

**THE CENTRAL BANK
OF THE REPUBLIC OF TURKEY**

FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY 2004
TO 31 DECEMBER 2004

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

**INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD 1 JANUARY 2004 TO 31 DECEMBER 2004**

To The Central Bank of
The Republic of Turkey
Ankara

1. We have audited the accompanying balance sheet of the Central Bank of the Republic of Turkey (the "Bank") as of 31 December 2004 and the related statement of income 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 our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, the attached financial statements present fairly the financial position of the Bank as of 31 December 2004 and the results of its operations for the year then ended in accordance with Turkish statutory accounting requirements and the Law of the Central Bank of the Republic of Turkey.
4. Without qualifying our opinion, we draw attention to the following matters:
 - a. The Bank prepared its financial statements for the first time in 2004 in accordance with Law No. 5024 published in the Official Gazette No. 25332 on December 30, 2003 which requires the application of inflation accounting, therefore, accompanying financial statements have not been presented comparatively.

- b. Since it is not enacted in the related law, the statement of income for the year ended 31 December 2004 has not been restated during the application of inflation accounting, except for the depreciation expense. This restatement does not have any effect on the net profit/(loss) of the period.

Istanbul, 04 March 2005

DRT DENETİM REVİZYON TASDİK
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU**

Levent YAVEROĞLU

Zeki KURTÇU

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY
BALANCE SHEET AS OF 31 DECEMBER 2004

ASSETS	31 December 2004 Billion TL
I- GOLD	2.254.793
A. International Std.	2.194.300
B. Non International Std.	60.493
II- FOREIGN EXCHANGE	48.327.454
A-Foreign Banknotes	427.124
B-Correspondent Accounts	47.664.867
C-Reserve Tranche Position	235.463
III- COINS	2.932
IV- DOMESTIC CORRESPONDENTS	1.144.224
V- SECURITIES PORTFOLIO	23.164.479
A. Government Securities	23.164.479
a) With coupons	23.164.479
b) Without coupons	-
B. Other	-
VI- DOMESTIC CREDITS	309.978
A. Banking Sector	7.678
a) Discount Loans	7.678
b) Loans given according to Law 11 40/1-c	-
c) Other	-
B. Loans to Banking Regulation Authority	302.300
VII- OPEN MARKET OPERATIONS	128.000
A. Repurchase Agreements	128.000
a) Cash	-
i. Foreign Exchange	-
ii. Securities	-
b) Securities	128.000
B. Other	-
VIII- FOREIGN CREDITS	113.274
IX- SHARE PARTICIPATIONS	20.904
X- FIXED ASSETS (Net)	289.589
XI- CLAIMS UNDER LEGAL PROCEEDINGS (Net)	-
XII- TREASURY LIABILITIES DUE TO SDR ALLOCATION	234.486
XIII- VALUATION ACCOUNT	2.032.526
XIV- INTEREST AND INCOME ACCRUALS	74.275
XV- MISCELLANEOUS RECEIVABLES	5.563
XVI- OTHER ASSETS	19.715
TOTAL ASSETS	78.122.192

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY
BALANCE SHEET AS OF 31 DECEMBER 2004

LIABILITIES	31 December 2004 Billion TL
I- CURRENCY ISSUED	13.465.237
II- LIABILITIES TO TREASURY	291.422
A-Gold	6.531
B-Reserve Tranche Facility	235.463
C-Other	49.428
III- FOREIGN CORRESPONDENTS	41.404
IV- DEPOSITS	56.044.674
A. Public Sector	6.100.260
a) Treasury, General and Annexed Budget Administrations	5.942.382
b) Public Economic Institutions	348
c) State Economic Institutions	49.316
d) Other	108.209
B. Banking Sector	19.999.220
a) Domestic Banks	8.129.271
b) Foreign Banks	1.000
c) Required Reserves (Central Bank's Law, Art. 40)	11.868.739
d) Other	210
C. Miscellaneous	25.060.794
a) Foreign Exchange Deposits By Citizen Abroad	24.978.895
b) Other	81.899
D. International Institutions	4.038.731
E. Extrabudgetary Funds	845.669
a) Saving Deposit Insurance Fund	23.869
b) Other	819.800
V- OPEN MARKET OPERATIONS	3.622.089
A. Repurchase Agreements	128.189
a) Cash	128.189
i. Foreign Exchange	-
ii. Securities	128.189
b) Securities	-
B. Other	3.493.900
VI- FOREIGN CREDITS	12.158
VII- ADVANCES, COLLATERALS AND DEPOSITS COLLECTED AGAINST LETTERS OF CREDIT AND IMPORT	1.096.905
VIII- NOTES AND REMITTANCES PAYABLE	19.783
IX- SDR ALLOCATION	234.486
X- CAPITAL	46.234
A. Paid in Capital	25
B. Inflation Adjustment of Capital	46.209
XI- RESERVES	1.283.131
A. Ordinary and Extraordinary Reserves	929.583
B. Special Reserves (CBT's Law, Art. 59)	175
C. Inflation Adjustment of Ordinary and Extraordinary Reserves and Special Reserves	353.373
XII- PROVISIONS	92.522
XIII- VALUATION ACCOUNT	-
XIV- INTEREST AND EXPENSE ACCRUALS	2.215.887
XV- MISCELLANEOUS PAYABLES	103.800
XVI- OTHER LIABILITIES	62.186
XVII- NET PROFIT/(LOSS)	(509.726)
TOTAL LIABILITIES	78.122.192

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY
STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2004

	2004
	Billion TL
I - INTEREST INCOME	3.108.604
A. Interest Income from Foreign Correspondent Accounts	877.750
B. Interest Income from Open Market Operations	1.778.024
C. Interest Income from Credits Given	259.527
D. Positive Valuation Differences	177.835
E. Other Interest Income	15.468
II - NON-INTEREST INCOME	1.741.884
A. Open Market Operations	445.688
B. Foreign Exchange Gains	1.194.527
C. Commissions and Income from Services	26.419
D. Foreign Currency Valuation Differences of Provision for Doubtful Receivables	69.974
E. Dividend Collected	3.927
F. Other	1.349
III - TOTAL INCOME	4.850.488
IV - INTEREST EXPENSE	3.723.486
A. Interest Exp. on Foreign Exch. Deposits by Citizens Abroad	1.645.089
B. Interest Expense to Foreign Correspondents	235.638
C. Interest Expense to Other Deposits	90.678
D. Interest Expenses Due to Interbank Transactions	982.728
E. Other Interest Expense	757.074
F. Negative Valuation Differences	12.279
V - NON-INTEREST EXPENSE	1.143.250
A. Open Market Operations	943.147
B. Foreign Exchange Loss	72.164
C. Non-Interest Exp. To Foreign Correspondents	1.564
D. Commission Expenses	101.167
E. Provision for Doubtful Receivables	23.115
F. Other Losses	2.093
VI - GENERAL ADMINISTRATIVE EXPENSE	367.617
A. Payroll Expense	270.333
B. Provisions	9.710
C. Depreciation Expense	14.879
D. Other	72.695
VII- TOTAL EXPENSES	5.234.353
VIII- PROFIT / LOSS BEFORE MONETARY LOSS III- VII 	(383.865)
IX - MONETARY LOSS	125.861
X - PROFIT / LOSS AFTER MONETARY LOSS VIII- IX 	(509.726)
XI - TAX PROVISION	-
XII - NET PROFIT / LOSS X - XI 	(509.726)

I- NOTES AND EXPLANATIONS RELATING TO THE BANK AND ITS FINANCIAL POSITION:

A. Notes and Explanations relating to the Current Period

- (1) The financial statements of The Central Bank of the Republic of Turkey (“the Bank”) as of 31 December 2004 have not yet been approved by the Board as of the report date.
- (2) **a-Detailed explanations of all basic accounting policies applied by the bank**

The basis of presentation of the financial statements and the significant accounting policies applied are as follows:

i. Basis for Presentation of the Financial Statements

The Bank maintains its books of account and prepares its statutory financial statements in accordance with Turkish Commercial Practice and Tax Legislation and Law No:1211 of the Central Bank of the Republic of Turkey (the “Central Bank Law”). According to the 57th and 58th articles of the Central Bank Law, the accounting period of the Bank is the calendar year. At the end of each calendar year, The Bank submits its balance sheet and income statement to the Prime Ministry along with the annual report prior to the General Assembly meeting and publishes the balance sheet in the Official Gazette.

Law No. 5024 published in the Official Gazette No. 25332 on 30 December 2003 requires the application of inflation accounting in Turkey in 2004 and future years, if the actual rate of inflation meets certain thresholds. The Bank applied inflation adjustments as of December 31, 2004 as a result of certain thresholds is met.

The main guidelines for the inflation accounting are as follows:

- All balance sheet amounts not already expressed in terms of the measuring unit current at the balance sheet date are restated by applying a general price index.
- Monetary assets and liabilities are not restated because they are already expressed in terms of the measuring unit current at the balance sheet date. Monetary items are money held and items to be received or paid in money.
- Non-monetary assets and liabilities are restated by applying, to the initial acquisition cost and any accumulated depreciation, the change in the general price index from the date of acquisition or initial recording to the balance sheet date. Hence, property, plant and equipment, investments and similar assets are restated from the date of their purchase. Depreciation charge for the period is calculated using the indexed cost amount. The components of shareholders’ equity are restated by applying the applicable general price index from the dates the components were contributed or otherwise arose.
- The gain or loss on the net monetary position is the result of the effect of general inflation and is the difference resulting from the restatement of non-monetary assets and shareholders’ equity. The gain or loss on the net monetary position is included in net income.

I- NOTES AND EXPLANATIONS RELATING TO THE BANK AND ITS FINANCIAL POSITION (cont'd):
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A. Notes and Explanations relating to the Current Period (cont'd)

(2) a- Detailed explanations of all basic accounting policies applied by the Bank (cont'd)

ii. Applied Accounting Principles

A part from the policies listed above, significant accounting policies applied in the preparation of the financial statements are as follows:

a. Accounting Principles

Financial statements have been prepared in accordance with the present Turkish legislation as has been expressed in article "i" above.

b. Recording of Income and Expense

Interest and other income and expenses are recognized on an accruals basis.

According to a change made in the 61st article of the Central Bank Law number 4651 on 25 April 2001, in the event of a change in the value of the Turkish currency, unrealized gains and losses arising from the revaluation of gold, foreign exchange and foreign currency indexed assets and liabilities of the Bank are classified into a special account named Valuation Differences, not comprising part of the annual income statement. Realized differences are reflected in the income statement as at the transaction date.

c. Provisions

According to the 59th article of the Central Bank Law, provisions in amounts deemed appropriate by the Board may be reserved from the gross annual profit of the Bank in order to meet losses which may arise in future years. Provisions also include retirement pay provision, tax provision and insurance provision for money in transit.

d. Foreign Currency Transactions

Foreign currency transactions are recorded at the foreign currency exchange rate applicable on the date of the transactions.

Gold is valued at the average of the gold prices quoted on the London exchange at 11:00 a.m. as of 31 December 2004 and on the basis of the equality of 1 ounce = 31,1035 grams.

Assets and liabilities denominated in foreign currency are valued at the foreign currency purchase rate as at the balance sheet date. Differences arising from the currency revaluation are recorded in a special account separate from the income statement, as stated in paragraph "b" above.

I- NOTES AND EXPLANATIONS RELATING TO THE BANK AND ITS FINANCIAL POSITION (cont'd):
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A. Notes and Explanations relating to the Current Period (cont'd)

(2) a- Detailed explanations of all basic accounting policies applied by the Bank (cont'd)

e. Retirement Pay Provision

According to Turkish Legislation and Labor Union agreements Retirement Payments are made at the retirement of employees or in the case of layoff. In the Bank, the amount payable depends on the rank and years of service, as defined in T.C. Emekli Sandığı and Social Security Insurance Institution rules. The Bank is building up, over five years starting from 2001, a provision for the total accrued retirement pay liability. The amount presented in the financial statements as at 31 December 2004 is four fifths of the total liability as at 31 December 2001 plus the total difference between the calculated retirement provision as at the 2004 and 2001 year ends.

f. Taxation

The Bank is subject to corporation tax in accordance with Turkish legislation. In addition to that, the bank is liable for Income Withholding tax for third parties.

g. Securities

The securities portfolio consists of government bonds purchased for the Bank's account based on the 52nd article of the Central Bank Law related with open market operations to regulate the money supply and liquidity in the economy, and securities purchased with agreements to resell.

Securities purchased for the Bank's own account are valued at market value as determined on a stock exchange and presented in the securities accounts at their revalued amount. Securities which are not traded on a stock exchange are valued at prices declared by the Bank and published in the Official Gazette. Positive differences between cost and revalued amount are included in the Securities portfolio in the balance sheet and as Positive Valuation Differences Account in the income statement. Whenever the difference is negative, it is recorded in Marketable Securities in the balance sheet and the Negative Valuation Differences Account in the income statement.

Securities purchased with agreements to resell are valued on an accruals basis using the interest rate implied in the agreement.

h. Equity Participations

The bank records its foreign equity shares at acquisition cost and revalues them at the Bank foreign currency purchase rate at the balance sheet date.

I- NOTES AND EXPLANATIONS RELATING TO THE BANK AND ITS FINANCIAL POSITION (cont'd)

A. Notes and Explanations relating to the Current Period (cont'd)

(2) b- Changes in accounting policies in the current period and their financial effects

No changes in accounting policies in the current period has been noted.

(3) Compliance with the fundamental accounting concepts of going concern, accruals and consistency

The attached financial statements have been prepared based on the going concern principle which represents one of the basic principles of accounting, assuming that the Bank will continue its operations without interruption.

(4) The effect of any modification which has been made in valuation methods affecting the period results

No change in valuation methods has been noted.

(5) Detailed explanation of the valuation methods used for securities (Including Equity Participations, Subsidiaries, and Long term securities) in the order given below (*)

A.Securities Portfolio :

Securities in Turkish Lira

1- Equity Shares - None

2- Other Securities:

- a) Securities indexed to inflation and foreign currency - Securities acquired for the Bank's accounts are revalued marked to market or, for those which do not have stock exchange prices, at prices declared by the Bank and published in the Official Gazette.
- b) Fixed Income Securities – None
- c) Securities having variable interest rate – None

Foreign Currency Securities

1- Equity Shares - None

2- Other Securities

- a) Securities indexed to inflation and foreign currency - None
- b) Fixed Income Securities – Foreign currency securities are valued marked to market as determined in the foreign stock markets in which they are traded.(*).
- c) Securities having variable interest rate - interest rate.

3- Gold (**)- Gold is valued according to the gold price quoted on the London exchange at 11:00 a.m. as of 31 December 2004 and on the basis of the equality of 1 ounce = 31,1035 grams.

(*) Foreign currency securities are recorded in the Correspondent Accounts in the balance sheet.

(**) Gold is recorded in the balance sheet in a separate account rather than under marketable securities.

I- NOTES AND EXPLANATIONS RELATING TO THE BANK AND ITS FINANCIAL POSITION (cont'd)

A. Notes and Explanations relating to the Current Period (cont'd)

- (5) **Detailed explanation of the valuation methods used for securities (Including Equity Participations, Subsidiaries, and Long Term Securities) in the order given below (cont'd)**

B. Equity Participations

Securities in Turkish Lira – None

Securities indexed to foreign currency – valued at the Bank purchase price at the balance sheet date.

C. Subsidiaries

Securities in Turkish Lira – None

Securities in terms of foreign currency – None

D. Marketable Securities

Securities in Turkish Lira

1- Equity Shares

- a) Long term investments - None
- b) Equity Shares given as a collateral and pledged shares - None
- c) Equity shares subject to long term transactions - None

2- Other Securities

- a) Long term investments - None
- b) Equity Shares given as a collateral and pledged shares - None
- c) Equity shares subject to long term transactions - None

Securities in Foreign Currency

1- Equity Shares

- a) Long term investments - None
- b) Equity Shares given as a collateral and pledged shares - None
- c) Equity shares subject to long term transactions - None

2- Other Securities

- a) Long term investments - None
- b) Equity Shares given as a collateral and pledged shares - None
- c) Equity shares subject to long term transactions - None

- (6) **Method of depreciation, any changes in methodology during the current period and financial effects of such changes**

Depreciation has been calculated on a straight line basis and there has been no change in depreciation methods during the current year. The annual depreciation rates applied are as follows:

Buildings (acquisition cost)	2%
Vehicles, Furniture and Fixtures	2 - 20%
Leasehold Improvements	20%

The effect of revaluation on tangible assets till 31 December 2004 has been removed, due to the adjustments on tangible assets in accordance with Law No. 5024 that stipulates the implication of inflation accounting on tangible assets.

I- NOTES AND EXPLANATIONS RELATING TO THE BANK AND ITS FINANCIAL POSITION (cont'd)

A. Notes and Explanations relating to the Current Period (cont'd)

- (7) **The exchange rate used for the revaluation of foreign currency items during the preparation of the balance sheet and the Bank's published US dollar currency purchase rate for the last five working days of the period are as follows:**

	<u>31 December 2004</u>
A. The Bank's "Exchange Rate for the Evaluation of Foreign Currency Items" (1 US dollar \$=..... TL)	1.342.100 TL
B. US dollar purchase rates at the date of balance sheet date are as follows:	
US dollar purchase rate at the date of balance sheet	1.342.100 TL
<u>US dollar purchase rates for the 5 working days before balance sheet date</u>	
Purchase rate of the 1st Day	1.352.500 TL
Purchase rate of the 2nd Day	1.342.500 TL
Purchase rate of the 3rd Day	1.352.700 TL
Purchase rate of the 4th Day	1.364.000 TL
Purchase rate of the 5th Day	1.375.000 TL

I- NOTES AND EXPLANATIONS RELATING TO THE BANK AND ITS FINANCIAL POSITION (cont'd)

A. Notes and Explanations relating to the Current Period (cont'd)

(8) Information on assets and liabilities denominated in foreign currencies, their US dollar equivalents and the foreign currency open position is as follows:

	31 December 2004	
	TL Billion	Million \$
I-FOREIGN CURRENCY ASSETS		
1) GOLD	2.254.793	1.680
2) FOREIGN EXCHANGE	48.327.454	36.009
3) COINS	-	-
4) DOMESTIC CORRESPONDENTS	1.144.224	853
5) SECURITIES PORTFOLIO	3.715.316	2.768
6) DOMESTIC CREDITS	7.678	6
7) OPEN MARKET OPERATIONS	-	-
8) FOREIGN CREDITS	113.274	84
9) SHARE PARTICIPATIONS	20.904	16
10) FIXED ASSETS	-	-
11) CLAIMS UNDER LEGAL PROCEEDINGS (NET)	-	-
12) TREASURY LIABILITY FROM SDR ALLOCATIONS	234.486	175
13) FX REVALUATION DIFFERENCES	-	-
14) ACCRUED INTEREST AND INCOME	7.680	6
15) MISCELLANEOUS RECEIVABLES	2.525	2
16) OTHER ASSETS	857	1
OFF BALANCE SHEET ITEMS(15)		
17) FORWARD TRANSACTIONS		
TOTAL FOREIGN CURRENCY ASSETS(1+17)	55.829.191	41.600
II-FOREIGN CURRENCY LIABILITIES		
1) MONEY IN CIRCULATION	-	-
2) LIABILITIES TO TREASURY	235.506	175
3) FOREIGN CORRESPONDENTS	41.404	31
4) DEPOSITS		
a) PUBLIC SECTOR	5.198.662	3.874
b) BANKING SECTOR	13.275.953	9.892
c) MISCELLANEOUS	25.057.375	18.670
d) INTERNATIONAL INSTITUTIONS	4.038.731	3.009
e) FUNDS	821.296	612
5) OPEN MARKET OPERATIONS	-	-
6) FOREIGN CREDITS	12.158	9
7) ADVANCES, COLLATERALS AND DEPOSITS COLLECTED AGAINST LETTERS OF CREDIT AND IMPORT	1.093.540	815
8) NOTES AND REMITTANCES PAYABLE	19.783	15
9) SDR ALLOCATION	234.486	175
10) PROVISIONS	-	-
11) FX REVALUATION DIFFERENCES	-	-
12) ACCRUED INTEREST AND EXPENSE	2.020.054	1.505
13) MISCELLANEOUS PAYABLES	102.567	76
14) OTHER LIABILITIES	32.467	24
OFF BALANCE SHEET ITEMS(17)		
15) FORWARD TRANSACTIONS	-	-
TOTAL FOREIGN CURRENCY LIABILITIES(II+15)	52.183.982	38.882
FOREIGN CURRENCY NET GENERAL POSITION	3.645.209	2.718

I- NOTES AND EXPLANATIONS RELATING TO THE BANK AND ITS FINANCIAL POSITION (cont'd)

A. Notes and Explanations relating to the Current Period (cont'd)

(9) Book value of movable and immovable assets, the depreciation allocated and their insurance coverage

<u>TL Billion</u>	<u>31 December 2004</u>		
	<u>Book Value</u> (*)	<u>Accumulated</u> <u>Depreciation</u>	<u>Insurance</u> <u>Coverage</u>
Movables	59.258	44.053	44.405
Immovables	307.976	33.592	193.679
1-Assets in use for			
banking activities	307.976	33.592	193.679
2-Other	-	-	-
Assets held under			
financial leases (as a			
lessee)	-	-	-

(*) Gross amount before accumulated depreciation

Tangible assets have been adjusted providing that accumulated depreciations have been deducted from the restated historical cash outflows for fixed asset purchases and followed with their adjusted values in the balance sheet. The effects of revaluation made until 31 December 2004 have been removed by the adjustment of tangible assets.

(10) Information on contingent losses and gains, which are significant but cannot be quantified

The amount of the legal cases pending against the Bank as at the balance sheet date is composed of TL 82.815 Billion, USD 7.187.446 and EURO 685.473. The accompanying financials statements do not include any provisions provided for those cases.

(11) Other issues which significantly affect the balance sheet or which cannot be quantified

The foreign exchange differences account represents the unrealized foreign exchange gains, not included in the income statement but presented in the balance sheet as foreign exchange revaluation differences account according to the 61st article of the Central Bank Law. Realized differences are reflected in the income statement as at the transaction date.

I- NOTES AND EXPLANATIONS RELATING TO THE BANK AND ITS FINANCIAL POSITION (cont'd)

B. Other Notes and Explanation

- (1) Information on events occurring after the balance sheet date, which affect the financial activities and/or financial structure significantly and therefore require explanation**

New Turkish Lira

The effective date of the Law on the Currency Unit of the Republic of Turkey No. 5083 has been determined as 1 January 2005 and the new currency unit of the Republic of Turkey has been defined as “New Turkish Lira” (NTL) and the subunit as “New Kuruş” (NKr). According to the second article of the related law, Turkish Lira has been converted to New Turkish Lira and by dropping six zeros from Turkish Lira, a new value has been introduced as “1 million Turkish Lira is equal to 1 New Turkish Lira (1.000.000TL= 1 NTL) ”.

- (2) Information on the Bank’s Foreign Branches**

There are no foreign branches, The Bank has Frankfurt, London, New York and Tokyo representatives and a liaison office in Berlin.

- C. The Qualification of the independent audit firm auditing the financial statements (Under the format presented in the legislation)**

The Financial Statements as of and for the year ended 31 December 2004 are audited by DRT Denetim Revizyon Tasdik Yeminli Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu).

The independent audit opinion is presented at the front of the financial statements.

II- NOTES AND EXPLANATIONS ON THE BALANCE SHEET AND MEMORANDUM ACCOUNTS

(1) Information about the Gold account

According to the 53rd Article of the Central Bank Law, the Bank may buy and sell gold coins and bullion, may import and export gold and may also receive and grant advances against gold. As of the balance sheet date, the Bank has 116.103.753 net grams of gold in international standards and 3.200.797 net grams of gold not in international standards. 82.433.108 grams of the gold in international standards is kept at foreign banks, mainly the Federal Reserve Bank of New York, 33.670.645 grams are kept at the Headquarters of the Bank. The non-international standard gold is kept at the Headquarters of the Bank, 345.575 grams of non-international standard gold belongs to the Treasury and the related liability is presented in the Balance Sheet in the Liabilities to Treasury Account.

Gold is valued at the average of the gold prices quoted on the London exchange at 11:00 am, as of 31 December 2004 and on the basis of the equality of 1 ounce = 31,1035 grams.

(2) Information about the Foreign Exchange account

Deposits at Foreign Banks:

	31 December 2004	
	TL Billion Amount	USD Amount (in Millions)
Free Deposits	3.311.550	2.467
Marketable Securities Portfolio	44.353.317	33.048
Total	47.664.867	35.515

Deposits at Foreign Banks consist of the current accounts and investment accounts held as reserve in Foreign Correspondents. The Marketable Securities Portfolio consists of foreign currency Government Bonds and Treasury Bills issued by international financial institutions and kept in foreign banks.

The portfolio account is valued marked to market as determined in the foreign stock exchanges in which they are traded and accounted as TL 44.365.595 Billion. These securities can be liquidated when needed.

In addition, balances with Foreign Banks include TL 3.273 Billion as deposit and TL 440.805 Billion as investment account belonging to the Turkish Defense Fund.

II- NOTES AND EXPLANATIONS ON THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (cont'd)

(3) Domestic Correspondents

Foreign currency interbank transactions in which the Bank acts as intermediary are accounted in the domestic correspondents account in assets and bank deposits accounts in liabilities. This account amounting to TL 1.144.224 Billion as of the balance sheet date consists of EURO 176.000.000 and USD 613.000.000. The Bank is liable to the counterparties.

TL 580 Billion interest accrual related to Foreign Currency Interbank Money Market Transactions, in which the Bank acts as an intermediary, is recorded in the balance sheet as Other Liabilities and Other Assets; and in the income statement as Other Interest Income and Other Interest Expense.

Apart from the interbank transactions in which the Bank acts as an intermediary, the Bank acts as a party in TL interbank transactions where the purchase amount is TL 3.493.900 Billion, which is recorded in the Open Market Operations as "Other" in liabilities. The interest expense accrual amounting to TL 1.747 Billion related to this transaction is recorded in Other Liabilities Account.

(4) Marketable Securities Portfolio – Open Market Operations

a- Information about the Marketable Securities Portfolio

The Marketable Securities Portfolio consists of securities purchased for the Bank's account which represent an amount of TL 23.164.268 Billion, together with an interest income accrual of TL 211 Billion computed on securities sold under agreements to repurchase, based on their valuation at official gazette prices.

In the year 2001, TL 3.715.316 Billion of securities indexed to foreign currencies, included in the securities acquired for the Bank's account, represented Treasury Bills issued by the Turkish Treasury that are indexed to SDR (Special Drawing Rights). The authority of the Bank to give the Treasury short term advances was removed by an amendment made in Law No:4651 on 25 April 2001. Under Temporary Article number 2 of the same law, the Bank had the authority to acquire securities issued by the Treasury from the primary markets starting from the validity date of the act for a temporary period of six months. With respect to this authority, the Bank bought SDR 7.584.579.154 of securities at cost between May 2001 and November 2001 from the primary markets. These securities are issued with the aim of usage of the loan given by the IMF for budget financing. The coupon rates on the securities are indexed to the rate applicable on liabilities to the IMF. SDR 59.837.060 of the periodic payments accrual relates to securities with acquisition cost of SDR 7.584.579.154, which are valued at the SDR currency exchange rate and accounted as TL 13.876.894 Billion in the Securities Portfolio as at 31 December 2001.

The Treasury has made payment on Government Bonds in a total amount of 3.232.054.154 SDR in 2002, 272.135.000 SDR in 2003 and 2.312.330.000 SDR in 2004. As of 31 December 2004, the balance on this account is 1.768.060.000 SDR. The 1.768.060.000 SDR cost and the 11.391.217 SDR accrual of the periodic payments have together been valued at TL 3.715.316 Billion at the SDR foreign currency rate applicable at the balance sheet date, and have been included in the Marketable Securities Portfolio account.

II- NOTES AND EXPLANATIONS ON THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (cont'd)

(4) Securities Portfolio – Open Market Operations (cont'd)

a- Information about the Marketable Securities Portfolio (cont'd)

Breakdown of securities portfolio as at 31 December 2004;

<u>TL Billion</u>	31 December 2004 Acquisition Cost	31 December 2004 Accrual (net)	31 December 2004 Balance Sheet Value	31 December 2004 Market Value (**)	31 December 2004 Official Gazette Value
Purchases under Agreements to Resell					
Treasury Bills and government Bonds	-	-	-	-	-
1, Fixed Income	-	-	-	-	-
2, Indexed to Inflation	-	-	-	-	-
3, Indexed to Foreign Currency	-	-	-	-	-
4, Securities in Foreign Currency	-	-	-	-	-
5, Floating Rated	-	-	-	-	-
Outright Purchases					
Treasury Bills and government Bonds	22.741.194	423.074	23.164.268		19.448.952
1, Fixed Income	-	-	-	-	-
2, Indexed to Inflation	19.049.662	399.290	19.448.952	-	19.448.952
3, Indexed to Foreign Currency	3.691.532	23.784	3.715.316	-	-
4, Securities in Foreign Currency	-	-	-	-	-
5, Floating Rated	-	-	-	-	-
Income Sharing Bonds Mutual Funds Participation Certificates					
Other Marketable Securities	-	211	211	-	-
Accrued Income from securities sold under agreements to repurchase		211	211		
TOTAL	22.741.194	423.285	23.164.479		19.448.952

The nominal values of the above listed marketable securities total TL 18.307.679 Billion.

II- NOTES AND EXPLANATIONS ON THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (cont'd)

(4) Marketable Securities Portfolio – Open Market Operations (cont'd)

b- Explanations related to Open Market Operations

Open Market Operations presented in the asset side of the balance sheet amounting to TL 128.000 Billion represent the sales amount of the securities sold under agreements to repurchase.

In the liability side of the balance sheet, the open market operations balance TL 128.189 Billion represents the amount payable for securities sold under agreements to repurchase, TL 3.493.900 Billion represents the money borrowed by the Bank from banks through the Interbank Money Market.

The interest amounting to TL 189 Billion which will be paid at the repurchase of securities is presented in the Other Assets account.

As at 31 December 2004, the breakdown of open market operations is:

Assets	31 December 2004 TL Billion	Liabilities	31 December 2004 TL Billion
Open Market Operations	128.000	Open Market Operations	3.622.089
A.Repurchase Agreements	128.000	A.Repurchase Agreements	128.189
a) Cash	-	a) Cash	128.189
i) Foreign Exchange	-	i) Foreign Exchange	-
ii) Securities	-	ii) Securities	128.189
b) Securities	128.000	b) Securities	-
B. Other	-	B. Other	3.493.900
Other Assets	189	Other Liabilities	-

(5) Loans

a- Information related to domestic credits

As of 31 December 2004, TL 7.678 Billion represents the loans given to Eximbank, and TL 302.300 Billion of the total domestic loans was an advance loan issued to the Saving Deposit Insurance Fund against a collateral of Government Bonds with July 2007 maturity date. The income accrual computed on the advance loan is TL 64.983 Billion and has been recorded in the Accrued Interest and Income account.

II- NOTES AND EXPLANATIONS ON THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (cont'd)

(5) Loans (cont'd)

b- Explanation of loans and advances granted to the Bank's shareholders or personnel as at 31 December 2004

The authority of the Bank to give the Treasury short term advances was removed by an amendment made in Law number 4651 on 25 April 2001. By the same act's Temporary Article number 2, the Bank had the authority to acquire securities issued by the Treasury from the primary markets starting from the validity date of the law for a period of six months. Within this authority, the Bank bought SDR 7.584.579.154 of securities at cost from the primary markets in the period May 2001 to November 2001. These securities were issued with the aim of usage of the loan given by the IMF for budget financing. The coupon rates of the securities are indexed to the rate on the periodic payments that are made to the IMF. The 7.584.579.154 SDR of cost and 59.837.060 SDR of accrual of periodic payments have been valued at the foreign exchange rate at 31 December 2001. The Treasury has made payment on Government Bonds in a total amount of 3.232.054.154 SDR in year 2002, 272.135.000 SDR in year 2003 and 2.312.330.000 SDR. As of 31 December 2004, the balance on the account is 1.768.060.000. The 1.768.060.000 SDR cost and the 11.391.217 SDR accrual of the periodic payments have together been valued at TL 3.715.316 Billion at the SDR foreign currency rate applicable at the balance sheet date, and have been included in the Marketable Securities Portfolio account.

c- Information related to the Foreign Loans Account

Foreign loans are receivables which converted to loans, arising from the accounts used to follow commercial transactions under treaties arranged with the relevant countries' central banks.

d- Explanation related to claims under legal proceedings (net)

The total balance consists of uncollectible receivables from Iraq as a result of the Gulf Crisis and from receivables related with trade affairs with Iraq. A full provision for these receivables has been allocated and accounted in the provisions account in liabilities.

II- NOTES AND EXPLANATIONS ON THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (cont'd)

(5) Loans (cont'd)

d- Explanation related to claims under legal proceedings (net) (cont'd)

Movements in provision for loans and receivables under follow – up:

	<u>TL Billion</u>	<u>USD</u>
Opening Balance	1.774.973	1.271.620.668
- Increases during the period (+)	23.115	15.998.734
- Transfers from other follow-up accounts (+)	-	-
- Transfers to other follow-up accounts (-)	-	-
- Collections during the period (-)	-	-
- Write-offs (-)	-	-
- FX rate difference	(69.974)	-
CLOSING BALANCE		
	1.728.114	1.287.619.402
- Provision booked in liability side (-)	1.728.114	1.287.619.402
Net balance after provisions	-	-

According to the 61st article of the Central Bank Law, foreign currency denominated loans under follow-up are revalued at the period ends and unrealized gains and losses arising from the revaluation are classified into a special account named “Valuation Differences”. Provisions, including foreign currency rate differences, for the related receivables are accounted in the income statement according to the 59th article of the Central Bank Law.

(6) Equity Participations

Equity Participations are stated at acquisition cost and valued with the Bank’s foreign currency purchase rate at the period end,

The Bank’s equity participations can be analyzed as follows:

<u>Name</u>	<u>Share (%)</u>	<u>Nominal Capital</u>	<u>Acquisition Cost</u>	<u>31 December 2004 Balance Sheet Amount TL Billion</u>
Bank For International Settlements	%1,5	3.000.000.000 SDR	(*) 10.000.000 SDR	20.879
S.W.I.F.T	%0,007	10.777.375 EUR	13.740 EUR	25
Total equity participations				<u>20.904</u>

(*) The bank has 8.000 shares in the Bank For International Settlements, as 10.000.000 SDR paid and 30.000.000 SDR unpaid.

During the year 2004, CHF 3.309.030 has been received as dividend income and as at 31 December 2004, and TL 2.930 Billion is accrued as dividend income.

There has been no addition or disposal to the equity participation account in the current period.

II- NOTES AND EXPLANATIONS ON THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (cont'd)

(7) Movables and Immovables

The bank has no movables or immovables that are held with the intention of being sold. Immovable and movable balances are TL 307.976 Billion and TL 59.258 Billion, respectively. The total depreciation amount is TL 77.645 Billion.

(8) Miscellaneous Receivables

Receivables from third parties other than the banking and public sectors are followed in this account.

As at 31 December 2004, the breakdown of miscellaneous receivables is as follows:

	31 December 2004 <u>TL Billion</u>
Income tax stoppage that will be net off from corporate tax	196
TL deposit accounts that are held in the foreign banks	501
Print office letter of credits	1.070
Other	3.796
TOTAL	<u>5.563</u>

(9) Other Assets

As of 31 December 2004 the breakdown of the other assets is presented below:

	31 December 2004 <u>TL Billion</u>
Print office inventory	12.344
Interest income from securities sold under repurchase agreements	189
Construction in progress	2.632
Other	4.550
TOTAL	<u>19.715</u>

II- NOTES AND EXPLANATIONS ON THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (cont'd)

(10) Accrued Interest and Income

	31 December 2004 <u>TL Billion</u>
Accrued interest income on the domestic credit granted to the Saving Deposit Insurance Fund	64.983
Foreign loans accrued interest income	3.871
Foreign currency deposit accrued interest income	5
Dividend income accruals	2.930
Foreign currency interbank money market operations accrued interest income	580
EFT Message fee income accruals	1.613
Other accruals	293
TOTAL	<u>74.275</u>

(11) Currency Issued

The Bank is the only bank that has the authority to borrow by issuing banknotes in Turkey. As of the balance sheet date, the banknotes in issue total TL 13.465.237 Billion.

(12) Liabilities to Treasury

TL 6.531 Billion of the balance of liabilities to the Treasury consists of gold of non-international standard belonging to the Treasury kept in the Bank, Tax and other liabilities to the Treasury of TL 49.428 Billion are also included in this account.

Of the total International Institutions (IMF) quota of SDR 964 million, the part paid in cash (SDR 112.775.000, equivalent to TL 235.463 Billion) is recorded as "Reserve Tranche Position" in Foreign Exchange in assets, and as "Reserve Tranche Facility" in the Payables to Treasury in liabilities.

(13) Foreign Correspondents

This account represents the foreign currency accounts of the correspondent banks.

II- NOTES AND EXPLANATIONS ON THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (cont'd)

(14) Deposit Accounts

The deposits balance consists of balances from the Treasury, public institutions, the banking sector, deposits by citizens abroad, from the International Monetary Fund, and other fund accounts.

The Treasury and public institutions accounts are demand deposits.

The balance of the banking sector consists of two day call foreign currency accounts, demand local currency accounts and reserve deposits.

Deposits by citizens abroad consist of deposits by Turkish citizens living outside Turkey. The balance is TL 24.978.895 Billion as of the balance sheet date.

The breakdown of the deposits by foreign currency type is as follows:

<u>31 December 2004</u>		
<u>Foreign Currency Type</u>	<u>Foreign Currency Balance</u>	<u>TL Billion</u>
EURO	12.673.283.155	23.151.554
USD	1.257.974.992	1.688.328
CHF	104.075.430	122.871
Other		16.142
TOTAL		<u>24.978.895</u>

Maturities vary between one to three years. Interest rates for USD and EURO with one year and two years maturity are for one year USD deposits 1,5%, for two year USD deposits 2,3% and for one year EURO deposits 2,5%, for two year EURO deposits 2,8%. For deposit accounts having higher balances, interest rates become 3%, 3,75% and 4,5% for USD, 3,5%, 4% and 4,8% for EURO and maturities are one, two and three years, respectively.

The International Institutions deposit balance is the Turkish Lira equivalent of the balance transferred by the International Monetary Fund (IMF) as “special drawing rights” (SDR). The Bank is designated as “the depositor” to regulate the relations of Turkey with the IMF. According to the agreements signed with the IMF, the TL equivalent of the granted SDR amount, totaling TL 4.038.731 Billion, is recorded in the balance sheet as a liability.

Deposits of funds consist of the demand accounts of various funds under the control of the Prime Ministry.

II- NOTES AND EXPLANATIONS ON THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (cont'd)

(15) Capital and Reserves

According to the 5th article of the Central Bank Law, the capital of the bank is TL 25 Billion and is divided into 250.000 shares, with a value of TL 100.000 each. The capital may be increased with the approval of the Government. The shares are divided into (A), (B), (C), and (D) shares. The (A) group shares belong solely to the Turkish Treasury.

The capital of the Bank is presented below:

	31 December 2004
	TL Billion
Nominal capital	25
Inflation adjustment of capital	46.209
Total capital	46.234

As of the balance sheet date, the shareholders of the bank are as listed below:

	Participation	Shareholding
	Amount	%
	TL	%
Turkish Treasury	13.685.300.000	55
T.C. Ziraat Bankası	4.794.800.000	19
Güvenlik Yard. Sandığı Vakfı	1.280.100.000	5
Türkiye Garanti Bankası A.Ş.	620.800.000	2
T. İş Bankası A.Ş.	581.800.000	2
T. Halk Bankası A.Ş.	277.400.000	1
Türkiye Kızılay Derneği	300.800.000	1
T.C. Emekli Sandığı	250.000.000	1
Social Security Institutions	100.000.000	<1
Other	3.109.000.000	12
Total	25.000.000.000	100

20% of the annual gross profit of the Bank is allocated as ordinary reserves. In addition, after the deduction of ordinary reserves on gross profit, 10% of the remaining balance is allocated as extraordinary reserves.

According to the Bank Assembly Resolutions No. 8527/18126 and 8595/18194 dated 11 March 2004 and 9 December 2004 respectively, previous year losses have been net off from ordinary and extraordinary reserves on the accompanying inflation adjusted balance sheet which has been prepared in accordance with the Law No. 5024 as of 31 December 2004.

	31 December 2004		
	Before net off	Amount net off	After net off
	TL Billion	TL Billion	TL Billion
Ordinary and extraordinary reserves	7.493.146	(6.216.943)	1.276.203
Special reserves	6.928	-	6.928
	7.500.074	(6.216.943)	1.283.131

II- NOTES AND EXPLANATIONS ON THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (cont'd)

(16) Provisions

As of 31 December 2001, the Bank built up the recorded retirement pay provision over five years. As of 31 December 2004, the amount of TL 58.568 Billion is the total of four fifth of the total liability as of 31 December 2001 plus the total difference between the calculated retirement provision as at the year ends 2004 and 2001.

In addition, the provision account also includes an amount of TL 33.954 Billion provision for the transfer insurance for banknotes, cash and gold securities.

There is no corporate tax base in the current period.

(17) Valuation Account

According to a change made in the 61st article of the Central Bank Law number 4651 on 25 April 2001, in the event of a change in the value of the Turkish currency, unrealised positive and negative differences arising from the revaluation of gold and foreign exchange in the assets and liabilities of the Bank are classified into this special transitory account.

(18) Other Liabilities and Miscellaneous Payables

<u>Other Liabilities</u>	31 December 2004 TL Billion
Transactions made in 2004 with value dates in 2005	32.435
Follow up account of YTL Banknotes that will be put into circulation in 2005	27.257
Other	2.494
Total	62.186

<u>Miscellaneous Payables</u>	31 December 2004 TL Billion
IMF charge return (*)	32.504
Amounts waiting resolution from Tax Offices	25.909
Amounts kept related with the pending legal cases	27.311
Other	18.076
Total	103.800

(*)Negotiations between the Bank and the Treasury related with the amount is continuing as of the date of this report, and the amount will be transferred to profit and loss accounts after the share of the Bank is determined by the Treasury.

II- NOTES AND EXPLANATIONS ON THE BALANCE SHEET AND MEMORANDUM ACCOUNTS (cont'd)

(19) Interest and Expense Accruals

	31 December 2004 <u>TL Billion</u>
Interest accruals on deposits by citizens abroad	1.966.839
Accruals on reserve deposits	207.222
Accrual of IMF periodical payments	27.884
Interest expense accruals for Interbank Transactions in which the Bank acts as a party	1.747
Interest expense accruals for Interbank Transactions	580
Interest expense accruals of securities sold under repurchase agreements	63
Interest accruals of two day call bank deposits	4.505
Commissions payable	6.554
Other	493
Total	<u>2.215.887</u>

(20) Derivative Instruments and Off-Balance Sheet Items

The Bank has no derivative instruments as of the balance sheet date. The off-balance sheet items are presented in part A of section IV.

(21) Maturity Profile of Balance Sheet Items and Certain Commitments According to Their Remaining Maturities

An analysis of assets and liabilities and other contingencies and other commitments according to their remaining maturities is shown in the table attached, covering the current period.

III - NOTES AND EXPLANATIONS RELATING TO THE INCOME STATEMENT:

(1) Interest Income

Interest income amounting to TL 805.638 Billion from foreign correspondents accounts represents income from the foreign investment portfolio.

Income from open market operations represents income amounting to TL 88 Billion obtained from loans given through interbank operations to banks and interest income from the securities portfolio amounting to TL 1.777.936 Billion.

The Positive Valuation Differences account comprises the positive differences between the market values and the original acquisition costs of the Foreign Currency and Marketable Securities Portfolio.

(2) Non-Interest Income

Non-interest income consists of income from open market operations of TL 443.800 Billion related to the purchase and sale of securities .

(3) Interest Expenses

Total interest expenses, amounting to TL 3.723.486 Billion, include interest expense on deposits from citizens abroad amounting to TL 1.645.089 Billion.

The Negative Valuation Differences Account comprises losses arising from the differences between the market values and the original acquisition costs of the Foreign Currency and Marketable Securities Portfolio.

(4) Non-Interest Expenses

In the current period, the open market transactions account amounting to TL 927.016 Billion includes marketable securities trading losses.

Provision for Doubtful Receivables represents the provision provided for the interest income accruals calculated during the current period for receivables under follow-up. TL 69.974 Billion foreign exchange gain related for this provision due to the devaluation of US Dollars against TL, is recorded in Foreign Currency Valuation Differences under Non-Interest Income section of the income statement.

IV. SUPPLEMENTARY FINANCIAL STATEMENTS

A. Off Balance Sheet Accounts

Off Balance Sheet Accounts	December 31, 2004
	Billion TL
A. Securities in Custody	156.022.361
1. Marketable Securities in Custody - Free	141.701.911
2. Deal Securities	11.211.788
3. Marketable Security Exchange Market Banks' Guarantee Letters	71.202
4. State Deposit Insurance Fund's Security - excused from income tax	149.777
5. Other	2.887.683
B. Guarantees Taken	7.921.684
1. Banks' Treasury Bonds as Foreign Currency Market Guarantee	958.847
2. Interbank Operations Guarantees	4.884.046
3. Banks' Treasury Bonds as Guarantee of YTL Banknotes Distributed Before January 01.2005	1.764.839
4. Banking Regulation and Supervisory Agency Advance Loan Guarantee	293.224
5. Intermediary Firms' Treasury Bonds - Pledged	20.470
6. Other	258
C. Reserve Banknotes	21.284.093
1. Reserve Banknotes	19.304.727
2. Wornout Banknotes	172.681
3. Reserve Banknotes - Branches	386.777
4. Reserve Banknotes - kept in Ziraat Bank	63.514
5. Newly Printed Banknotes	25
6. YTL Banknotes	1.356.369
D. Other	96.658.221
1. Repurchase Agreements Pledged Account	9.443.590
2. Bank's Treasury Bonds Portfolio	18.307.679
3. Customer Operations	62.591.649
4. Banks' Disponibility Reserves - Treasury Bonds	4.213.540
5. Branches' Marketable Security in Electronic Security Fund Transfer System	1.809.249
6. Treasury Bonds of Marketable Security Exchange Market Members	31.201
7. YTL Coins	256.152
8. Other	5.161
E. Electronic Marketable Security Transfer Recording Follow Up Account for Marketable Securities, That Are Classified With Physical Values In Above Accounts	216.721.350
TOTAL (A+B+C+D+E)	498.607.709

V. SUPPLEMENTARY FINANCIAL STATEMENTS - cont'd

B. Breakdown of Assets and Liabilities and other contingencies and other commitments according to their remaining maturities

CURRENT PERIOD (31/12/2004)

BREAKDOWN OF ASSETS AND LIABILITIES AND OTHER CONTINGENCIES AND OTHER COMMITMENTS ACCORDING TO THEIR REMAINING MATURITIES

ASSETS	No term	Up to 1 Month	From 1 Month To 3 Months	From 3 Months To 1 Year	From 1 Year To 5 Years	More Than 5 Years	Not Distributed	Total
Gold	2.254.793							2.254.793
Foreign Exchange	1.045.555	7.466.721	7.233.090	18.889.037	13.457.588		235.463	48.327.454
Coins	2.932							2.932
Domestic Correspondents		1.144.224						1.144.224
Marketable Securities Portfolio	211				14.751.259	8.413.009		23.164.479
Domestic Credits		1.406	5.486	786	302.300			309.978
Open Market Operations		128.000						128.000
Foreign Credits			34.056	34.056	15.224	23.612	6.326	113.274
Share Participations							20.904	20.904
Fixed Assets							289.589	289.589
Claims Under Legal Proceedings							1.728.114	1.728.114
Provisions for Claims under Proceedings							(1.728.114)	(1.728.114)
Treasury Liabilities due to SDR Allocations							234.486	234.486
Valuation Account							2.032.526	2.032.526
Accrued Interest and Income	74.275							74.275
Miscellaneous Receivables	1.682	359		985		2.537		5.563
Other Assets		1.319		392	209		17.795	19.715
Total Assets	3.379.448	8.742.029	7.272.632	18.925.256	28.526.580	8.439.158	2.837.089	78.122.192

IV. SUPPLEMENTARY FINANCIAL STATEMENTS - cont'd

B. Breakdown of Assets and Liabilities and other contingencies and other commitments according to their remaining maturities

CURRENT PERIOD (31/12/2004)								
BREAKDOWN OF ASSETS AND LIABILITIES AND OTHER CONTINGENCIES AND OTHER COMMITMENTS ACCORDING TO THEIR REMAINING MATURITIES								
LIABILITIES	No term	Up to 1 Month	From 1 Month To 3 Months	From 3 Months To 1 Year	From 1 Year To 5 Years	More Than 5 Years	Not Distributed	Total
Currency Issued	13.465.237							13.465.237
Liabilities to Treasury	6.531	49.428					235.463	291.422
Foreign Correspondents	41.404							41.404
Deposits	9.819.439	16.361.941			24.978.895		4.884.399	56.044.674
Open Market Operations		3.622.089						3.622.089
Foreign Credits							12.158	12.158
Advances , Collaterals and Deposits Collected Against Letters of Credit and Import							1.096.905	1.096.905
Notes and Remittances Payable		19.783						19.783
SDR Allocations							234.486	234.486
Capital							46.234	46.234
Reserves							1.283.131	1.283.131
Provisions							92.522	92.522
Valuation Account							-	-
Accrued Interest and Expense	2.215.887							2.215.887
Miscellaneous Payables							103.800	103.800
Other Liabilities	32.434						29.752	62.186
Loss							(509.726)	(509.726)
Total Liabilities	25.580.932	20.053.241	-	-	24.978.895	-	7.509.124	78.122.192

IV. SUPPLEMENTARY FINANCIAL STATEMENTS - cont'd

C. Shareholders' Equity

SHAREHOLDERS' EQUITY MOVEMENT	Paid Capital	1st - 2nd Legal Reserves	Premium in Excess of Par	Other Legal Reserves	Extraordinary Reserves	Fixed Asset Revaluation Fund	Cost Increase Fund	Previous Periods' Profits (Losses)	Period Profits (Losses)	Shareholders' Equity
December 31, 2003 (Nominal)	25	-	-	-	2,478,015	177,836	95	-	(1,548,363)	1,107,608
<i>Inflation Adjustment:</i>	46,209	-	-	-	5,021,940	(177,836)	(95)	(4,454,283)	(214,297)	221,638
January 1, 2004	46,234	-	-	-	7,499,955	-	-	(4,454,283)	(1,762,660)	1,329,246
<i>Net off of Previous Year Losses:</i>	-	-	-	-	(6,216,943)	-	-	4,454,283	1,762,660	-
<i>Profit Distribution:</i>	-	-	-	-	-	-	-	-	-	-
- Dividends	-	-	-	-	-	-	-	-	-	-
- Transfers to Equity (Reserves)	-	-	-	-	-	-	-	-	-	-
- Premium in excess of par	-	-	-	-	-	-	-	-	-	-
- Taxes and funds	-	-	-	-	-	-	-	-	-	-
- Transfers to Treasury	-	-	-	-	-	-	-	-	-	-
<i>Pad in Capital Increase</i>	-	-	-	-	-	-	-	-	-	-
- Cash	-	-	-	-	-	-	-	-	-	-
- Transfer from Revaluation Fund	-	-	-	-	-	-	-	-	-	-
- Transfers from other accounts ()	-	-	-	-	-	-	-	-	-	-
Profits from equity participations, subsidiaries and fixed assets sales	-	-	-	-	-	-	-	-	-	-
Other (*)	-	-	-	-	119	-	-	-	-	119
Net Loss	-	-	-	-	-	-	-	-	(509,726)	(509,726)
December 31, 2004	46,234	-	-	-	1,283,131	-	-	-	(509,726)	819,639

(*) "Other" includes the amount of expired banknotes transferred to special reserves according to the 59th article of the Central Bank Law related with the special reserves.

IV. SUPPLEMENTARY FINANCIAL STATEMENTS - cont'd

D. Cash Flow Table

CASH FLOW TABLE	2004 Billion TL
I- Cash Flows from Banking and Financing Activities (Main Operations)	
Interest Received	4.566.683
Interest Paid	<u>(2.615.455)</u>
Dividends Received	3.927
Commissions and Fees Received	<u>27.768</u>
Payments to Personnel and Service Providers	<u>(344.542)</u>
Cash Outflow Resulting from Monetary Loss	<u>(125.861)</u>
	-
Cash flow from operation income before changes in assets and liabilities subject to main operations	<u>1.512.520</u>
	-
Changes in assets and liabilities that are subject to operations	-
<u>Decrease / (Increase) in assets subject to operations</u>	-
Decrease / (Increase) in Marketable Securities	<u>8.473.128</u>
Decrease / (Increase) in Loans	<u>(226.419)</u>
Decrease / (Increase) in Other Assets	<u>(275.599)</u>
	-
<u>Decrease / (Increase) in liabilities subject to operations</u>	-
Increase / (Decrease) in Deposits	<u>(8.002.752)</u>
Increase / (Decrease) in Loans Taken	<u>(1.610)</u>
Increase / (Decrease) in Other Liabilities	<u>(1.439.543)</u>
	-
Net Cash Flow from Banking and Financing Operations	<u>39.725</u>
	-
II- Cash Flows from Financial and Fixed Investments	-
Equity Participations and Subsidiaries Taken Over	<u>2.760</u>
Fixed Assets Taken Over	<u>(9.483)</u>
Other Cash Inflows	<u>364.928</u>
Other Cash Outflows	<u>(5.781.223)</u>
	-
Net Cash Used in Financial and Fixed Investments	<u>(5.423.018)</u>
	-
III- Cash Flows About Capital Financing Operations	-
Net Cash Related Capital Financing Operations	=
	-
Net Increase on Cash and Cash Equivalent Assets	<u>(5.383.293)</u>
	-
Cash and Cash Equivalent Assets at the beginning of the period	<u>55.968.472</u>
	-
Cash and Cash Equivalent Assets at the end of the Period	<u>50.585.179</u>

IV. SUPPLEMENTARY FINANCIAL STATEMENTS - cont'd**E. Profit Distribution Table**

PROFIT DISTRIBUTION TABLE (*)	December 31, 2004
	Billion TL
A. PERIOD PROFIT'S DISTRIBUTION	
1. PERIOD PROFIT	(509.726)
2. TAXES TO BE PAID (-)	-
- Corporate Tax	
- Income Tax	
- Other Taxes	
NET PERIOD PROFIT	(509.726)
3. PREVIOUS' PERIOD LOSSES(-)	
4. EXTRAORDINARY RESERVES (-)	
5. OTHER LEGAL FUNDS (-)	
NET PROFIT TO BE DISTRIBUTED	(509.726)
6. DIVIDENDS TO SHAREHOLDERS (-)	
7. DIVIDENDS TO PERSONNEL (-)	
TO BE TRANSFERED TO TREASURY ACCORDING TO TCMB LAW	(509.726)

(*) There is no profit distribution due to period loss.