activities capacity apart from the cash flows necessary in carrying on the current banking activities capacity: There is no need for cash flows indicating the increase in the banking activities capacity apart from the cash flows necessary for carrying on the current banking activities capacity.

VII. INFORMATION AND DISCLOSURES RELATED TO MERGERS AND ACQUISITIONS

1. Information about the date of the merge (including transfers) or end of the merge, the accounting methodology used to reflect the merge on the accounts, the title and type of the merge as of the merge period:

"Act No: 5230 with regards to the transfer of Pamukbank Türk Anonim Şirketi to Türkiye Halk Bankası A.Ş. and amendments to other acts" came into force as of July 31, 2004 with the publication of Official Gazette numbered 25539. Upon this law, the transfer of Pamukbank, whose shares, management, and control is inherited to the Saving Deposit Insurance Fund (SDIF) beforehand, and related issues on methods and principles have been set out with the above mentioned transaction. According to the law, all assets and liabilities within the financials statements of the Bank including off balance sheet commitments will be transferred to Türkiye Halk Bankası A.Ş., based on a mutual agreement organized between Pamukbank, SDIF, and Halkbank without further transactions. The deficit in the shareholders' equity of Pamukbank will be compensated by SDIF via the Special Treasury Bills which will be lend by Treasury pending to the transfer date. SDIF and Halkbank, will finalize the transfer transactions prior to the pay-off of the deficit in the shareholders' equity of Pamukbank.

At 18.06.2002, Pamukbank T.A.Ş. has transferred to the constitution of SDIF. The Bank, in order to close the deficit in technology and human resources, started to interest in Pamukbank T.A.Ş., which is a constitution of SDIF. Pamukbank TA.Ş., with the BRSA permission, has been subjected to a detailed analyze both from the Bank personnel and from the consultant firm. After these investigations, the transfer of Pamukbank T.A.Ş is decided, and with that objective, the 5230 numbered law of transfer of Pamukbank Türk Anonim Şirketi to the Türkiye Halk Bankası and concerning the amendments in some laws are prepared and the law is come into force at 31.07.2004.

According to clause 3, the transfer must be conducted according to the 18/1 of the Banking Law and the Communiqué on the Merge and Transfer of Banks.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

Within the regulatory framework, both Banks has merged by getting the transfer permission of BRSA, General committee permission and the approval of BRSA at 12.11.2004. At that date, judicial personality of Pamukbank T.A.Ş has been ceased, actual transfer of Pamukbank T.A.Ş has completed with the transfer protocol, which is signed by Pamukbank TA.Ş., SDIF and the Bank. At the same process, the Bank has started to use Mistral system of Pamukbank T.A.Ş. and started to service as a merged bank at the date of 17.11.2004.

According to clause 3 of act 5230, the Treasury has provided its government internal debt bonds from the privatization administration worth TRY 2,340,938 Thousand to the SDIF, who provided this amount to Pamukbank T.A.Ş. as a part of the capital deficit.

The IT system that Pamukbank T.A.Ş. used prior to the merge, is now being used by T. Halkbank A.Ş. after the merge.

2. Information about acquisitions

a. Information regarding the period of the acquisition

There are no acquisitions in the current period.

b. Total book value of the provisions set for each acquisition:

There are no acquisitions in the current period.

c. Explanations regarding why the asset, liability or the fair value of these acquisitions can not be made as of the acquisition period, and if any explanations regarding adjustments made after the calculation of a temporary fair value:

There are no acquisitions in the current period.

3. Below is the information set out in the financial statements regarding merges or transfers:

a. The definition of the issued shares and the number of shares, and the distribution of interests after the change in the voting rights due to share issuance, and percentage of ownership per shareholder:

There are no mergers or transfers in the current period.

b. The quantity of the assets and liability of each bank that has participated in the merge:

There are no mergers or transfers in the current period.

c. The pre-merge sales income, other operating income, other extraordinary income/expense accounts and net profit or loss included in the net profit or loss of the Bank financial statements after the merge or transfer:

There are no mergers or transfers in the current period.

4. Explanations regarding any Bank mergers after the Balance Sheet date, yet before the approval of the financial statements; if no explanations can be made, reasons as to why not:

There are no mergers or transfers after the balance sheet date.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

VIII. EXPLANATIONS ON THE RISK GROUP OF THE BANK

1. Information on the volume of transaction related to the Bank's risk group, incomplete loan and deposit transactions and period's profit and losses:

a. Current Period:

Bank's risk group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Bank		Other items that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	202	24,506	-	-	-	-
Balance at the end of the period	10,043	27,261	-	-	-	-
Interest and commission income received (**)	152	137	-	-	-	-

(*) Defined in the clause 2, 20th Article of "Regulation on the Establishment and Operations of Banks"

(**) It comprises the total of interest and commission income earned through cash and non-cash loans.

b. Prior Period:

Bank's risk group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Bank		Other items that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables	-	-	-	-	-	-
Balance at the beginning of the period	252	15,653	-	-	-	-
Balance at the end of the period	202	24,506	-	-	-	-
Interest and commission income received (**)	-	200	-	-	-	-

c.1. Information on deposit held by the Bank's risk group:

Bank's risk group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Bank		Other items that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	15,507	10,777	-	-	-	-
Balance at the end of the period	11,691	15,507	-	-	-	-
Interest on deposits	488	1,098	-	-	-	-

(*) Defined in the clause 2, 20th Article of "Regulation on the Establishment and Operations of Banks"

(**) It comprises the total of interest and commission income earned through cash and non-cash loans.

c.2. Information on forward and option agreements and other similar agreements made with the Bank's risk group:

The Bank does not have any forward and options agreements and other similar agreements made with the Bank's risk group.

2. Information about the Bank's risk group:

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:

The Bank performs banking transactions with its associates and subsidiaries. These are commercial transactions having market prices. These transactions are explained on the Part VII-1. The Bank does not have material transactions with banks primarily owned by the Treasury and with their direct or indirect shareholders as defined at the Clause 3, Article 20 of the "Communiqué on Regulations on the Establishment and Operations of Banks" except for legally obligatory operations and deposits of T.C. Halk Bankası A.Ş. Personel

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

Yardımlaşma Vakfı, T.C. Ziraat and T.C. Halk Bankası Mensupları Derneği and T.C. Vakıflar Bankası T.A.O. Memur ve Çalışanları Derneği amounting to TRY 55,591 Thousand.

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	10,043	<0.1%
Non cash loans	27,261	<0.1%
Deposits	11,691	<0.1%

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

c) Sum of similar items, except for the cases that require separate disclosure to assess impact on financial statements: Explained in item b above.

d) Investments accounted under equity method: None.

e) Disclosures related to purchase and sale of real estate and other assets, trading of services, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (loans and cash or real capital supports included), guarantees, and management contracts:

The Bank enters financial leasing agreements with Halk Finansal Kiralama A.Ş. and as of December 31, 2005, total payable amount from these agreements is TRY 1,496 Thousand. Additionally, the Bank provides agency services for Halk Yatırım Menkul Değerler A.Ş. and Halk Sigorta A.Ş.

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these loans to the Bank's equity does not exceed 50%. Amounts of these loans are explained in the note VII-1a.

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, license and management contracts with the risk group of the Bank.

IX. EXPLANATIONS RELATED TO INFLATION ACCOUNTING

a) Explanation on the alignment current period and prior period financial statements to the changes in purchasing power: According to the 14th Accounting Application Regulation (AAR) titled "Financial Reporting in Hyperinflationary Environment", the financial statements are stated in terms of the measuring unit current at the balance sheet date.

Therefore, comparative figures as of 31 December 2004 are restated into the same current measuring unit. This restatement is completed in order to minimize variations between the current and previous period figures due to changes in the purchasing power parity.

If the conditions specified at the 5th and 25th clauses of the 14th AAR are met, the Bank will no longer be required to prepare its financial statements according to this regulation and this will also require the conclusion of reporting in hyperinflationary environment.

According to BRSA's circular numbered two on 28 April 2005, most of the conditions to end reporting on a hyperinflationary environment has ended. As a result, on the basis of BRSA's decision number 1623 dated 21 April 2005, the application of inflation accounting has ended as of 1 January 2005.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

The main indicators regarding this subject can be listed below:

- Banking sector statistics as of January 2005, there is a decreasing trend in the foreign currency loans and the dominance of YTL deposits in the composition of total loans;
- No maturity difference is added on the prices with short-term transactions;
- No indexation to prices during the issuance of cash equivalent government internal debt securities;
- The drop in the wholesale price index (published by State Statistics Institution) below certain levels.

According to the same decision, the balance recorded in the 'Paid in Capital Inflation Adjustment Difference' as of 31 December 2004 will be recorded on 'Other Capital Reserves'. The inflation adjustment differences on other equity capital accounts and balance sheet accounts are added onto their respective accounts.

b) Explanation on cost basis used in adjustment of items in financial statements prior to adjustment according to inflation accounting: The financial statements have been prepared on an historical cost convention except for the statutory revaluation of tangible fixed assets; adjustments within the context of inflation accounting are reflected to legal books starting from December 31, 2004.

c) Explanation on the conversion factors that are used in restating the items of financial statements in the equivalent purchasing power at the balance sheet date, price indices used, level at the balance sheet date and movements in the last two years including the current year:

As of the balance sheet date, the cumulative inflation rate of last three years is 35.61% in accordance with Turkish countrywide wholesale prices index declared by State Institute of Statistics.

Indices and conversion factors that are used to present the financial statements by means of purchasing power of the Turkish Lira as of balance sheet date are as follows:

	Index	Rate
31 December 2002	6,478.8	1,2971
31 December 2003	7,382.1	1,1384
31 December 2004	8,403.8	1,0000

d) Information about restatement of non-monetary items:

Non-monetary assets and liabilities which are not carried at current amounts at the balance sheet date are restated by applying the relevant conversion factors as of 31 December 2004. In the restatement of non-monetary assets, date of acquisition is taken into consideration and in the restatement of assets subject to depreciation; the effect of revaluation of the related assets and accumulated depreciation on statutory books is eliminated.

e) Explanation on expertise to determine the fair values, calculation of depreciation according to the legislation and the adjusted amounts and the estimated useful life of the assets subject to depreciation:

The useful life of assets subject to depreciation is determined as 50 years for buildings and 2-50 years for the remaining fixed assets. Estimated useful lives of the fixed assets are reviewed periodically by the Bank.

Economic lives applied by the Bank are as follows:

	Years
Buildings	10-50
Movables	2-50
Leasehold Improvements	5 years and proportional with the rent expense

The gain or loss arising on the disposals of the tangible fixed assets is recognized in income statement.

For the properties of the Bank and those that will be disposed, a diminution in value provision has been set worth 12,497 Thousand YTL as a result of the expertise report for the construction and real estate department of the Bank.

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

f) Information on the reserves, which are appropriated according to the Turkish Commercial Code and articles of association and paid-in capital:

Of the capital of TRY 1,250,000 Thousand in legal books, TRY 1,150,000 Thousand is paid-in-capital. The shares are grouped into two types of shares: A and B type shares. The A type shares are belong to the Treasury and make up 99.99% of the total equity.

The 'Paid-in- Capital Inflation Adjustment Difference' balance as of 31.12.2004 is reclassified to the 'Other Equity Reserves' as of 31.12.2005.

g) The income statement items, that are included in purchasing power gain and loss caused by the monetary items but related to net monetary gain (loss) such as interest and foreign currency income and loss of funds provided, and which should be explained separately according to the communiqués related to accounting standards, are deducted from net monetary gain (loss) and reflected in the related caption. Information on such items if any:

There are no issues that require explanations due a deduction from net monetary gain (loss).

h) Explanation on whether the prior year unconsolidated financial statements were subject to audit:

The financial statements of the Bank as of December 31, 2004 have been audited by Denetim Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Member Firm of Deloitte Touche Tohmatsu) and a no issue has come to our attention except the stated below.

The indexed acquisition cost of the Bank's share in Demir HalkBank N.V. which is presented as a jointly controlled venture in the financial statements of the Bank is TL 62,134 Billion as of December 31, 2004. As the latest audited financial statements of Demir HalkBank N.V. is as of December 31, 2003, the indexed acquisition cost of the Bank's share is compared against the shareholders' equity of Demir HalkBank N.V. as of December 31, 2003.

i) Explanation on retained earnings based on the residual between the inflation adjusted value of assets and liabilities via the application of the related accounting standard for the first time:

There is no balance in the retained earnings based on the residual between the inflation adjusted value of assets and liabilities via the application of inflation accounting for the first time.

j) Explanation on the objective criteria which confirm the movement of the income and loss items, which do not have seasonality and spread equally to the period:

The movement of income and loss items does not have seasonality and spread equally to the period.

X. EXPLANATIONS RELATED TO THE DOMESTIC, FOREIGN OFFSHORE BRANCHES AND FOREIGN REPRESENTATIONS OF THE BANK

Banks' domestic and foreign branch Information.

	Number	Number of Employees			
Domestic Branch	551	10.451			
			Country of incorporation		
Foreign Representatives	6	31	1-Vienna/AUSTRIA		
			2-Cologne/GERMANY		
			3-Mannheim/GERMANY		
			4-Nurnberg/GERMANY		
			5-Dortmund/GERMANY		
			6-Tehran/IRAN		
				Total Assets	Statutory Share Capital
Foreign Branch	3	49	1-LEFKOŞA - TRNC	33,568	2,426
			2-GAZİMAGOSA - TRNC	6,487	
			3-Manama-BAHRAIN	201,225	
Off-shore banking region branches			1-		
			2-		
			3-		

TÜRKİYE HALK BANKASI A.Ş.
DISCLOSURES AND NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2005 AND DECEMBER 31, 2005

(Currency shown in thousands of New Turkish Lira unless otherwise indicated.)

XI. SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

1. Subsequent events after current period, in addition to transactions not finalized as of audit date and the effects of them to financial statements:

None

2. The changes in foreign exchange rates arising after period end, which would affect the evaluation and decision making of the users of the financial statements and the effects of the changes to foreign exchange transactions, items and effect of changes to the Bank's operations abroad:

There is no significant difference regarding the exchange rates that will make it necessary for valuations to be made in the financial statements after the balance sheet date.

SECTION VI: OTHER EXPLANATIONS AND DISCLOSURES

I. OTHER EXPLANATIONS RELATED TO THE BANK'S ACTIVITIES:

None.

SECTION VII: EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT

I. EXPLANATIONS FOR THE INDEPENDENT AUDIT REPORT:

Opinion of the independent auditor regarding the adjustments made to the financial statements and its explanation and footnotes that have been made public:

The financial statements of the Bank as of December 31, 2005 have been audited by Serbest Serbest Mali Müşavirlik Anonim Şirketi.

The Independent Auditor's report is located before the financial statements and the disclosures related to these financial statements.

II. EXPLANATIONS AND DISCLOSURES OF THE AUDITOR:

There are no additional explanations or disclosures to be made by the auditor.

TÜRKİYE HALK BANKASI A.Ş.

ADDRESSES

Head Office (Main)

2. Cadde No: 63 06520 Söğütözü/Ankara/Turkey
Tel: +90 312 2892000
Fax: +90 312 2295857

Financial Consolidation and External Reporting Department
Foreign Operations Department
Discipline Committee
Training Department
General Accounting Department
Legal Council
Internal Control Department
Administrative Services and Procurement Department
Human Resources Department
Premises-Real Estate and Survey Department
Loan Risk Monitoring Department
Corporate Loans Department
Financial Control Department
Deposits and Banking Services Department
Organization Department
Project Evaluation and Financial Analysis Department
Risk Liquidation and Collection-2 Department
Risk Management Department
Strategic Planning and Restructuring Department
Branch Operations Department
Public Relations Department
Board of Inspectors
Technology Banking Department
Commercial-SME Loans Department
Commercial-SME Marketing Department
Secretariat to the Board of Directors

Head Office (Support Unit)

Büyükdere Cad. No: 82 34387 Gayrettepe/İstanbul/Turkey
Tel: +90 212 2752424
Fax: +90 212 2758606

Infrastructure and Maintenance Department
Retail Banking Department
General Accounting Department
Entrepreneur-SME Loans Department
Entrepreneur-SME Marketing Department
Specialized Loans Department
Risk Monitoring and Evaluation Department
Risk Liquidation and Collection-1 Department
Technological Architecture Department
Software Development Department

Head Office (Support Unit)

Meclisi Mebusan Cad. No: 79 34427 Salıpazarı/İstanbul/Turkey
Tel: +90 212 3930500
Fax: +90 212 2524732

FX and Money Markets Department
Treasury Operations Department
Treasury Management Middle Office Department
Financial Institutions Department
Capital Markets Department
International Banking and Subsidiaries-Affiliates Department

Head Office (Support Unit)

Fulya Mah. Ali Sami Yen Sok. No: 5 34394 Gayrettepe/İstanbul
Turkey
Tel: +90 212 2751441
Fax: +90 212 2758579

Corporate Marketing Department

HALKBANK INTERNATIONAL NETWORK

BAHRAIN OFFSHORE BANKING UNIT

Bahrain Development Bank Building 6th Floor P.O. Box 11378
Diplomatic Area Manama/Bahrain
Tel: +973 17537711
Fax: +973 17535463

DORTMUND FINANCIAL SERVICES BRANCH

Schützen Str. 22 44147 Dortmund/Germany
Tel: +49 231 820062
Fax: +49 231 820095

GAZİMAĞUSA (Foreign Branch)

15 Ağustos Bulvarı No: 24 Gazimağusa
Turkish Republic of Northern Cyprus
Tel: +90 392 3669584
Fax: +90 392 3669589

COLOGNE FINANCIAL SERVICES BRANCH

Bahnhofsvorplatz 1 50667 Cologne/Germany
Tel: +49 221 136545
Fax: +49 221 125246

LEFKOŞA (Foreign Branch)

Köşklü Çiftlik Mah. Osmanpaşa Cad. Ümit Apt. No: 1 Lefkoşa
Turkish Republic of Northern Cyprus
Tel: +90 392 2288545
Fax: +90 392 2282900

MANNHEIM FINANCIAL SERVICES BRANCH

G. 2, 7 (Markplatz) 68159 Mannheim/Germany
Tel: +49 621 102625
Fax: +49 621 102469

NUREMBURG FINANCIAL SERVICES BRANCH

Denner Str. 6 (Am Plaerrer) 90429 Nuremburg/Germany
Tel: +49 911 288266
Fax: +49 911 268455

TEHRAN REPRESENTATIVE OFFICE

Ave. Ghaem Magham Farahani Bld. 6th Floor P.O. Box 11378 No: 14
Tehran/Iran
Tel: +98 21 8304715
Fax: +98 21 8301000

HEAD OFFICE

Eskişehir Yolu 2. Cadde No: 63 Söğütözü 06520 Ankara/Turkey
Tel: +90 312 289 20 00

www.halkbank.com.tr

Halkbank Dialog 444 0 400

