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CONVENIENCE TRANSLATION INTO ENGLISH  
OF PUBLICLY AVAILABLE UNCONSOLIDATED  
FINANCIAL STATEMENTS AND AUDITOR'S  
REVIEW REPORT ORIGINALLY ISSUED IN TURKISH,  
SEE NOTE IN SECTION SIX/II

AKBANK T.A.Ş.

FINANCIAL STATEMENTS  
AND AUDITOR'S REVIEW REPORT  
AT 30 SEPTEMBER 2004

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CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITOR'S REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH

AKBANK T.A.Ş.

AUDITOR'S REVIEW REPORT  
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2004

To the Board of Directors of  
Akbank T.A.Ş.

1. We have reviewed the accompanying balance sheet of Akbank T.A.Ş. ("the Bank") at 30 September 2004 and the related statement of income for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Uniform Chart of Accounts of banks, accounting standards and the independent audit principles in conformity with Banking Act No. 4389. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries concerning the Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position of Akbank T.A.Ş. at 30 September 2004 and the results of operations for the period then ended in accordance with accounting principles and standards set out by the regulations in conformity with Article 13 of the Banking Act.

Additional paragraph for convenience translation into English:

4. The effects of differences between accounting principles and standards set out by the regulations in conformity with Article 13 of the Banking Act No. 4389, accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position in accordance with the accounting principles generally accepted in such countries and IFRS.

Başaran Nas Serbest Muhasebeci  
Mali Müşavirlik Anonim Şirketi  
a member of  
PricewaterhouseCoopers



Zeynep Uras, SMMM  
Istanbul, 27 October 2004

**CONVENIENCE TRANSLATION INTO ENGLISH  
OF PUBLICLY AVAILABLE UNCONSOLIDATED FINANCIAL STATEMENTS AND  
AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH, SEE NOTE IN SECTION SIX/II**

**AKBANK T.A.Ş.**

**THE REPRESENTATION LETTER OF BANK MANAGEMENT ON THE PUBLICLY  
AVAILABLE REVIEWED UNCONSOLIDATED FINANCIAL STATEMENTS AND NOTES  
TO THE FINANCIAL STATEMENTS AT  
30 SEPTEMBER 2004**

The financial reporting package includes the following sections in accordance with "Communiqué 17 Financial Statements and Related Explanation and Notes" as sanctioned by the Banking Supervision and Regulation Agency:

- **Section One** - GENERAL INFORMATION
- **Section Two** - UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Three** - EXPLANATIONS ON SIGNIFICANT ACCOUNTING POLICIES
- **Section Four** - INFORMATION RELATED TO FINANCIAL POSITION
- **Section Five** - INFORMATION AND DISCLOSURES RELATED TO FINANCIAL STATEMENTS
- **Section Six** - OTHER EXPLANATIONS AND NOTES
- **Section Seven** - EXPLANATIONS ON AUDITOR'S REVIEW REPORT

The accompanying reviewed unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in billions of Turkish lira in terms of the purchasing power of Turkish lira at 30 September 2004, have been prepared based on the accounting books of the Bank in accordance with the Accounting Application Regulation and the communiqués on accounting standards.

27 October 2004

Özen GÖKSEL  
Member of the  
Board of Directors  
in charge of Internal  
Audit

Zafer KURTUL  
President

Balamir YENİ  
Executive Vice  
President

Atıl ÖZUS  
Manager

CONVENIENCE TRANSLATION INTO ENGLISH OF PUBLICLY AVAILABLE  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE IN  
SECTION SIX/II

AKBANK T.A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2004

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CONVENIENCE TRANSLATION INTO ENGLISH OF PUBLICLY AVAILABLE  
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AKBANK T.A.Ş.

UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2004

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AKBANK T.A.Ş.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

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**SECTION ONE  
GENERAL INFORMATION**

**I. BANK'S SERVICES AND NATURE OF OPERATIONS**

Akbank T.A.Ş. ("the Bank" or "Akbank") was established on 30 January 1948 as a private commercial bank, in accordance to the decision of the Council of Ministers, No. 3/6710; it was authorised to perform all economic, financial and commercial activities which are allowed by the laws of Turkish Republic. As of 30 September 2004, the Bank had 629 branches dispersed throughout the country, representative office and 8 branches operating outside the country (31 December 2003: 611 branches, 1 representative office and 8 branches operating outside the country). As at 30 September 2004, the Bank employed 10,345 people (31 December 2003: 9,964 people). In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and Ak Emeklilik A.Ş.. Some of the Bank's shares have been quoted on the Istanbul Stock Exchange since 1990. In 1998, 4.03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depository Receipt ("ADR"). As of 30 September 2004, almost 34% of the shares are publicly traded, including the ADRs.

**II. INFORMATION ABOUT THE BANK'S MAJOR SHAREHOLDING GROUP**

The major shareholder group, directly or indirectly, is Sabancı Group.

**III. INFORMATION AND DISCLOSURES ON INTERIM FINANCIAL STATEMENTS**

- a. The consistent accounting policies and methods with the policies applied in the preparation of the year-end financial statements are applied in the preparation of the interim financial statements, without being changed. These accounting policies are explained in Section three in detail.
- b. There are no transactions of a seasonal or periodical nature in the interim period.
- c. There are no fundamental errors or significant temporary transactions affecting the financial statements.
- d. There are no accounts affecting the shareholders' equity, net income and cash flows which originated from extraordinary transactions.
- e. There are no changes in the estimated amounts related to the current period on the basis of the materiality principle.
- f. There are no repayments within the period related to securities issued.

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

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**III. INFORMATION AND DISCLOSURES ON INTERIM FINANCIAL STATEMENTS (Continued)**

g. Explanations related with dividends paid:

The ordinary General Assembly meeting of the Bank was held on 29 March 2004. In the ordinary General Assembly meeting, it was decided that of the TL1,324,524 net income obtained from 2003 operations; TL420,156 would be distributed in cash to the Bank shareholders, founder's share and usufruct shares, and TL300,000 of the profit would be added to the paid-in capital by issuing bonus shares to the shareholders; and the remaining TL604,368 would be set aside as Legal and Extraordinary reserves (the amounts were stated in the purchasing power of TL at 31 December 2003).

The capital increase is registered as of 31 May 2004. Cash dividend payments have been substantially completed.

- h. There are no important subsequent events whose effects should be reflected in the interim financial statements.
- i. There are no transactions affecting the structure of the Bank, like purchase or sale of subsidiaries, long-term investments restructuring or discontinuing of operations.
- j. There have been no changes in contingent liabilities following the preparation date of the financial statements.

**IV. OTHER INFORMATION**

a. **Address of the headquarters:**

Sabancı Center 34330, 4. Levent / Istanbul

b. **Telephone and fax numbers:**

Telephone : (0 212) 270 00 44  
Fax : (0 212) 269 77 87

c. **Internet address:**

[www.akbank.com](http://www.akbank.com)

d. **Reporting period:**

1 January-30 September 2004

CONVENIENCE TRANSLATION INTO ENGLISH PUBLICLY AVAILABLE FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE IN SECTION SIX / II

AKBANK T.A.Ş.

I- INFLATION ADJUSTED BALANCE SHEETS AT 30 SEPTEMBER 2004 AND 31 DECEMBER 2003

(Amounts are expressed in billions of Turkish Lira (TL) in terms of purchasing power of TL at 30 September 2004)

ASSETS	Notes (Section V)	CURRENT PERIOD (30/09/2004)			PRIOR PERIOD (31/12/2003)		
		TL	Foreign Currency	Total	TL	Foreign Currency	Total
<b>I. Cash</b>	(I-a)	<b>113,869</b>	<b>120,840</b>	<b>234,709</b>	<b>118,518</b>	<b>115,067</b>	<b>233,585</b>
1.1 Cash		109,038	-	109,038	118,442	-	118,442
1.2 Foreign Currency		-	117,001	117,001	-	111,849	111,849
1.3 Balances with the Central Bank of Turkey		4,831	29	4,860	76	2,570	2,646
1.4 Other		-	3,810	3,810	-	648	648
<b>II. Trading Securities (Net)</b>	(I-b)	<b>191,865</b>	<b>4,165,695</b>	<b>4,357,560</b>	<b>1,359,905</b>	<b>6,000,738</b>	<b>7,360,643</b>
2.1 Government Debt Securities		191,863	4,148,887	4,340,750	1,359,881	5,983,218	7,343,099
2.1.1 Government Bonds		183,647	4,148,887	4,332,534	1,080,839	5,983,218	7,064,057
2.1.2 Treasury Bills		8,216	-	8,216	279,042	-	279,042
2.1.3 Other Public Debt Securities		-	-	-	-	-	-
2.2 Share Certificates		2	-	2	24	-	24
2.3 Other Marketable Securities		-	16,808	16,808	-	17,520	17,520
<b>III. Banks and Other Financial Institutions</b>		<b>7,028</b>	<b>1,015,327</b>	<b>1,022,355</b>	<b>2,216</b>	<b>1,013,946</b>	<b>1,016,162</b>
3.1 Due from Banks		7,028	1,015,327	1,022,355	2,216	1,013,946	1,016,162
3.1.1 Domestic Banks		7,028	-	7,028	2,216	-	2,216
3.1.2 Foreign Banks		-	1,015,327	1,015,327	-	1,013,946	1,013,946
3.1.3 Foreign Offices and Branches		-	-	-	-	-	-
3.2 Other Financial Institutions		-	-	-	-	-	-
<b>IV. Money Markets</b>		-	<b>486,864</b>	<b>486,864</b>	-	<b>433,809</b>	<b>433,809</b>
4.1 Interbank Money Market Placements		-	486,864	486,864	-	433,809	433,809
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
<b>V. Available-for-sale Securities (Net)</b>	(I-c)	<b>5,829,074</b>	<b>4,435,130</b>	<b>10,264,204</b>	<b>5,624,268</b>	<b>1,708,652</b>	<b>7,332,920</b>
5.1 Share Certificates		15,800	72	15,872	13,409	76	13,485
5.2 Other Marketable Securities		5,813,274	4,435,058	10,248,332	5,610,859	1,708,576	7,319,435
<b>VI. Loans</b>	(I-d)	<b>6,531,720</b>	<b>5,342,749</b>	<b>11,874,469</b>	<b>4,194,333</b>	<b>5,335,103</b>	<b>9,529,436</b>
6.1 Short-term		4,040,998	1,086,222	5,127,220	2,525,673	1,033,592	3,559,265
6.2 Medium and Long-term		2,490,722	4,256,527	6,747,249	1,668,660	4,301,511	5,970,171
6.3 Loans under Follow-up		118,478	34,092	152,570	76,598	44,261	120,859
6.4 Specific Provisions (-)		118,478	34,092	152,570	76,598	44,261	120,859
<b>VII. Factoring Receivables</b>		-	-	-	-	-	-
<b>VIII. Held-to-maturity Securities (Net)</b>	(I-e)	<b>322,382</b>	-	<b>322,382</b>	<b>704,821</b>	-	<b>704,821</b>
8.1 Government Debt Securities		322,382	-	322,382	704,821	-	704,821
8.1.1 Government Bonds		322,382	-	322,382	704,821	-	704,821
8.1.2 Treasury Bills		-	-	-	-	-	-
8.1.3 Other Public Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
<b>IX. Investments and Associates (Net)</b>	(I-f)	<b>110,262</b>	<b>102,326</b>	<b>212,588</b>	<b>108,099</b>	<b>104,145</b>	<b>212,244</b>
9.1 Financial Investments and Associates		85,261	102,326	187,587	81,527	104,145	185,672
9.2 Non-financial Investments and Associates		25,001	-	25,001	26,572	-	26,572
<b>X. Subsidiaries (Net)</b>	(I-g)	<b>107,328</b>	<b>93,377</b>	<b>200,705</b>	<b>107,328</b>	<b>97,580</b>	<b>204,908</b>
10.1 Financial Subsidiaries		107,328	93,377	200,705	107,328	97,580	204,908
10.2 Non-Financial Subsidiaries		-	-	-	-	-	-
<b>XI. Other Investments (Net)</b>		-	-	-	-	-	-
<b>XII. Financial Lease Receivables (Net)</b>	(I-h)	-	-	-	-	-	-
12.1 Gross Financial Lease Receivables		-	-	-	-	-	-
12.2 Unearned Income (-)		-	-	-	-	-	-
<b>XIII. Reserve Requirements with the Central Bank of Turkey</b>		<b>493,275</b>	<b>1,248,942</b>	<b>1,742,217</b>	<b>480,581</b>	<b>1,187,657</b>	<b>1,668,238</b>
<b>XIV. Miscellaneous Receivables</b>		<b>59,112</b>	<b>695</b>	<b>59,807</b>	<b>41,736</b>	<b>498</b>	<b>42,234</b>
<b>XV. Accrued Interest and Income Receivable</b>	(I-i)	<b>1,073,726</b>	<b>343,500</b>	<b>1,417,226</b>	<b>2,265,305</b>	<b>535,539</b>	<b>2,800,844</b>
15.1 Loans		117,411	56,130	173,541	142,110	45,516	187,626
15.2 Marketable Securities		941,367	254,412	1,195,779	2,105,930	277,074	2,383,004
15.3 Other		14,948	32,958	47,906	17,265	212,949	230,214
<b>XVI. Property and Equipment (Net)</b>		<b>611,011</b>	<b>7,843</b>	<b>618,854</b>	<b>627,335</b>	<b>7,002</b>	<b>634,337</b>
16.1 Book Value		1,024,924	8,671	1,033,595	987,695	8,510	996,205
16.2 Accumulated Depreciation (-)		413,913	828	414,741	360,360	1,508	361,868
<b>XVII. Intangible Assets (Net)</b>		<b>16,395</b>	-	<b>16,395</b>	<b>21,029</b>	-	<b>21,029</b>
17.1 Goodwill		-	-	-	-	-	-
17.2 Other		39,091	-	39,091	39,122	-	39,122
17.3 Accumulated Amortisation (-)		22,696	-	22,696	18,093	-	18,093
<b>XVIII. Other Assets</b>	(I-j)	<b>118,300</b>	<b>4,411</b>	<b>122,711</b>	<b>21,214</b>	<b>14,124</b>	<b>35,338</b>
<b>TOTAL ASSETS</b>		<b>15,585,347</b>	<b>17,367,699</b>	<b>32,953,046</b>	<b>15,676,688</b>	<b>16,553,860</b>	<b>32,230,548</b>

The accompanying notes form an integral part of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF PUBLICLY AVAILABLE FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE IN SECTION SIX / II

AKBANK T.A.Ş.

II- INFLATION ADJUSTED BALANCE SHEETS AT 30 SEPTEMBER 2004 AND 31 DECEMBER 2003

(Amounts are expressed in billions of Turkish Lira (TL) in terms of purchasing power of TL at 30 September 2004)

LIABILITIES and SHAREHOLDERS' EQUITY	Notes (Section V)	CURRENT PERIOD			PRIOR PERIOD		
		(30/09/2004)			(31/12/2003)		
		TL	Foreign Currency	Total	TL	Foreign Currency	Total
<b>I. Deposits</b>	(II-a)	7,039,708	13,172,101	20,211,809	6,552,787	14,329,768	20,882,555
1.1 Bank Deposits		28,112	1,121,382	1,149,494	135,142	1,327,583	1,462,725
1.2 Saving Deposits		5,176,941	-	5,176,941	4,841,158	-	4,841,158
1.3 Public Sector Deposits		17,740	-	17,740	14,742	-	14,742
1.4 Commercial Deposits		1,652,926	-	1,652,926	1,323,784	-	1,323,784
1.5 Other Institutions Deposits		163,989	-	163,989	237,961	-	237,961
1.6 Foreign Currency Deposits		-	12,050,719	12,050,719	-	13,002,185	13,002,185
1.7 Gold Vault		-	-	-	-	-	-
<b>II. Money Markets</b>	(II-b)	815,114	188,716	1,003,830	659,051	-	659,051
2.1 Funds from Interbank Money Market		-	-	-	-	-	-
2.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
2.3 Funds Provided Under Repurchase Agreements		815,114	188,716	1,003,830	659,051	-	659,051
<b>III. Funds Borrowed</b>	(II-c)	59,031	4,691,668	4,750,699	36,417	3,951,232	3,987,649
3.1 Funds Borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other Funds Borrowed		59,031	4,691,668	4,750,699	36,417	3,951,232	3,987,649
3.2.1 Domestic Banks and Institutions		59,031	23,687	82,718	36,417	15,436	51,853
3.2.2 Foreign Banks, Institutions, and Funds		-	4,667,981	4,667,981	-	3,935,796	3,935,796
<b>IV. Marketable Securities Issued (Net)</b>	(II-d)	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. Funds</b>	(II-e)	-	-	-	-	-	-
<b>VI. Miscellaneous Payables</b>	(II-f)	66,204	39,784	105,988	69,950	44,919	114,869
<b>VII. Other Liabilities</b>	(II-g)	180,982	212,129	393,111	14,719	182,767	197,486
<b>VIII. Taxes and Other Duties Payable</b>		44,737	144	44,881	57,517	541	58,058
<b>IX. Factoring Payables</b>		-	-	-	-	-	-
<b>X. Financial Lease Payables (Net)</b>	(II-h)	24	7,184	7,208	423	11,174	11,597
10.1 Gross Financial Lease Payables		24	7,705	7,729	423	12,686	13,109
10.2 Deferred Financial Lease Expenses (-)		-	521	521	-	1,512	1,512
<b>XI. Accrued Interest and Expenses Payable</b>	(II-i)	196,220	106,280	302,500	190,617	80,467	271,084
11.1 Deposits		156,086	38,788	194,874	109,369	45,215	154,584
11.2 Borrowings		2,701	19,052	21,753	2,276	20,578	22,854
11.3 Repurchase Agreements		500	466	966	567	-	567
11.4 Other		36,933	47,974	84,907	78,405	14,674	93,079
<b>XII. Provisions</b>	(II-j)	315,226	369	315,595	523,790	7,039	530,829
12.1 General Loan Loss Provision		72,335	-	72,335	56,897	-	56,897
12.2 Reserve for Employment Termination Benefits		12,819	-	12,819	12,459	-	12,459
12.3 Provision for Income Taxes	(III-f-2)	118,932	-	118,932	286,499	-	286,499
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		111,140	369	111,509	167,935	7,039	174,974
<b>XIII. Subordinated Loans</b>	(II-j)	-	4,773	4,773	-	4,987	4,987
<b>XIV. Shareholders' Equity</b>	(II-k)	5,812,429	223	5,812,652	5,506,363	6,020	5,512,383
14.1 Paid-in Capital		1,500,000	-	1,500,000	1,200,000	-	1,200,000
14.2 Capital Reserves		2,396,535	223	2,396,758	2,543,036	6,020	2,549,056
14.2.1 Share Premium	(II-l)	-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Marketable Securities Valuation Fund		5,728	223	5,951	152,301	6,020	158,321
14.2.4 Revaluation Fund		-	-	-	-	-	-
14.2.5 Evaluation Differences		-	-	-	-	-	-
14.2.6 Other Capital Reserves		-	-	-	-	-	-
14.2.7 Adjustment to Share Capital		2,390,807	-	2,390,807	2,390,735	-	2,390,735
14.3 Profit Reserves		1,032,010	-	1,032,010	315,431	-	315,431
14.3.1 Legal Reserves		154,577	-	154,577	45,531	-	45,531
14.3.2 Status Reserves		-	-	-	-	-	-
14.3.3 Extraordinary Reserves		877,433	-	877,433	269,900	-	269,900
14.3.4 Other Profit Reserves		-	-	-	-	-	-
14.4 Income or (Loss)		883,884	-	883,884	1,447,896	-	1,447,896
14.4.1 Prior Years' Income and Losses		-	-	-	-	-	-
14.4.2 Current Year Income and Loss		883,884	-	883,884	1,447,896	-	1,447,896
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>14,529,675</b>	<b>18,423,371</b>	<b>32,953,046</b>	<b>13,611,634</b>	<b>18,618,914</b>	<b>32,230,548</b>

The accompanying notes form an integral part of these financial statements.

AKBANK T.A.Ş.

III- INFLATION ADJUSTED INCOME STATEMENTS FOR THE PERIODS ENDED 30 SEPTEMBER 2004 AND 30 SEPTEMBER 2003

(Amounts are expressed in billions of Turkish Lira (TL) in terms of purchasing power of TL at 30 September 2004)

INCOME and EXPENSES		Notes (Section V)	CURRENT PERIOD (01/01-30/09/2004)	PRIOR PERIOD (01/01-30/09/2003)	CURRENT PERIOD (01/07-30/09/2004)	PRIOR PERIOD (01/07-30/09/2003)
I.	Interest Income	(III-a)	3,235,055	3,783,777	1,132,180	1,387,322
1.1	Interest on Loans		1,294,953	723,423	502,323	260,657
1.1.1	Interest on TL Loans		1,137,066	542,308	446,466	204,477
1.1.1.1	Short-term Loans		720,668	417,692	289,298	155,231
1.1.1.2	Medium and Long-term Loans		416,398	124,616	157,168	49,246
1.1.2	Interest on Foreign Currency Loans		144,723	170,357	52,074	52,744
1.1.2.1	Short-term Loans		25,581	48,434	9,506	17,740
1.1.2.2	Medium and Long-term Loans		119,142	121,923	42,568	35,004
1.1.3	Interest on Loans Under Follow-up		13,164	10,758	3,783	3,436
1.1.4	Premiums Received from Resource Utilisation Support Fund		-	-	-	-
1.2	Interest Received from Reserve Requirements with the Central Bank of Turkey		49,803	59,997	16,870	20,653
1.3	Interest Received from Banks		13,584	15,437	6,811	4,884
1.3.1	The Central Bank of Turkey		15	4	4	1
1.3.2	Domestic Banks		4,374	2,407	2,789	1,342
1.3.3	Foreign Banks		9,195	13,026	4,018	3,541
1.4	Interest Received from Money Market Transactions		37,290	296,102	5,108	29,587
1.5	Interest Received from Marketable Securities Portfolio	(III-f-1)	1,838,742	2,685,557	600,862	1,070,219
1.5.1	Trading Securities		566,568	1,625,564	246,121	665,992
1.5.2	Available-for-sale Securities		1,177,201	1,005,359	340,573	391,970
1.5.3	Held-to-maturity Securities		94,973	54,634	14,168	12,257
1.6	Other Interest Income		683	3,261	206	1,322
II.	Interest Expense	(III-b)	1,348,246	1,669,423	447,770	534,037
2.1	Interest on Deposits	(III-b-3)	1,176,549	1,427,937	385,770	461,747
2.1.1	Bank Deposits		28,074	22,780	8,910	7,763
2.1.2	Saving Deposits		822,006	997,240	264,959	335,020
2.1.3	Public Sector Deposits		104	101	34	26
2.1.4	Commercial Deposits		37,089	57,951	14,641	5,638
2.1.5	Other Institutions Deposits		82,874	108,788	23,817	39,508
2.1.6	Foreign Currency Deposits		206,402	241,077	73,409	73,792
2.1.7	Gold Vault		-	-	-	-
2.2	Interest on Money Market Transactions	(III-b-4)	92,288	162,189	29,201	47,294
2.3	Interest on Funds Borrowed		78,256	76,415	32,504	24,126
2.3.1	The Central Bank of Turkey		-	-	-	-
2.3.2	Domestic Banks		6,979	6,820	4,077	2,990
2.3.3	Foreign Banks		62,265	60,549	25,981	18,565
2.3.4	Foreign Offices and Branches		-	-	-	-
2.3.5	Other Financial Institutions		9,012	9,046	2,446	2,571
2.4	Interest on Securities Issued		-	-	-	-
2.5	Other Interest Expenses		1,153	2,882	295	870
III.	Net Interest Income (I-II)		1,886,809	2,114,354	684,410	853,285
IV.	Net Fees and Commissions Income		285,609	132,149	99,107	50,950
4.1	Fees and Commissions Received		452,657	315,321	163,425	116,605
4.1.1	Cash Loans		67,039	57,256	23,410	20,562
4.1.2	Non-cash Loans		18,178	14,526	6,750	5,036
4.1.3	Other		367,440	243,539	133,265	91,007
4.2	Fees and Commissions Paid		167,048	183,172	64,318	65,655
4.2.1	Cash Loans		26,446	25,750	14,560	14,659
4.2.2	Non-cash Loans		297	161	234	8
4.2.3	Other		140,305	157,261	49,524	50,988
V.	Dividend Income		2,517	1,988	1,871	666
5.1	Trading Securities		-	-	-	-
5.2	Available-for-sale Securities		2,517	1,988	1,871	666
VI.	Net Trading Income/(Loss)		158,219	719,055	42,728	194,684
6.1	Trading Gains on Securities (Net)		254,115	276,414	37,819	112,090
6.1.1	Trading Gains on Securities		300,170	290,962	23,816	113,434
6.1.1.1	Trading Gains on Derivative Financial Instruments		22,893	23,261	6,089	7,596
6.1.1.2	Other		277,277	267,701	17,727	105,838
6.1.2	Trading Losses on Securities (-)		46,055	14,548	-14,003	1,344
6.1.2.1	Trading Losses on Derivative Financial Instruments		3,167	1,817	1,278	495
6.1.2.2	Other		42,888	12,731	15,281	849
6.2	Foreign Exchange Gains or (Losses) (Net)	(III-f-1)	(95,896)	442,641	4,909	82,594
6.2.1	Foreign Exchange Gains		2,186,408	6,942,605	710,891	92,633
6.2.2	Foreign Exchange Losses (-)		2,282,304	6,499,964	705,982	10,039
VII.	Other Operating Income	(III-c)	110,110	66,714	26,922	23,446
VIII.	Operating Income (III+IV+V+VI+VII)		2,443,264	3,034,260	855,038	1,123,031
IX.	Provision for Loan Losses and Other Receivables (-)	(III-d)	110,552	44,011	50,343	23,032
X.	Other Operating Expenses (-)	(III-f-1)	696,501	959,247	255,413	304,869
XI.	Net Operating Income (VII-IX-X)		1,636,211	2,031,002	549,282	795,130
XII.	Income from Investments and Associates	(III-e)	30,062	8,573	359	2,904
XIII.	Income/(Loss) on Net Monetary Position		(405,903)	(302,800)	(60,396)	29,148
XIV.	Income Before Income Taxes (XI+XII+XIII)		1,260,370	1,736,775	489,245	827,182
XV.	Provision for Income Taxes (-)	(III-f-2)	376,486	596,014	137,683	232,281
XVI.	Net Income/(Loss) Before Extraordinary Items (XIV-XV)		883,884	1,140,761	351,562	594,901
XVII.	Extraordinary Income/(Loss) After Taxes		-	-	-	-
18.1	Extraordinary Income/(Loss) Before Taxation		-	-	-	-
18.1.1	Extraordinary Income		-	-	-	-
18.1.2	Extraordinary Expenses (-)		-	-	-	-
18.2	Provision for Taxes on Extraordinary Income (-)		-	-	-	-
XVIII.	NET INCOME/(LOSS) (XVI+XVII)		883,884	1,140,761	351,562	594,901
	Earnings/(Loss) per share in TL full		589	761	234	397

The accompanying notes form an integral part of these financial statements.

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

	Notes (Section V)	CURRENT PERIOD (30/09/2004)			PRIOR PERIOD (31/12/2003)		
		TL	Foreign Currency	TOTAL	TL	Foreign Currency	TOTAL
		<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>11,136,691</b>	<b>8,210,443</b>	<b>19,347,134</b>	<b>7,534,515</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(IV-b), (IV-c)	<b>1,060,257</b>	<b>1,806,792</b>	<b>2,867,049</b>	<b>894,834</b>	<b>1,244,824</b>	<b>2,139,658</b>
1.1. Letters of Guarantee		1,039,442	998,292	2,037,734	889,978	654,497	1,544,475
1.1.1. Guarantees Subject to State Tender Law		147,387	79,948	227,335	123,728	103,302	227,230
1.1.2. Guarantees Given for Foreign Trade Operations		-	476,984	476,984	-	245,363	245,363
1.1.3. Other Letters of Guarantee		892,055	441,360	1,333,415	766,250	305,632	1,071,882
1.2. Bank Acceptances		15	23,909	23,924	2	9,111	9,113
1.2.1. Import Letter of Acceptance		15	23,909	23,924	2	9,111	9,113
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	783,212	783,212	-	580,220	580,220
1.3.1. Documentary Letters of Credit		-	731,296	731,296	-	565,440	565,440
1.3.2. Other Letters of Credit		-	51,916	51,916	-	14,780	14,780
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		10,734	1,379	12,113	-	981	981
1.9. Other Collaterals		10,066	-	10,066	4,854	15	4,869
<b>II. COMMITMENTS</b>	(IV-b)	<b>9,999,305</b>	<b>1,446,837</b>	<b>11,446,142</b>	<b>6,576,285</b>	<b>1,535,577</b>	<b>8,111,862</b>
2.1. Irrevocable Commitments		9,999,305	1,446,837	11,446,142	6,576,285	1,535,577	8,111,862
2.1.1. Asset Purchase Commitments		35,600	46,589	82,189	574	-	574
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments 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 Cheques		1,117,948	-	1,117,948	1,059,192	-	1,059,192
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		8,845,757	1,400,248	10,246,005	5,516,519	1,535,577	7,052,096
2.1.10. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		-	-	-	-	-	-
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>77,129</b>	<b>4,956,814</b>	<b>5,033,943</b>	<b>63,396</b>	<b>5,743,061</b>	<b>5,806,457</b>
3.1. Forward Foreign Currency Buy/Sell Transactions		60,224	166,245	226,469	19,095	68,111	87,206
3.1.1. Forward Foreign Currency Transactions-Buy		50,927	63,505	114,432	2,566	38,465	41,031
3.1.2. Forward Foreign Currency Transactions-Sell		9,297	102,740	112,037	16,529	29,646	46,175
3.2. Swap Transactions Related to Foreign Currency and Interest Rates		-	4,708,690	4,708,690	890	5,539,156	5,540,046
3.2.1. Foreign Currency Swap-Buy		-	2,365,522	2,365,522	-	2,847,706	2,847,706
3.2.2. Foreign Currency Swap-Sell		-	2,343,168	2,343,168	890	2,691,450	2,692,340
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		16,905	81,879	98,784	43,411	135,794	179,205
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>19,874,103</b>	<b>3,640,064</b>	<b>23,514,167</b>	<b>16,596,004</b>	<b>2,228,629</b>	<b>18,824,633</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>17,230,002</b>	<b>2,509,753</b>	<b>19,739,755</b>	<b>15,011,253</b>	<b>1,199,781</b>	<b>16,211,034</b>
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		13,336,036	2,058,454	15,394,490	11,472,235	823,093	12,295,328
4.3. Cheques Received for Collection		832,827	24,936	857,763	670,137	19,773	689,910
4.4. Commercial Notes Received for Collection		322,649	294,283	616,932	252,488	226,652	479,140
4.5. Other Assets Received for Collection		106	257	363	116	266	382
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		2,738,384	128,041	2,866,425	2,616,277	129,882	2,746,159
4.8. Custodians		-	3,782	3,782	-	115	115
<b>V. PLEDGES RECEIVED</b>		<b>2,644,101</b>	<b>1,130,311</b>	<b>3,774,412</b>	<b>1,584,751</b>	<b>1,028,848</b>	<b>2,613,599</b>
5.1. Marketable Securities		412,822	147,330	560,152	69,724	171,130	240,854
5.2. Guarantee Notes		134,339	138,616	272,955	122,340	123,467	245,807
5.3. Commodity		2,801	-	2,801	8,057	-	8,057
5.4. Warranty		-	-	-	-	-	-
5.5. Immovables		1,334,714	330,070	1,664,784	801,840	218,761	1,020,601
5.6. Other Pledged Items		759,425	514,295	1,273,720	562,790	515,490	1,098,280
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>31,010,794</b>	<b>11,850,507</b>	<b>42,861,301</b>	<b>24,130,519</b>	<b>10,752,091</b>	<b>34,882,610</b>

The accompanying notes form an integral part of these financial statements.

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

**SECTION THREE**

**EXPLANATIONS ON SIGNIFICANT ACCOUNTING POLICIES**

**I. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL STATEMENTS:**

- a. The preparation of the financial statements and related notes and explanations in accordance with the Accounting Application Regulation ("AAR") and the other relevant accounting standards that have been promulgated:**

The Bank maintains its books of account and prepares its statutory financial statements in Turkish lira in accordance with the Banking Act, Turkish Commercial Code and Turkish tax legislation. These financial statements have been prepared in accordance with the 13<sup>th</sup> Article titled "Accounting Standards" of the Banking Act No. 4389 and in accordance with Accounting Application Regulation ("AAR") published in the Official Gazette No. 24793 dated 22 June 2002 brought into effect on 1 July 2002 by the Banking Regulation and Supervision Agency ("BRSA") and the communiqués on accounting standards.

- b. Preparation of financial statements based on the current purchasing power of Turkish lira:**

Financial Reporting in Hyperinflationary Economies Standard stated in the Communiqué 14 on the Accounting Application Regulation ("AAR 14") has become effective as of 1 July 2002.

In accordance with AAR 14, the Bank should prepare its financial statements in the purchasing power of the Turkish lira at the balance sheet date. The corresponding figures for previous periods are restated in the same terms. According to the related communiqué, certain criteria are used to classify an economy as hyperinflationary and one of these criteria is a cumulative three-year inflation rate announced by State Institute of Statistics approaching or exceeding 100% and the other is current year inflation rate approaching or exceeding 10%. Inflation adjustments have been performed in accordance with the standards indicated in AAR 14 and by using the wholesale price indices published in the appendix to the AAR 14 and announced by State Institute of Statistics. Detailed information related to the application of inflation accounting is presented in the "Explanation related to inflation accounting" section of the notes to the financial statements.

- c. Accounting and evaluation policies adopted in the presentation of financial statements:**

The principle accounting policies and evaluation methods adopted in the presentation of financial statements are in accordance with the "AAR". These policies and methods are explained in the notes II through XXI.

**II. SUBSIDIARIES, ASSOCIATES AND SHARE CERTIFICATES INCLUDED IN THE AVAILABLE-FOR-SALE PORTFOLIO**

Turkish lira denominated investments and associates, subsidiaries and share certificates in the available-for-sale portfolio are adjusted for the effects of inflation to restate cash and cash equivalent contributions in terms of the measuring unit current at the balance sheet date.

Foreign currency denominated investments and associates, subsidiaries and share certificates in the available-for-sale portfolio are valued through the translation of the historical foreign currency amounts by using exchange rates prevailing at the balance sheet date.

When the inflation adjusted value of investments, associates and share certificates is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value taking into consideration whether the value decrease is temporary or permanent and the ratio of the value decrease.

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

**III. FOREIGN CURRENCY TRANSACTIONS**

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such transactions are recognized in the income statement under the account of net foreign exchange income/expense. Foreign currency investments included in non-monetary asset which are carried at historical cost are translated with the exchange rates current at the balance sheet date.

**a. Foreign exchange rates applied in the conversion of foreign currency transactions in financial statements:**

As of 30 September 2004, rates applied for the conversion of foreign currency balances into Turkish lira are TL1,512,000 for USD, TL1,866,866 for EURO and TL13,644 for Yen.

**b. Total foreign exchange gains/losses reflected in the current period net income:**

The Bank's foreign exchange loss reflected in these financial statements amount to TL95,896.

**c. Total amount of foreign currency revaluation fund resulting from foreign exchange gains/losses and changes that occurred within the period:**

No foreign currency gains/losses were reflected in the revaluation fund.

**d. Significant changes in the foreign exchange rates subsequent to the balance sheet date and their impacts on the financial statements:**

The Bank does not have a significant net foreign currency position as disclosed in Section Four-Note V. Accordingly, the changes in the foreign exchange rates will not have a significant impact on the financial statements.

**e. Capitalized foreign currency exchange differences:**

There is no foreign currency exchange difference capitalized for the period.

**f. Fundamental principles of foreign exchange risk management policy:**

The fundamental principles of foreign exchange risk management policy are explained in detail in Section 4, note V.

**g. Accounts used for foreign currency translation differences of net investments in foreign subsidiaries and associates, loans and other hedging instruments:**

Foreign currency net investments in associates and subsidiaries abroad are converted into Turkish lira with the exchange rates current at the balance sheet date. Foreign currency conversion differences arising from such transactions are recognized as "foreign exchange gains/losses" in the income statement.

AKBANK T.A.Ş.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

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**III. FOREIGN CURRENCY TRANSACTIONS (Continued)**

- h. The method applied for the translation of goodwill arising from the acquisition of a foreign subsidiary and amounts resulted from fair value adjustment of assets and liabilities of such subsidiaries:**

The Bank has no goodwill related with acquisition of a foreign subsidiary or resulting from fair value adjustment of assets and liabilities of foreign subsidiaries.

- i. Accounts used to record the results arising from sale of a foreign subsidiary:**

During the current period, the Bank has not sold any foreign subsidiary.

- j. Status and recognition of foreign exchange differences arising from the translation of debt securities issued and monetary financial assets into Turkish lira:**

There were no debt securities issued. Foreign exchange differences arising from the translation of monetary financial assets are included in the "foreign exchange gains/losses" in the income statement.

**IV. EXPLANATIONS ON DERIVATIVE INSTRUMENTS**

The major derivative instruments of the Bank are currency and interest rate swaps and currency forwards. There are no embedded derivatives originated by the Bank.

The Bank classifies its derivative instruments as held for "Hedging" or "Trading" in accordance with Communiqué 1 on the Accounting Application Regulation "Accounting of Financial Instruments" ("AAR"). All derivative financial instruments are classified as held for trading. Even though certain derivative transactions, while providing effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules in AAR 1, and are therefore treated as derivatives held for trading.

Derivative instruments are measured at cost on initial recognition and the related transaction costs are included in the initial measurement. Payables and receivables arising from the derivative instruments are followed in the off-balance sheet accounts on their contractual values.

After initial recognition, derivative instruments are measured at their fair values and the fair values are included in the balance sheet under either "Accrued Interest and Income Receivable" or "Accrued Interest and Expense Payable" depending on whether they are positive or negative. Differences due to the measurement of the fair value of trading derivative instruments are included in the income statement.

As of 30 September 2004, fair value of derivatives of the Bank amount to TL29,737 (TL204,566 as of 31 December 2003).

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(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

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**V. OFFSETTING FINANCIAL INSTRUMENTS**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**VI. INTEREST INCOME AND EXPENSE**

Interest income and expense are recognized in the income statement on an accrual basis. When the Bank management estimates and judges that the collection becomes doubtful, then the interest income is not recognized until the collection is made and any accruals and income recognized in relation to these receivables are reversed.

**VII. FEE AND COMMISSION INCOME AND EXPENSES**

All fees and commissions income/expenses are recognized on an accrual basis, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Loan fees and commissions expenses paid to the other financial institutions are recognized as operational costs and recorded on effective yield method. Contract based commission fees regarding purchase and sale of assets are recognized as income at the time of collection.

**VIII. 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 in which a pattern of short-term profit making exists.

All regular way purchases and sales of trading securities are recognized at the settlement date, which is the date that the asset is delivered to/from the Bank. Trading securities are initially recognized at cost and subsequently re-measured at their fair value based on quoted bid prices or amounts derived from cash flow models. However, if fair values cannot be measured reliably, the securities are carried at amortised cost using the effective yield method. All gains and losses arising from these evaluations are reflected in the income statement. Interest earned while holding securities is reported as interest income and dividends received are included separately in dividend income.

**IX. SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS**

Securities sold under agreements to repurchase ("repo") are classified as "trading securities", "available-for-sale securities" and "held-to-maturity securities" in the balance sheet according to the investment purposes and measured according to the portfolio to which they belong. Funds deposited under repurchase agreements are accounted under "Funds Provided under Repurchase Agreements" and difference between the sale and repurchase price determined by these repurchase agreements is accrued evenly over the life of the repo agreement using the internal rate of return method.

Funds given against securities purchased under agreements to resell ("reverse repo") are accounted under "Receivables from reverse repurchase agreements" on the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued evenly over the life of repurchase agreements using the internal rate of return method.

The Bank has no securities lending transactions.

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**X. EXPLANATION ON INVESTMENT SECURITIES HELD-TO-MATURITY AND INVESTMENT SECURITIES AVAILABLE-FOR-SALE**

The Bank classifies and accounts its financial assets as “trading securities”, “available-for-sale securities”, “originated loans and receivables” and “held-to-maturity securities”. Sale and purchase transactions of the financial assets mentioned above are recognized at the “settlement dates”. The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of the investment.

Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the effective yield, is lower than its carrying value, then it is concluded that the asset under consideration is impaired. Provision is made for the diminution in value of the impaired financial asset and is charged against the income for the year.

**a. Investment securities held-to-maturity securities:**

Held-to-maturity investments are securities with fixed maturity and fixed or determinable payments where management has both the intent and ability to hold the investments to maturity. Held-to-maturity securities are initially recognized at cost, and subsequently carried at amortised cost using the effective yield method. Interest earned whilst holding held-to-maturity securities is reported as interest income.

The Bank has no financial assets that were initially classified as held-to-maturity which will not be classified as held-to-maturity investments for the following two years due to subsequent changes in classification. There is no diminution in value for the held-to-maturity securities and no provision for impairment is made.

**b. Investment securities available for sale:**

Available-for-sale securities are defined as securities other than the ones classified as “held-to-maturity securities”, “trading securities” and “originated loans”.

Available-for-sale investment securities are subsequently remeasured at fair value. When the prices cannot be determined reliably, securities are carried at the amortised cost using the effective yield method. Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognized in the shareholders’ equity as “Marketable securities value increase fund”, unless there is a permanent decline in the fair values of such assets or they are disposed. When these securities are disposed or impaired, the related fair value differences accumulated in the shareholders’ equity are transferred to the income statement.

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(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

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**XI. BANK ORIGINATED LOANS AND RECEIVABLES AND SPECIFIC AND GENERAL PROVISIONS**

Loans and advances originated by the Bank by providing money, service or goods directly to customers are categorized as originated loans. Loans and receivables originated by the Bank are carried initially at cost and subsequently recognized at the amortised cost value calculated by using effective yield. The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognized in the expense accounts.

If the collectibility of any receivable is identified as limited or doubtful by the Bank management through assessments and estimates, the Bank provides general and specific provisions for these loans and receivables in accordance with the "Decree Related to Principles and Procedures on Determining the Qualifications of Bank Loans with Required Reserves and Other Claims and on Reserves to be Held" published in the Official Gazette dated 30 June 2002, No. 24448 and paragraphs 1 and 12 of article 11 of the Banks Act No. 4389. In addition, considering the statistical analysis on possible risks that can arise from consumer loans, the Bank has set aside a general reserve for possible loan losses and accounted it in the "other provisions" in the liabilities. Provision expenses are deducted from the net income of the period. If a receivable for which provision is provided is subsequently collected, it is deducted from the specific provisions and included in "Other Operating Income". Uncollectible receivables are written-off after all the legal procedures are finalized.

**XII. GOODWILL AND OTHER INTANGIBLE ASSETS**

As of 30 September 2004 and 31 December 2003, the Bank has no goodwill.

Intangible assets are measured at the cost of the asset on initial recognition and the related other costs are included in the initial measurement.

Intangibles are amortised over five years (their estimated useful lives) using the straight-line method. The useful life of the asset is determined by assessing the expected useful time of the asset, technical, technological and other kinds of wear and tear and all required maintenance expenses made to utilise the economic benefit from the asset.

The Bank does not expect material changes in the estimation of useful lives, depreciation methods or residual values that may have a significant impact on current period or future periods.

Costs associated with development of computer software programmes and expenditures that enhances and extends the benefits of computer software programmes beyond their original specifications and lives are added to the original cost of the software and capitalized. Capitalized computer software development costs are amortised using the straight-line method over their remaining useful lives.

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**XIII. PROPERTY AND EQUIPMENT**

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting up the asset are included in the initial measurement.

Depreciation is calculated over the restated amounts of property and equipment using the straight-line method. The expected useful lives are stated below:

Buildings	50 years
Machinery, furniture, fixtures and vehicles	5 years

The depreciation charge for items remaining in the property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in the property and equipment.

Where the carrying amount of an asset is greater than its estimated net realizable value, it is written down immediately to its recoverable amount and the provision for the diminution in value is charged to income statement.

Gains and losses on disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditure for the repair and renewal of property and equipment is charged against income. The capital expenditures made in order to increase the capacity of the tangible asset to increase the future benefit of the asset are added to the cost of the tangible asset.

There are no pledges, mortgages and other commitments given to acquire property and equipment and there are no other limitations on property and equipment which restrict the right to use them.

The Bank does not expect any changes in the accounting estimates related with property and equipment that will have a significant impact in the current period or that may have a significant impact on future periods.

**XIV. LEASING TRANSACTIONS**

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the lower of the fair value of the leased asset or the present value of the amount of cash consideration given for the leased asset. Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, provision is provided for the impairment. Liabilities arising from the leasing transactions are included in "Finance Lease Payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Bank does not engage in finance leasing transactions as lessor.

Transactions regarding operational agreements are accounted on an accrual basis in accordance with the related contracts.

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**XV. PROVISIONS AND COMMITMENTS**

Provisions and contingent liabilities are provided for in accordance with Communiqué 8 on the Accounting Application Regulation "Standard for Provisions, Contingent Liabilities and Accounting of Assets" except for the specific and general provisions provided for loans and other receivables.

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provision for contingent liabilities arisen from past events should be recognized in the period of occurrence. When a reliable estimate of the amount of obligation cannot be made, contingent liability exists. A provision is recognized when it is probable that the contingent event will occur and a reliable estimate can be made.

**XVI. OBLIGATIONS RELATED TO EMPLOYEE RIGHTS**

Obligations related to employee rights are accounted in accordance with Communiqué 10 on the Accounting Application Regulation ("AAR 10") "Accounting of Obligations Related to Employee Rights".

Provision for notice pay and employment termination benefit liability is calculated by taking the simple arithmetical average of the ratio of the actual payment to the total liability for the last five years before the balance sheet date and applying this ratio to the total liability of the current period in accordance with ARR 10. Five-year simple arithmetical average of actual payment rates as a basis for provision for employee termination benefits and notice pay is 11.23%. (31 December 2003: 10.45%)

The Bank does not employ any person subject to an agreement where the employment period will terminate in more than 12 months as at 30 September 2004.

The Bank's personnel are members of the "Akbank T.A.Ş. Personnel Pension Fund Foundation" ("Pension Fund"), established in accordance with the Social Security Law, Article No. 20. The financial statements of the Pension Fund have been audited by an actuary in accordance with the 38<sup>th</sup> Article of the Insurance Supervisory Law and the Actuarial Regulation based on the same Article and depending on the audit report dated 15 February 2004, a provision has been calculated and accounted for the technical deficit in the financial statements of the Pension Fund as required by the principles of AAR10.

**XVII. TAXES**

Corporation tax is payable at a rate of 30% on the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed. Only for the fiscal year 2004, corporation tax rate will be applied as 33%, in accordance to the Act No. 5035 "Amendments to certain tax laws", published in the Official Gazette on 2 January 2004, No. 25334.

Dividends paid to non-resident corporations, which have a place of business in Turkey or are resident corporations, are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

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**XVII. TAXES (Continued)**

Corporations are required to pay advance corporate tax quarterly at a rate of 30% (33% for 2004) on their corporate income. Advance tax is declared by the 10th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax calculated on their annual corporate income. The balance of the advance tax paid may be refunded or used to be offset against other liabilities to the government.

Capital gains derived from the sale of equity investments and immovable held for not less than two years are tax exempt until 31 December 2004, provided that such gains are added to paid-in capital in the year in which they are sold.

Capital expenditures, with some exceptions, over TL6 billion are eligible for investment incentive allowance of 40%, which is deductible from taxable income prior to calculation of the corporate income tax, without the requirement of an investment incentive certificate, and the amount of allowance is not subject to withholding tax. Investment allowances utilised within the scope of investment incentive certificates granted prior to 24 April 2003 are subject to withholding tax at the rate of 19.8%, irrespective of profit distribution.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with the Communiqué 18 on the Accounting Application Regulation related with income taxes.

**XVIII. EXPLANATIONS ON BORROWINGS**

Trading financial liabilities and derivative instruments are valued with the fair value and the rest of financial liabilities are carried at amortised cost using the effective yield method.

The Bank utilises various hedging techniques to minimize the currency, interest rate and liquidity risks of its financial liabilities. No convertible bills are issued for the period.

**XIX. PAID-IN CAPITAL AND TREASURY STOCK**

Transaction costs regarding the issuance of share certificates are accounted as expense in the income statement.

Distribution of profit for the period 1 January-31 December 2003, resolved at the General Meeting of Shareholders, is explained in Section I, Note III-g.

**XX. AVALIZED DRAFTS AND ACCEPTANCES**

Avalized drafts and acceptances shown as liabilities against assets are included in the off-balance sheet commitments.

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004**

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**XXI. GOVERNMENT GRANTS**

There is no government grant and support for the Bank.

**XXII. RECLASSIFICATIONS**

Where necessary, comparative figures of the periods, 31 December 2003 and 30 September 2003 have been reclassified to conform to changes in presentation in the current period.



## AKBANK T.A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

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## II. CAPITAL ADEQUACY RATIO

- a. The Bank's capital adequacy ratio is 37.38% (31 December 2003: 44.51%). This rate is considerably above the minimum rate of 8% that is specified by the pertinent regulation.
- b. For the calculation of the capital adequacy ratio, the Bank classifies the risk weighted assets and non-cash loans according to the risk weights defined by the regulations and calculates "Total risk weighed assets" which is the sum of "market risk on securities" and the "Bank's currency risk". The following tables show the classifications of risk weighted assets and the calculation of shareholders' equity for the capital adequacy ratio calculation.
- c. Information related to capital adequacy ratio:

	Risk Weights			
	%0	%20	%50	%100
<b>Risk Weighted Assets and Non-Cash Loans</b>				
<b>Balance sheet items (net)</b>	19,250,621	941,696	147,243	10,783,344
Cash	226,657	3,192	-	-
Due from banks	4,860	938,504	-	83,851
Interbank money market placements	486,864	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-
Reserve requirements with the Central Bank of Turkey	1,742,217	-	-	-
Other financial institutions	-	-	-	-
Loans	1,928,620	-	147,243	9,798,606
Loans under follow-up (net)	-	-	-	-
Subsidiaries, associates and investments available-for-sale	10,192,139	-	-	82,256
Miscellaneous receivables	-	-	-	59,807
Marketable securities held to maturity (net)	322,382	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-
Financial lease receivables	-	-	-	-
Leased assets (net)	-	-	-	-
Fixed assets (net)	-	-	-	633,351
Other assets	4,346,882	-	-	125,473
<b>Off-balance sheet items</b>	1,231,435	1,267,479	3,112,197	223,542
Guarantees and pledges	41	1,177,690	187,226	68,568
Commitments	-	-	2,923,177	-
Other off-balance sheet items	-	-	-	-
Transactions related with derivative financial instruments	-	59,101	-	1,624
Interest and income accruals	1,231,394	30,688	1,794	153,350
Non-risk weighted accounts	-	-	-	-
<b>Total risk weighted assets</b>	<b>20,482,056</b>	<b>2,209,175</b>	<b>3,259,440</b>	<b>11,006,886</b>

## AKBANK T.A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

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## II. CAPITAL ADEQUACY RATIO (Continued)

## d. Summary information about capital adequacy ratio:

	Current Period 30 September 2004	Prior Period 31 December 2003
Total risk weighted assets ("TRWA")	13,078,441	9,839,096
Amount subject to market risk ("ASMR")	1,688,998	1,881,118
Shareholders' equity	5,520,441	5,216,944
Shareholders' equity / (TRWA+ASMR)*100	37.38	44.51

## e. Information about shareholders' equity items:

	Current Period 30 September 2004	Prior Period 31 December 2003
<b>CORE CAPITAL</b>		
Paid-in capital	1,500,000	1,200,000
Nominal capital	1,500,000	1,200,000
Capital commitments (-)	-	-
Adjustment to share capital	2,390,807	2,390,735
Share premium	-	-
Legal reserves	154,577	45,531
First legal reserve (Turkish Commercial Code 466/1)	105,954	37,980
Second legal reserve (Turkish Commercial Code 466/2)	48,623	7,551
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	877,433	269,900
Reserves allocated by the General Assembly	877,433	269,900
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Profit	883,884	1,447,896
Current period profit	883,884	1,447,896
Prior period profit	-	-
Loss (-)	-	-
Current period loss	-	-
Prior period loss	-	-
<b>Total Core Capital</b>	<b>5,806,701</b>	<b>5,354,062</b>

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## II. CAPITAL ADEQUACY RATIO (Continued)

<b>SUPPLEMENTARY CAPITAL</b>		
Revaluation fund		
Securities	-	-
Buildings	-	-
Profit on sale of associates, subsidiaries and buildings to be transferred to share capital	-	-
Revaluation fund of leasehold improvement	-	-
Increase in the value of revaluation fund	-	-
Foreign exchange differences	-	-
General reserves	72,335	56,897
Provisions for possible losses	47,415	69,752
Subordinated loans	955	1,995
Marketable securities value increase fund	5,951	158,321
Associates and subsidiaries	2,774	1,768
Investments available-for-sale	3,177	156,553
Investments held for structural transactions	-	-
<b>Total Supplementary Capital</b>	<b>126,656</b>	<b>286,965</b>
<b>TIER III CAPITAL</b>	-	-
<b>CAPITAL</b>	<b>5,933,357</b>	<b>5,641,027</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>412,916</b>	<b>424,083</b>
Investments in unconsolidated financial companies whose main activities are money and capital markets, insurance and that operate with licenses provided in accordance with special laws.	403,102	403,003
Leasehold improvements	1,898	3,852
Installation costs	-	-
Prepaid expenses	7,916	17,228
The negative difference between the market values and the carrying amounts for unconsolidated investments, subsidiaries, other investments and fixed assets	-	-
Subordinated loans given to other banks which operate in Turkey	-	-
Goodwill (net)	-	-
Capitalized expenses	-	-
<b>Total Shareholders' Equity</b>	<b>5,520,441</b>	<b>5,216,944</b>

## III. CREDIT RISK

- a. Credit risk is the risk that the counterparts may be unable to meet the terms of the agreements. This risk is monitored by reference to credit risk ratings and managed by limiting the aggregate risk to any individual counterparty, group of companies and industry. While determining credit risks, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas and capital structures are evaluated. Analysis of the financial position of the customers are based on the statements of account and other information. Previously determined credit limits are constantly revised according to changing conditions. Collaterals, corporate and personal guarantees are determined on a customer basis.

During crediting procedures, limits determined on customer and product basis are essentially followed up; information on risk and limits information is closely monitored.

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**III. CREDIT RISK (Continued)**

- b. There are risk control limits set for the market risks and credit risks arise from forward and option agreements and other similar agreements.
- c. When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.
- d. Non-cash loans turned to cash loans are included in the same risk group as cash loans which are not collected on maturity. Credit risk management is applied for all positions involving counter party risk.

Rescheduled or restructured loans are followed in their relevant groups until all receivable from the loans is collected. Monitoring continues until receivable from loan is completely collected.

The Bank considers that long term commitments are more exposed to credit risk than short term commitments, and points such as defining risk limits for long term risks and obtaining collaterals are treated in a wider extent than short term risks.

- e. The Bank's banking activities in foreign countries and crediting transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies.

When considered within the financial activities of other financial institutions, the Bank as an active participant in the national and international banking market, is not exposed to a significant credit risk. As seen in the balance sheet, the ratio of loans under follow-up to total loans is 1.3% (31 December 2003: 1.3%) and 100% provision has been provided.

- f. The Bank provided a general provision amounting to TL72,335 (31 December 2003: TL56,897).

**IV. MARKET RISK**

The Bank considers currency risk and interest rate risk as the most important components of market risk. The ERC sets critical risk limits for market risk and through close monitoring of the markets and overall economy, such limits are updated as necessary. These limits and implementation of strategies are assigned to various levels of management in order to enhance control effectiveness. The Bank's market risk position is calculated and reported to the ERC members daily and weekly. The table below shows how the market risk as of 30 September 2004 is calculated in accordance with the Regulation related to the Measurement and Evaluation of the Bank's Capital Adequacy, published in the Official Gazette dated 31 January 2002, No. 24567 and the Regulation related to the Market Risk Calculation by the Standard Method.

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**IV. MARKET RISK (Continued)**

	Balance
Capital to be employed for interest rate risk – standard method	109,722
Capital to be employed for general market risk	108,699
Capital to be employed for specific risk	1,023
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	25,398
Capital liability	25,398
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	(*) 135,120
Amount subject to market risk	(*) 1,688,998

(\*)Of the “Amount subject to market risk”, only TL135,120 (8% of TL1,688,998) is used in the calculation of the market risk related to the capital adequacy ratio which is given in Section four, note II. TL135,120 is the minimum amount of capital that can hedge the mentioned risk.

**V. CURRENCY RISK**

The difference between the Bank’s foreign currency denominated and foreign currency indexed assets and liabilities is defined as the “Net Foreign Currency Position” and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure. This risk is managed by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities and the remaining open foreign exchange exposures are hedged on a portfolio basis with derivative financial instruments that include primarily forward foreign exchange contracts and currency swaps. The Board, taking into account the recommendations by ERC, sets a limit for the size of foreign exchange exposure, which is closely monitored by ALCO.

The Bank’s foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date:

	<u>USD</u>	<u>EURO</u>	<u>Yen</u>
Balance Sheet Evaluation Rate	TL 1,512,000	TL 1,866,866	TL 13,644
1. Day bid rate	TL 1,480,000	TL 1,824,100	TL 13,333
2. Day bid rate	TL 1,470,000	TL 1,806,189	TL 13,205
3. Day bid rate	TL 1,470,000	TL 1,804,866	TL 13,292
4. Day bid rate	TL 1,484,000	TL 1,822,203	TL 13,403
5. Day bid rate	TL 1,480,000	TL 1,815,960	TL 13,358

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## V. CURRENCY RISK (Continued)

The simple arithmetic average of the Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are shown in the table below:

USD	: TL 1,476,567
EURO	: TL 1,801,036
Yen	: TL 13,433

As of 31 December 2003:

	USD	EURO	Yen
Balance Sheet Evaluation Rate	TL 1,427,500	TL 1,784,660	TL 13,346

**Information on the Bank's currency risk:**

The table below summarizes the Bank's exposure to foreign currency exchange rate risk, categorized by currency. Foreign currency indexed assets, classified as Turkish lira assets according to Uniform Chart of Accounts, are considered as foreign currency assets for the calculation of Net Foreign Currency Position. Therefore, the difference between the sum of the foreign currency assets in the following table and in the balance sheet is equal to the sum of foreign currency indexed assets. The Banks' real position, both in financial and economic terms, is presented in the table below:

	EURO	USD	Yen	Other FC (*)	Total
<b>Current Period – 30 September 2004</b>					
<b>Assets</b>					
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	62,641	51,842	103	6,254	120,840
Due from other banks and financial institutions	649,923	195,320	2,683	167,401	1,015,327
Trading securities	173,158	3,992,537	-	-	4,165,695
Interbank money market placements	-	486,864	-	-	486,864
Available-for-sale securities	64,521	4,692,991	-	-	4,757,512
Loans	1,410,914	4,067,403	472	41,390	5,520,179
Subsidiaries, investments and associates	93,377	-	-	102,326	195,703
Held-to-maturity securities	-	322,382	-	-	322,382
Property and equipment	5,607	2,236	-	-	7,843
Goodwill	-	-	-	-	-
Other assets	862,907	1,137,624	7	597	2,001,135
<b>Total assets</b>	<b>3,323,048</b>	<b>14,949,199</b>	<b>3,265</b>	<b>317,968</b>	<b>18,593,480</b>
<b>Liabilities</b>					
Bank deposits	176,180	918,880	1	26,321	1,121,382
Foreign currency deposits	4,861,377	6,640,277	2,207	546,858	12,050,719
Funds from interbank money market	-	188,716	-	-	188,716
Funds borrowed	155,164	4,536,504	-	-	4,691,668
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	28,402	8,118	377	2,887	39,784
Other liabilities	56,547	268,926	272	5,134	330,879
<b>Total liabilities</b>	<b>5,277,670</b>	<b>12,561,421</b>	<b>2,857</b>	<b>581,200</b>	<b>18,423,148</b>
<b>Net on balance sheet position</b>	<b>(1,954,622)</b>	<b>2,387,778</b>	<b>408</b>	<b>(263,232)</b>	<b>170,332</b>
<b>Net off balance sheet position</b>					
Financial derivative assets	2,246,362	37,638	26,971	156,114	2,467,085
Financial derivative liabilities	72,177	2,388,151	27,244	1,208	2,488,780
Non-cash loans	755,896	1,009,689	26,858	14,349	1,806,792
<b>Prior Period – 31 December 2003</b>					
Total assets	3,086,183	15,333,040	4,238	159,313	18,582,774
Total liabilities	5,326,485	12,734,800	6,767	544,842	18,612,894
Net on balance sheet position	(2,240,302)	2,598,240	(2,529)	(385,529)	(30,120)
Net off balance sheet position	2,479,781	(2,524,567)	1,561	252,262	209,037
Non-cash loans	450,154	782,431	1,994	10,245	1,244,824

(\*) Of the "other FC" total assets amounting TL317,968, TL264,782 is in English Pounds and TL45,741 in Swiss Francs. Of the total liabilities amounting TL581,200, TL414,591 is in English Pounds and TL74,663 in Swiss Francs.

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## VI. INTEREST RATE RISK

“Interest Rate Risk” can be defined as the impact of interest rate changes on interest-sensitive assets and liabilities of the Bank. The Executive Risk Committee sets limits for the interest rate sensitivity of assets and liabilities and the sensitivity is closely monitored and reported weekly. In case of high market fluctuations, daily reporting and analyses on transaction bases are made.

The Bank manages the interest rate risk on a portfolio basis and tries to minimize the risk effect on the profitability, financial exposure and cash flows by applying different strategies. Basic methods such as: using fixed or floating interest rates for different portfolios and maturities, setting the fixed margin in floating rates, varying the rates for the short or long-term positions are applied actively.

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on reprising dates:

1- Current Period- 30 September 2004	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 – 12 Months	1 Year and Over	Demand	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	234,709	234,709
Due from banks and other financial institutions (*)	715,606	156,842	-	2,000	-	147,907	1,022,355
Trading securities	1,905	260,742	891,241	2,666,597	537,073	2	4,357,560
Interbank money market placements	453,600	33,264	-	-	-	-	486,864
Available-for-sale securities	523,918	2,470,724	1,236,403	3,871,228	2,146,059	15,872	10,264,204
Loans	5,060,278	2,097,439	2,085,935	1,465,771	1,165,046	-	11,874,469
Held-to-maturity securities	-	322,382	-	-	-	-	322,382
Other assets	2,013,732	538,502	94,794	240,452	331,770	1,171,253	4,390,503
<b>Total assets</b>	<b>8,769,039</b>	<b>5,879,895</b>	<b>4,308,373</b>	<b>8,246,048</b>	<b>4,179,948</b>	<b>1,569,743</b>	<b>32,953,046</b>
<b>Liabilities</b>							
Bank deposits(*)	762,369	312,106	14,116	8,000	-	52,903	1,149,494
Other deposits	10,342,870	3,317,864	892,497	799,423	182,980	3,526,681	19,062,315
Funds from interbank money market	814,466	581	188,783	-	-	-	1,003,830
Miscellaneous payables	-	-	-	-	-	105,988	105,988
Marketable securities issued	-	-	-	-	-	-	-
Funds borrowed	618,200	2,976,262	769,842	382,661	3,734	-	4,750,699
Other liabilities and shareholders' equity	79,111	89,586	52,387	32,627	107,696	6,519,313	6,880,720
<b>Total liabilities and shareholders' equity</b>	<b>12,617,016</b>	<b>6,696,399</b>	<b>1,917,625</b>	<b>1,222,711</b>	<b>294,410</b>	<b>10,204,885</b>	<b>32,953,046</b>
<b>Balance sheet interest sensitivity gap</b>	<b>(3,847,977)</b>	<b>(816,504)</b>	<b>2,390,748</b>	<b>7,023,337</b>	<b>3,885,538</b>	<b>(8,635,142)</b>	<b>-</b>
Off-balance sheet interest sensitivity gap(*)	9,754	251	7,664	7,012	68	-	24,749
<b>Total interest sensitivity gap</b>	<b>(3,838,223)</b>	<b>(816,253)</b>	<b>2,398,412</b>	<b>7,030,349</b>	<b>3,885,606</b>	<b>(8,635,142)</b>	<b>24,749</b>

(\*)This balance represents the interest rate sensitivity of net amount of receivables and payables from derivative financial instruments which are presented under off-balance sheet commitments.

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## VI. INTEREST RATE RISK (Continued)

2- Prior Period 31 December 2003	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 – 12 Months	1 Year and Over	Demand	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	233,585	233,585
Due from banks and other financial institutions	754,640	54,519	-	-	-	207,003	1,016,162
Trading securities	597,404	1,147,454	710,307	1,133,903	3,771,551	24	7,360,643
Interbank money market placements	433,809	-	-	-	-	-	433,809
Available-for-sale securities	844,286	999,455	694,208	2,663,497	2,117,990	13,484	7,332,920
Loans	2,824,587	1,339,454	2,572,370	1,524,967	1,268,058	-	9,529,436
Held-to-maturity securities	-	-	704,821	-	-	-	704,821
Other assets	2,280,245	423,053	1,020,487	629,318	158,213	1,107,856	5,619,172
<b>Total assets</b>	<b>7,734,971</b>	<b>3,963,935</b>	<b>5,702,193</b>	<b>5,951,685</b>	<b>7,315,812</b>	<b>1,561,952</b>	<b>32,230,548</b>
<b>Liabilities</b>							
Bank deposits	995,779	344,231	15,968	1,540	-	105,207	1,462,725
Other deposits	9,969,483	3,320,449	1,150,256	1,408,332	104,002	3,467,308	19,419,830
Funds from interbank money market	658,570	413	68	-	-	-	659,051
Miscellaneous payables	-	-	-	-	-	114,869	114,869
Marketable securities issued	-	-	-	-	-	-	-
Funds borrowed	1,203,240	2,144,953	333,742	301,813	3,901	-	3,987,649
Other liabilities and shareholders' equity	175,443	35,228	36,169	35,640	159,151	6,144,793	6,586,424
<b>Total liabilities and shareholders' equity</b>	<b>13,002,515</b>	<b>5,845,274</b>	<b>1,536,203</b>	<b>1,747,325</b>	<b>267,054</b>	<b>9,832,177</b>	<b>32,230,548</b>
<b>Balance sheet interest sensitivity gap</b>	<b>(5,267,544)</b>	<b>(1,881,339)</b>	<b>4,165,990</b>	<b>4,204,360</b>	<b>7,048,758</b>	<b>(8,270,225)</b>	<b>-</b>
Off-balance sheet interest sensitivity gap(*)	49,181	19,707	3,048	78,288	(2)	-	150,222
<b>Total interest sensitivity gap</b>	<b>(5,218,363)</b>	<b>(1,861,632)</b>	<b>4,169,038</b>	<b>4,282,648</b>	<b>7,048,756</b>	<b>(8,270,225)</b>	<b>150,222</b>

(\*)This balance represents the interest rate sensitivity of net amount of receivables and payables from derivative financial instruments which are presented under off-balance sheet commitments.

## b. Effective average interest rates for monetary financial instruments:

1- Current Period- 30 September 2004	EURO	USD	Yen	TL
	%	%	%	%
<b>Assets</b>				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	0.97	0.80	-	12.50
Due from banks and other financial institutions	2.07	1.79	-	23.62
Trading securities	9.44	5.36	-	24.97
Interbank money market placements	-	1.21	-	-
Available-for-sale securities	3.81	6.35	-	28.15
Loans	4.03	5.93	4.42	28.88
Held-to-maturity securities	-	11.06	-	-
<b>Liabilities</b>				
Bank deposits	2.90	2.50	-	24.66
Other deposits	2.44	2.23	0.50	17.15
Funds from interbank money market	-	2.87	-	19.36
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed	2.62	3.38	-	18.13

Average interest rates given in the table above are the weighted average rates of the related balance sheet items.

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## VI. INTEREST RATE RISK (Continued)

2- Prior Period - 31 December 2003	EURO	USD	Yen	TL
Assets	%	%	%	%
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	0.80	0.41	-	16.00
Due from banks and other financial institutions	2.24	0.97	-	26.40
Trading securities	9.16	5.73	-	61.24
Interbank money market placements	-	0.62	-	-
Available-for-sale securities	9.22	7.50	-	34.61
Loans	4.13	5.82	-	43.20
Held-to-maturity securities	-	10.35	-	-
<b>Liabilities</b>				
Bank deposits	2.83	2.56	-	26.65
Other deposits	2.46	2.25	-	22.49
Funds from interbank money market	-	-	-	24.13
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed	2.69	2.85	-	25.31

Average interest rates given in the table above are the weighted average rates of the related balance sheet item.

## VII. LIQUIDITY RISK

Liquidity risk arises from mismatching of maturities of assets and liabilities. The Bank balances the maturities of the related assets and liabilities according to specific criterion and keeps the mismatching of maturities under control. A major objective of the Bank's asset and liability management is to ensure that sufficient liquidity is available to meet the Bank's commitments to customers and to satisfy the Bank's own liquidity needs. For this objective, the Bank holds sufficient amount of short term funds. The Executive Risk Committee sets limits on the maturity mismatch of assets and liabilities and these limits are updated as necessary. Liquidity risk is measured and reported on a weekly basis. The Bank also analyses its liquidity risk on a daily and transaction basis, if there are significant market fluctuations.

The most important funding resources of the Bank are the equity capital which is mainly placed in interest earning assets, the diversified and steady deposit base and the long term funds borrowed from international institutions. In spite of a substantial portion of deposits from individuals being short-term, deposits are diversified by number and type, and maturities of great portion of deposits are renewed which indicates that these deposits will provide a long-term and stable source of funding for the Bank.

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## VIII. LIQUIDITY RISK (Continued)

## Breakdown 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	Unclassified (*)	Total
<b>Current Period - 30 September 2004</b>								
<b>Assets</b>								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of Turkey	234,709	-	-	-	-	-	-	234,709
Due from banks and other financial institutions	147,907	715,606	156,842	-	2,000	-	-	1,022,355
Trading securities	2	1,851	210,346	888,314	2,716,625	540,422	-	4,357,560
Interbank money market placements	-	453,600	33,264	-	-	-	-	486,864
Available-for-sale securities	15,872	35	840,218	205,784	4,198,873	5,003,422	-	10,264,204
Loans	-	2,782,110	2,108,105	1,258,609	2,109,867	3,615,778	-	11,874,469
Held-to-maturity securities	-	-	-	-	-	322,382	-	322,382
Other assets	1,742,217	219,394	108,190	112,288	281,679	778,882	1,147,853	4,390,503
<b>Total assets</b>	<b>2,140,707</b>	<b>4,172,596</b>	<b>3,456,965</b>	<b>2,464,995</b>	<b>9,309,044</b>	<b>10,260,886</b>	<b>1,147,853</b>	<b>32,953,046</b>
<b>Liabilities</b>								
Bank deposits	52,903	762,369	312,106	14,116	8,000	-	-	1,149,494
Other deposits	3,526,681	10,342,870	3,317,864	892,497	799,423	182,980	-	19,062,315
Funds from interbank money market	-	814,466	581	188,783	-	-	-	1,003,830
Funds borrowed	-	61,340	945,225	590,965	1,275,283	1,877,886	-	4,750,699
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	105,988	-	-	-	-	-	105,988
Other liabilities (**)	9,965	432,400	236,141	38,052	35,703	315,807	5,812,652	6,880,720
<b>Total liabilities and shareholders' equity</b>	<b>3,589,549</b>	<b>12,519,433</b>	<b>4,811,917</b>	<b>1,724,413</b>	<b>2,118,409</b>	<b>2,376,673</b>	<b>5,812,652</b>	<b>32,953,046</b>
Net liquidity gap	(1,448,842)	(8,346,837)	(1,354,952)	740,582	7,190,635	7,884,213	(4,664,799)	-
<b>Prior Period-31 December 2003</b>								
Total assets	2,127,638	4,404,467	2,548,659	3,210,730	7,489,164	11,363,889	1,086,001	32,230,548
Total liabilities	3,572,517	12,388,701	4,066,567	1,722,032	3,129,762	1,838,586	5,512,383	32,230,548
Net liquidity gap	(1,444,879)	(7,984,234)	(1,517,908)	1,488,698	4,359,402	9,525,303	(4,426,382)	-

(\*) Assets that are necessary for banking activities and that can not be liquidated in a short term, such as fixed and intangible assets, investments, subsidiaries, stationary, pre-paid expenses, loans under follow-up, are classified in this column.

(\*\*) Shareholders' Equity is presented under "Other Liabilities" item in the "Unclassified" column.

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**SECTION FIVE**  
**INFORMATION AND DISCLOSURES RELATED TO THE FINANCIAL STATEMENTS**

**I. INFORMATION AND DISCLOSURES RELATED TO ASSETS****a. Information related to the account of the Central Bank of Turkey:**

	Current Period 30 September 2004		Prior Period 31 December 2003	
	TL	FC*	TL	FC*
Demand unrestricted amount	4,831	29	76	2,570
Time unrestricted amount	-	-	-	-
<b>Total</b>	<b>4,831</b>	<b>29</b>	<b>76</b>	<b>2,570</b>

(\*) Foreign Currency

**b. Additional information on trading securities, in net amounts:**

1. Information related to trading securities given as collateral or blocked:  
Trading securities given as collateral or blocked are composed of foreign currency government bonds.

	Current Period 30 September 2004		Prior Period 31 December 2003	
	TL	FC*	TL	FC*
Share certificates	-	-	-	-
Government bonds, treasury bills and similar investment securities	-	219,124	80,015	182,679
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>219,124</b>	<b>80,015</b>	<b>182,679</b>

(\*) Foreign Currency

2. Trading securities subject to repurchase agreements:

	Current Period 30 September 2004		Prior Period 31 December 2003	
	TL	FC*	TL	FC*
Government bonds	-	199,623	-	-
Treasury bills	-	-	-	-
Other public debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>199,623</b>	<b>-</b>	<b>-</b>

(\*) Foreign Currency

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## I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

## c. Information on investment securities available-for-sale:

## 1. Types of investment securities available-for-sale:

Investment securities available-for-sale are composed of TL and FC government bonds, TL treasury bills and share certificates of institutions that the Bank has less than 10% share.

## 2. Information on investment securities available-for-sale:

	Current Period 30 September 2004	Prior Period 31 December 2003
Debt securities	10,248,332	7,319,435
Quoted in a stock exchange	6,930,399	5,000,269
Not quoted (*)	3,317,933	2,319,166
Share certificates	59,604	57,277
Quoted in a stock exchange	54,454	52,584
Not quoted	5,150	4,693
Impairment provision (-)	(43,732)	(43,792)
<b>Total</b>	<b>10,264,204</b>	<b>7,332,920</b>

(\*) Not traded on the balance sheet date, although quoted on a stock exchange.

## 3. Characteristics of investment securities available-for-sale given as collateral and their carrying value:

Investment securities available-for-sale given as collateral are composed of TL and foreign currency government bonds. The sum of the acquisition cost amounting TL1,263,864 and the interest accruals amounting TL251,045 is the carrying value of these securities, TL1,514,909 (31 December 2003: TL1,166,199).

## 4. Investment securities available-for-sale given as collateral or blocked are stated with their acquisition costs:

	Current Period 30 September 2004		Prior Period 31 December 2003	
	TL	FC*	TL	FC*
Share certificates	-	-	-	-
Bond, T-bill and similar investment securities	776,452	487,412	454,258	503,035
Other	-	-	-	-
<b>Total</b>	<b>776,452</b>	<b>487,412</b>	<b>454,258</b>	<b>503,035</b>

(\*) Foreign Currency

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## I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

5. Investment securities available-for-sale subject to repurchase agreements are stated with their acquisition costs:

	Current Period 30 September 2004		Prior Period 31 December 2003	
	TL	FC*	TL	FC*
Government bonds	688,055	-	605,860	-
Treasury bills	-	-	-	-
Other debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>688,055</b>	<b>-</b>	<b>605,860</b>	<b>-</b>

(\*) Foreign Currency

## d. Information related to loans:

1. Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period 30 September 2004		Prior Period 31 December 2003	
	Cash Loans	Non-cash loans	Cash Loans	Non-cash loans
Direct loans granted to shareholders	1,476	55,134	36,994	57,103
Corporate shareholders	1,476	55,134	36,994	57,103
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	298,036	317,265	227,368	310,575
Loans granted to employees	10,625	-	8,307	-
<b>Total</b>	<b>310,137</b>	<b>372,399</b>	<b>272,669</b>	<b>367,678</b>

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and other receivables	Restructured or Rescheduled	Loans and other receivables	Restructured or Rescheduled
Non-specialized loans	11,759,079	-	115,390	-
Discount notes	56,161	-	-	-
Export loans	1,407,939	-	993	-
Import loans	-	-	-	-
Loans given to financial sector	574,093	-	-	-
International loans	439,302	-	-	-
Consumer loans	2,831,867	-	45,039	-
Credit cards	1,239,948	-	63,647	-
Precious metals loans (Gold , etc...)	-	-	-	-
Other	5,209,769	-	5,711	-
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>11,759,079</b>	<b>-</b>	<b>115,390</b>	<b>-</b>

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## I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

## 3. Information on consumer loans:

	Short-term	Medium and long-term	Total	Accrued interest and income receivable
Consumer loans-TL	532,428	2,261,564	2,793,992	29,901
Real estate loans	6,422	315,670	322,092	3,959
Automotive loans	180,130	1,583,289	1,763,419	19,325
Consumer loans	156,230	354,511	510,741	6,472
Personnel loans	2,517	8,094	10,611	145
Other consumer loans	187,129	-	187,129	-
Consumer loans- Indexed to FC	3,532	79,382	82,914	342
Real estate loans	886	30,334	31,220	195
Automotive loans	2,567	48,673	51,240	146
Consumer loans	79	361	440	1
Personnel loan	-	14	14	-
Other consumer loans	-	-	-	-
Credit cards	1,303,595	-	1,303,595	43,363
<b>Total consumer loans</b>	<b>1,839,555</b>	<b>2,340,946</b>	<b>4,180,501</b>	<b>73,606</b>

## 4. Domestic and foreign loans: Loans are classified according to the locations where the customers are active:

	Current Period 30 September 2004	Prior Period 31 December 2003
Domestic loans	11,435,167	9,030,036
Foreign loans	439,302	499,400
<b>Total</b>	<b>11,874,469</b>	<b>9,529,436</b>

## 5. Loans granted to subsidiaries and investments:

	Current Period 30 September 2004	Prior Period 31 December 2003
Direct loans granted to subsidiaries and investments	15,051	8,403
Indirect loans granted to subsidiaries and investments	-	-
<b>Total</b>	<b>15,051</b>	<b>8,403</b>

## 6. Specific provisions provided against loans:

	Current Period 30 September 2004	Prior Period 31 December 2003
Specific provisions		
Loans and receivables with limited collectibility	42,395	13,157
Loans and receivables with doubtful collectibility	2,342	1,447
Uncollectible loans and receivables	107,833	106,255
<b>Total</b>	<b>152,570</b>	<b>120,859</b>

## AKBANK T.A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

## I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

7. Information on loans and other receivables included in loans under follow-up account (Net):

7(i). Information on loans and other receivables restructured or rescheduled and classified under follow-up accounts: None.

7(ii). The movement of loans and other receivables under follow-up:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period end balance: 31 December 2003	13,157	1,447	106,255
Additions (+)	86,652	2,476	825
Transfers from other categories of loans under follow-up (+)	-	38,917	39,230
Transfers to other categories of loans under follow-up (-)	38,917	39,230	-
Collections (-)	16,463	1,131	24,599
Monetary loss (-)	1,971	130	8,389
Write-offs (-)	63	7	5,489
Current period end balance	42,395	2,342	107,833
Specific provision (-)	42,395	2,342	107,833
Net balance on balance sheet	-	-	-

7(iii). Information on foreign currency loans and other receivables under follow-up:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period: 30 September 2004			
Period end balance	477	653	32,962
Specific provision (-)	477	653	32,962
Net Balance on balance sheet	-	-	-
Prior period: 31 December 2003			
Period end balance	669	128	43,464
Specific provision (-)	669	128	43,464
Net Balance on balance sheet	-	-	-

8. The policy followed-up for the collection of uncollectible loans and other receivables:

Uncollectible loans and other receivables are tried to be liquidated through the collection of collaterals and legal procedures.

## AKBANK T.A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

## I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

## e. Information on investment securities held-to-maturity (Net):

## 1. Information on investment securities held-to-maturity:

As of 30 September 2004, the entire investment securities held-to-maturity is composed of foreign currency indexed government bonds.

	Current Period 30 September 2004	Prior Period 31 December 2003
Debt securities	322,382	704,821
Quoted in a stock exchange	-	-
Not quoted (*)	322,382	704,821
Impairment provision (-)	-	-
<b>Total</b>	<b>322,382</b>	<b>704,821</b>

(\*)Not traded on the balance sheet date, although quoted on the stock exchange.

## 2. The movement of investment securities held-to-maturity:

	Current Period 30 September 2004	Prior Period 31 December 2003
Beginning balance	704,821	840,771
Monetary loss	(60,056)	(102,880)
Purchases during year	-	-
Disposals through sales and redemptions (*)	(322,383)	(33,070)
Impairment provision	-	-
<b>Period end balance</b>	<b>322,382</b>	<b>704,821</b>

(\*)The amount "disposals through sales and redemptions" represents entirely the disposals from the redeemed securities at maturity; there are no disposals through sales.

## 3(i). Information on accounts in which investment securities held-to-maturity recorded:

	Current Period 30 September 2004				Prior Period 31 December 2003			
	Historical Cost		Valuation		Historical Cost		Valuation	
	TL	FC(*)	TL	FC(*)	TL	FC(*)	TL	FC(*)
Investment securities held-to-maturity								
Given as collateral or blocked	322,382	-	532,461	-	283,488	-	413,919	-
Subject to repo transactions	-	-	-	-	-	-	-	-
Held for structural position	-	-	-	-	-	-	-	-
Receivables from securities lending	-	-	-	-	-	-	-	-
Collaterals on securities lending	-	-	-	-	-	-	-	-
Other	-	-	-	-	421,333	-	633,322	-
<b>Total</b>	<b>322,382</b>	<b>-</b>	<b>532,461</b>	<b>-</b>	<b>704,821</b>	<b>-</b>	<b>1,047,241</b>	<b>-</b>

(\*) Foreign Currency

AKBANK T.A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

## I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

3(ii). Main features of investment securities held-to-maturity given as collateral or blocked:

All the investment securities held-to-maturity given as collateral are composed of foreign currency indexed government bonds.

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

	Current Period 30 September 2004		Prior Period 31 December 2003	
	TL	FC(*)	TL	FC(*)
Treasury bills	-	-	-	-
Bonds and similar investment securities	322,382	-	283,488	-
Other	-	-	-	-
<b>Total</b>	<b>322,382</b>	<b>-</b>	<b>283,488</b>	<b>-</b>

(\*)Foreign Currency

3(iii). Investment securities held-to-maturity subject to repurchase transactions: None.

3(iv). Investment securities held-to-maturity held for structural position: None.

## f. Information on investments (Net):

1. Accounting method used for the valuation of investments: Disclosed in Note II of Section 3.

2. Movement schedule of investments:

	Current Period 30 September 2004	Prior Period 31 December 2003
Balance at the beginning of the period	212,244	228,473
Movements during the period		
Purchases (*)	2,784	-
Free shares obtained from current year's profit	-	-
Dividends from current year profit	-	-
Sales/liquidations	(1,570)	-
Revaluation increase	-	-
Value increase/(decrease)	949	4,167
Foreign exchange/inflation difference	(1,819)	(20,396)
Balance at the end of the period	212,588	212,244
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(\*)As of 30 September 2004, "purchases" fully shows the capital injections.

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## I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

## 3. Valuation of investments:

	Current Period 30 September 2004	Prior Period 31 December 2003
Valuation with cost (*)	201,338	204,727
Valuation with fair value	11,250	7,517
Valuation with equity method (**)	-	-

(\*) It is the acquisition cost after the impairment provision, if any, and is equal to the value given in the financial statements.

(\*\*) Valuation with the equity method is not used.

## 4. Investments quoted on a stock exchange:

	Current Period 30 September 2004	Prior Period 31 December 2003
Quoted to domestic stock exchanges	11,250	7,517
Quoted to international stock exchanges	-	-

## 5. Information on investments sold in the current period:

Description	Sale Price	Market or Stock Exchange Value at Sale Date	Cash / Installment
I-Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	418	418	Cash

## 6. Investments purchased in the current period: None

## g. Information on subsidiaries (Net):

1. Accounting method used for the valuation of subsidiaries: Disclosed in Note II of Section 3.

2. Movement schedule of subsidiaries :

	Current Period 30 September 2004	Prior Period 31 December 2003
Balance at the beginning of the period	204,908	154,034
Movements during the period		
Purchases(**)	-	52,421
Free shares obtained	-	5,529
Dividends from current year income	-	-
Sales/liquidations (*)	-	(6,830)
Revaluation increase	-	-
Impairment provision	-	-
Currency translation differences arising from foreign investments	(4,203)	(246)
Balance at the end of the period	200,705	204,908
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(\*) Amounts for Ak Ödeme Sistemleri A.Ş. and Aknet Bilgi İşlem San. ve Tic. A.Ş. which were liquidated in 2003.

(\*\*) As of 31 December 2003, "purchases" fully shows the capital injections.

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(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

## I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

## 3. Valuation of subsidiaries:

	Current Period 30 September 2004	Prior Period 31 December 2003
Valuation with cost (*)	200,705	204,908
Valuation with fair value	-	-
Valuation with equity method (**)	-	-

(\*) It is the acquisition cost after the impairment provision, if any, and is equal to the value given in the financial statements.

(\*\*) Valuation with the equity method is not used.

4. Subsidiaries quoted on a stock exchange: None.

5. Information on subsidiaries sold in the current period: None.

6. Subsidiaries purchased in the current period: None

h. Information on finance lease receivables (Net): None.

i. Information on accrued interest and income receivables:

1. Information on accrued interest and income receivables:

Accrued interest and income receivables	Current Period 30 September 2004		Prior Period 31 December 2003	
	TL	FC(*)	TL	FC(*)
Interest receivables	27,976	500	12,823	130
Interest accruals	89,080	55,567	129,073	45,342
Loan commissions and other income receivables	-	-	-	-
Loan commissions and other income accruals	355	63	214	44
<b>Total</b>	<b>117,411</b>	<b>56,130</b>	<b>142,110</b>	<b>45,516</b>

(\*) Foreign Currency

2. Information on other accrued interest and income receivables:

Other accrued interest and income	Current Period 30 September 2004		Prior Period 31 December 2003	
	TL	FC(*)	TL	FC(*)
Trading securities	13,318	160,451	843,386	221,906
Investment securities available-for-sale	717,970	93,961	920,124	55,168
Investment securities held-to-maturity	210,079	-	342,420	-
Interest accruals of reverse repo transactions	-	-	-	-
Interest accruals of reserve deposits	14,171	2,506	16,664	2,123
Income accruals of financial derivative instruments	730	29,808	566	208,490
Interest and income accruals	-	8,735	-	6,455
Income accrual of foreign exchange gains	730	21,073	566	202,035
Income accruals of factoring receivables	-	-	-	-
Other	47	644	35	2,336
<b>Total</b>	<b>956,315</b>	<b>287,370</b>	<b>2,123,195</b>	<b>490,023</b>

(\*) Foreign Currency

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

## I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

## j. Information related with other assets:

- As of 30 September 2004, the Bank has no "deferred tax assets".

There are no carryforward tax losses that can be used as deductions for the tax calculation. The temporary differences arising due to the different treatment of accounting policies and valuation principles, compared to the tax law, give rise to deferred tax assets and deferred tax liabilities; and this is accounted as "net deferred tax liabilities" in other liabilities.

- Other assets amount to TL122,711 (31 December 2003: TL35,338) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

## II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES

## a. Information about deposits:

- Information on maturity structure of the deposits:

## 1(i). Current Period-30 September 2004:

	Demand	With 7 days notification	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over
Saving deposits	546,199	-	1,695,123	2,055,277	307,287	482,494	90,561
Foreign currency deposits	1,857,172	-	1,710,520	4,869,256	2,157,157	826,298	630,316
Residents in Turkey	1,823,574	-	1,657,736	4,662,540	1,995,732	487,237	242,182
Residents abroad	33,598	-	52,784	206,716	161,425	339,061	388,134
Public sector deposits	17,598	-	41	-	101	-	-
Commercial deposits	976,591	-	164,629	240,468	20,046	107,624	143,568
Other institutions deposits	129,121	-	6,395	7,238	1,808	18,731	696
Gold vault	-	-	-	-	-	-	-
Bank deposits	52,903	-	762,369	312,106	14,116	8,000	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	857	-	12,445	-	4,000	8,000	-
Foreign Banks	5,417	-	749,924	312,106	10,116	-	-
Special financial institutions	46,629	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>3,579,584</b>	<b>-</b>	<b>4,339,077</b>	<b>7,484,345</b>	<b>2,500,515</b>	<b>1,443,147</b>	<b>865,141</b>

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

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## II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

1(ii). Prior period-31 December 2003:

	Demand	With 7 days notification	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over
Saving deposits	467,514	-	1,430,063	1,830,392	538,104	466,066	109,019
Foreign currency deposits	2,022,165	-	1,672,394	5,217,443	2,167,250	1,129,463	793,470
Residents in Turkey	1,989,581	-	1,547,482	5,115,095	1,897,637	619,084	246,280
Residents abroad	32,584	-	124,912	102,348	269,613	510,379	547,190
Public sector deposits	14,719	-	13	-	10	-	-
Commercial deposits	846,134	-	204,224	146,922	13,619	8,649	104,236
Other institutions deposits	116,776	-	8,343	38,283	2,956	70,849	754
Gold vault	-	-	-	-	-	-	-
Bank deposits	105,207	-	441,909	539,461	295,162	79,446	1,540
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic banks	725	-	214,899	-	2,186	2,186	-
Foreign banks	41,720	-	227,010	539,461	292,976	77,260	1,540
Special financial institutions	62,762	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>3,572,515</b>	<b>-</b>	<b>3,756,946</b>	<b>7,772,501</b>	<b>3,017,101</b>	<b>1,754,473</b>	<b>1,009,019</b>

## 2. Information on the guarantee of Saving Deposits Insurance Fund:

2(i). Information on saving deposits under the guarantee of saving deposit insurance fund and exceeding the limit of deposit insurance fund:

	Under the guarantee of deposit insurance		Exceeding the limit of insurance deposit	
	Current Period 30 September 2004	Prior Period 31 December 2003	Current Period 30 September 2004	Prior Period 31 December 2003
<b>Saving Deposits</b>				
Saving deposits	3,173,934	4,841,158	2,003,007	-
Foreign currency saving deposits	4,668,456	10,054,665	4,909,720	-
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	782,341	1,054,181	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

## II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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

	Current Period 30 September 2004	Prior Period 31 December 2003
Foreign branches' saving deposits	-	-
Off-shore banking regions' saving deposits	-	-

Saving deposits in the foreign branches are not under the guarantee of Saving Deposits Insurance Fund; they are guaranteed according to their local legal requirements. As seen in the above table, the Bank does not have any foreign branch-saving deposits which are not under guarantee.

## b. Information on funds provided from repurchase agreement transactions:

	Current Period 30 September 2004		Prior Period 31 December 2003	
	TL	FC(*)	TL	FC(*)
From domestic transactions	814,784	-	657,193	-
Financial institutions and organizations	450,000	-	136,643	-
Other institutions and organizations	217,971	-	310,426	-
Real persons	146,813	-	210,124	-
From foreign transactions	330	188,716	1,858	-
Financial institutions and organizations	66	188,716	1,842	-
Other institutions and organizations	204	-	-	-
Real persons	60	-	16	-
<b>Total</b>	<b>815,114</b>	<b>188,716</b>	<b>659,051</b>	-

(\*) Foreign Currency

## c. Information on borrowings:

	Current Period 30 September 2004		Prior Period 31 December 2003	
	TL	FC(*)	TL	FC(*)
Short-term	59,031	2,569,774	36,417	2,277,452
Medium and long-term	-	2,121,894	-	1,673,780
<b>Total</b>	<b>59,031</b>	<b>4,691,668</b>	<b>36,417</b>	<b>3,951,232</b>

(\*) Foreign Currency

The liabilities providing the funding sources of the Bank are deposits and borrowings. Deposits are the most important funding source of the Bank and diversification of these deposits by number and type of depositors with a stable structure does not create any risk concentration. The borrowings are composed of funds such as syndicated and securitized loans, money market and post finance which are obtained from different financial institutions with different maturity-interest structures and characteristics. There is no risk concentration in any of the funding sources of the Bank.

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(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

## II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

d. Information on marketable securities issued: None.

e. Information on funds: None.

f. Information on miscellaneous payables:

	Current Period 30 September 2004	Prior Period 31 December 2003
Total amount of cash collateral obtained	1,395	1,319

The cash collaterals obtained are related with loans given.

g. Other liabilities:

1. As of 30 September 2004, the Bank's "net deferred tax liabilities" is TL7,793.

2. Other liabilities amounts to TL393,111 (31 December 2003: TL197,486) and does not exceed 10% of the total liabilities excluding off-balance sheet commitments.

h. Information on financial leasing:

Liabilities incurred due to financial leasing agreements:

	Current Period 30 September 2004		Prior Period 31 December 2003	
	Gross	Net	Gross	Net
Less than 1 Year	5,619	5,202	6,257	5,284
Between 1-4 Years	2,110	2,006	6,852	6,313
More than 4 Years	-	-	-	-
<b>Total</b>	<b>7,729</b>	<b>7,208</b>	<b>13,109</b>	<b>11,597</b>

i. Information on accrued interest and expenses payable:

	Current Period 30 September 2004		Prior Period 31 December 2003	
	TL	FC(*)	TL	FC(*)
Accrued interest on deposits	156,086	38,788	109,369	45,215
Accrued interest on borrowings	2,701	19,052	2,276	20,578
Accrued interest on bonds	-	-	-	-
Accrued interest on repurchase agreement transactions	500	466	567	-
Accrued interest on financial derivative instruments	601	200	4,004	486
Accrued interest and expense	-	200	-	486
Foreign exchange losses accrued	601	-	4,004	-
Accrued interest on factoring payables	-	-	-	-
Other interest and expense accruals	36,332	47,774	74,401	14,188
<b>Total</b>	<b>196,220</b>	<b>106,280</b>	<b>190,617</b>	<b>80,467</b>

(\*) Foreign currency

## AKBANK T.A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

## II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

## j. Information on general provisions and subordinated loans:

## 1. Information on general provisions:

	Current Period 30 September 2004	Prior Period 31 December 2003
General Provisions	72,335	56,897
Provisions for first group loans and receivables	49,131	38,560
Provisions for second group loans and receivables	577	280
Provisions for non cash loans	14,509	10,249
Others	8,118	7,808

## 2. Information on other provisions:

## 2 (i). Information on provisions for possible risks:

The Bank's general reserve calculated on the basis of statistical analyses for consumer loans amounts to TL 47,415 (31 December 2003: TL69,752).

The Bank purchased foreign currency indexed government bonds with maturities of 3 to 5 years through the auction procedures in 2001 and valued them at 31 December 2001 with the market prices of the Eurobonds issued by the Turkish Undersecretariat of Treasury, in accordance with the Special Audit Communiqué and the Banking Act, Article 4. At 1 January 2002, the Bank started to value the mentioned securities with their amortised costs using the "Internal rate of return method". As of 31 December 2003, based on the prudence principle of AAR, these securities were valued, effective from their acquisition dates in accordance with the related regulations, with the "Internal rate of return method", and the resulting difference between the two methods was accounted under "Other Provisions" in the liabilities as at 30 September 2004, the related difference amounts to TL49,613 (31 December 2003: TL88,482).

## 2 (ii). The "other provisions" account amounts to TL111,509 (31 December 2003: TL174,974), and TL97,028 (31 December 2003: TL158,234) of this amount is the above mentioned provisions provided for the possible risks.

## 3. Information on subordinated loans:

	Current Period 30 September 2004		Prior Period 31 December 2003	
	TL	FC(*)	TL	FC(*)
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	-	-	-
From other foreign institutions	-	4,773	-	4,987
<b>Total</b>	-	<b>4,773</b>	-	<b>4,987</b>

(\*) Foreign Currency

## AKBANK T.A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

## II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

## k. Information on shareholders' equity:

1. Presentation of paid-in capital (nominal values, inflation unadjusted balances):

	Current Period 30 September 2004	Prior Period 31 December 2003
Common stock	1,500,000	1,200,000
Preferred stock	-	-

2. Amount of paid-in-capital, explanation about whether the registered share capital system is used, if so, the amount of registered share capital (nominal values, inflation unadjusted balances):

Capital System	Paid-in capital	Ceiling
Registered share capital	1,500,000	2,500,000

3. Information on share capital increases and their sources; other information on increased capital shares in current period (nominal values, inflation unadjusted balances):

Date of capital increase	Amount of capital increase	Cash	Reserves	Revaluation Fund
31.05.2004	300,000	-	300,000	-

4. Information on share capital increases from revaluation funds during the current period: There is no share capital increase from the revaluation funds.
5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period: The Bank has no capital commitments in the mentioned periods.
6. The effects of anticipations based on the financial figures for prior periods about the Bank's income, profitability and liquidity, and the anticipations regarding the uncertainty of these indicators on the shareholders' equity:

The Bank has been continuing its operations with high profitability and has been retaining most of its net profit in the equity, either by increasing its capital or transferring it into reserves. On the other hand, only a small part of the equity is allocated to associates and subsidiaries and fixed assets, thus giving a chance for a considerably high free capital which provides funds for the liquid and high interest bearing assets. Considering all these points, the Banks's shareholders' equity is getting steadily stronger.

7. Information on privileges given to shares representing the capital: None.

## AKBANK T.A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

## II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

## I. Common stock issue premiums, shares and equity instruments:

	Current Period 30 September 2004	Prior Period 31 December 2003
Number of shares (thousand)	1,500,000,000	1,200,000,000
Preferred stock	-	-
Common stock issue premium	-	-
Common stock cancelling profit	-	-
Other equity instruments	-	-
Total common stock issue	1,500,000,000	1,200,000,000

## m. Information on shareholders having more than 10% share percentage:

Name/Commercial Title	Share Amounts (Nominal)	Share Percentage	Paid-in Capital	Unpaid Portion
Hacı Ömer Sabancı Holding A.Ş.	493,016	%32.87	493,016	-

## III. INFORMATION AND DISCLOSURES RELATED TO INCOME STATEMENT

## a. Information on interest income:

## 1. Information on interest income received from associates and subsidiaries:

	Current Period 30 September 2004	Prior Period 30 September 2003
Interests received from associates and subsidiaries	724	906

## 2. Information on financial leasing income: None.

## 3. Interest received from reverse repurchase agreement transactions:

	Current Period 30 September 2004		Prior Period 30 September 2003	
	TL	FC(*)	TL	FC(*)
Interests received from reverse repurchase agreement transactions	2	-	2,556	-

(\*) Foreign Currency

## b. Information on interest expense:

## 1. Information on interest expense given to associates and subsidiaries:

	Current Period 30 September 2004	Prior Period 30 September 2003
Interest paid to associates and subsidiaries	947	803

## 2. Information on financial leasing expense:

	Current Period 30 September 2004	Prior Period 30 September 2003
Financial leasing expenses	456	710

## AKBANK T.A.Ş.

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## III. INFORMATION AND DISCLOSURES RELATED TO INCOME STATEMENT (Continued)

## 3. 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	
<b>TL</b>							
Bank deposits	48	-	-	1,476	2,951	-	4,475
Saving deposits	6,454	275,670	309,850	71,660	134,043	24,329	822,006
Public sector deposits	102	1	-	1	-	-	104
Commercial deposits	3,421	8,194	11,971	998	5,358	7,147	37,089
Other institutions deposits	423	19,124	39,352	9,525	-	14,450	82,874
Deposits with 7 days notification	-	-	-	-	-	-	-
Gold vault	-	-	-	-	-	-	-
<b>Total TL</b>	<b>10,448</b>	<b>302,989</b>	<b>361,173</b>	<b>83,660</b>	<b>142,352</b>	<b>45,926</b>	<b>946,548</b>
<b>FC</b>							
Foreign currency deposits	115	25,128	100,415	45,958	21,072	13,714	206,402
Bank deposits	21	16,573	6,785	220	-	-	23,599
Deposits with 7 days notification	-	-	-	-	-	-	-
Gold vault	-	-	-	-	-	-	-
<b>Total FC</b>	<b>136</b>	<b>41,701</b>	<b>107,200</b>	<b>46,178</b>	<b>21,072</b>	<b>13,714</b>	<b>230,001</b>
<b>Total</b>	<b>10,584</b>	<b>344,690</b>	<b>468,373</b>	<b>129,838</b>	<b>163,424</b>	<b>59,640</b>	<b>1,176,549</b>

## 4. Interest given to repurchase agreement transactions:

	Current Period 30 September 2004		Prior Period 30 September 2003	
	TL	FC(*)	TL	FC(*)
	Interests given to repurchase agreement transactions	89,879	2,128	156,319

(\*) Foreign Currency

On the income statement, interests given to repurchase agreement transactions are included in the "interest expense on money market transactions".

## c. Information related with other operating income:

There are no extraordinary items included in the other operating income.

## d. Provision expense related to loans and other receivables of the Bank:

	Current Period 30 September 2004	Prior Period 30 September 2003
Specific provisions for loans and other receivables	89,953	34,432
Group III. loans and receivables	86,652	33,534
Group IV. loans and receivables	2,476	393
Group V. loans and receivables	825	505
General provision expenses	20,599	9,579
Possible risks provision expenses	-	-
Foreign exchange losses from foreign currency indexed loans	-	-
Marketable securities impairment expense	-	-
Trading securities	-	-
Available-for-sale securities	-	-
Impairment provision expense	-	-
Investments and associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity securities	-	-
Other	-	-
<b>Total</b>	<b>110,552</b>	<b>44,011</b>

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## III. INFORMATION AND DISCLOSURES RELATED TO INCOME STATEMENT (Continued)

## e. The profit and loss from associates and subsidiaries:

## 1. The profit and loss from associates and subsidiaries:

	Current Period (*) 30 September 2004	Prior Period (*) 30 September 2003
Income and loss from subsidiaries (+/-)	17,639	4,183
Income and loss from associates (+/-)	12,423	4,390

(\*) The dividend income received from subsidiaries and associates.

## 2. Bank's share in profit or loss from subsidiaries and associates that are accounted for using the equity method of accounting:

Equity method is not used in any of the subsidiaries and associates mentioned in the unconsolidated financial statements.

## 3. The information on income and expense related with transactions made with real or legal persons within the same risk group of the Bank:

Related information is disclosed in the note VI "Information and disclosures related to the Bank's risk group".

## f. Information on net income or loss for the period:

## 1. Other operational expenses

In accordance with the Uniform Chart of Accounts, the foreign exchange gains from foreign currency indexed securities are recorded to the "Interest income on marketable securities" account instead of "Foreign exchange gains" and the foreign exchange losses from the foreign currency indexed securities are recorded to "Other operating expenses". Thus, as of 30 September 2004, approximately TL104,000, essentially foreign exchange gains, has been booked as "Interest income on marketable securities" and as of 30 September 2003 approximately TL319,490, essentially foreign exchange loss has been booked as "Other operational expenses". Had these amounts been booked in the "Foreign exchange gains/losses" account, the Bank's "Net foreign exchange gains" would be TL8,104 at 30 September 2004 and "Net foreign exchange gains" would be TL123,151 at 30 September 2003

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**III. INFORMATION AND DISCLOSURES RELATED TO INCOME STATEMENT (Continued)**

**2. Tax provision:**

Effective from 1 January 2004, the use of inflation accounting principles in the calculation of the corporate tax base is stipulated by Law 5024 published on 30 December 2003 in the Official Gazette No. 25332. In accordance with the law, if the cumulative price increase in the Wholesale Price Index (WPI) is higher than 100% for the last 36 months and higher than 10% for the last 12 months, inflation accounting principles must be taken into consideration in the calculation of tax base. Also, in accordance with the law, if inflation accounting principles are used in the calculation and accounting of temporary tax during the year, inflation accounting principals must be applied for the following periods and year-end.

At 30 June 2004, since the conditions for the application of inflation accounting were realized, the Bank has calculated and accounted its tax provision in accordance with the inflation accounting principles. As a result,, inflation accounting principles have also been taken into consideration in the calculation of the tax provision at 30 September 2004.

**3. Information on any change in the accounting estimates concerning the current period or consequent periods:**

No material changes are expected in the accounting estimates of the Bank in subsequent periods.

**IV. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ACCOUNTS**

**a. Information on contingent liabilities:**

1. Contingent liabilities related to joint ventures: None.
2. The accounting of contingent liabilities and assets is as follows:

For the contingent assets: the asset is recorded in the financial statements if the probability of occurrence for the condition is near certain; the asset is explained in the notes if the probability of occurrence is high.

For the contingent liabilities: if the probability of occurrence for the contingent liability is high and can be reliably measured, a provision is calculated and reflected in the financial statements. If the probability cannot be reliably measured, the commitment is explained in the notes. If the management does not expect any material loss as a result of these transactions or if the expected loss is very small, it is also explained in the notes.

Accordingly, the Bank has identified certain legal proceedings outstanding against the Bank as contingent liabilities and booked a provision in the amount of TL6,296 (31 December 2003 : TL9,042).

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

IV. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ACCOUNTS  
(Continued)

## b. Information related to off-balance sheet commitments:

1. Type and amount of irrevocable commitments: The commitments for credit card limits and cheque books amount to TL11,363,953 (31 December 2003 : TL8,111,288).
2. Type and amount of probable losses and obligations arising from off-balance sheet items:

The Bank has no probable losses arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments".

- 2(i). Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments:

Bank acceptances	:	23,924
Letters of credit	:	783,212
Other commitments and contingencies	:	<u>22,179</u>
Total	:	<u>829,315</u>

- 2(ii). Revocable, irrevocable guarantees and other similar commitments and contingencies:

Revocable letters of guarantee	:	101,261
Irrevocable letters of guarantee	:	1,567,919
Letters of guarantee given in advance	:	94,830
Guarantees given to customs	:	178,156
Other letters of guarantee	:	<u>95,568</u>
Total	:	<u>2,037,734</u>

## c. Total amount of non-cash loans:

1. Total amount of non-cash loans:

	Current Period 30 September 2004	Prior Period 31 December 2003
Guarantees given against cash loans	91,033	116,349
With maturity of 1 year or less than 1 year	43,498	51,893
With maturity of more than 1 year	47,535	64,456
Other non-cash loans	2,776,016	2,023,309
<b>Total</b>	<b>2,867,049</b>	<b>2,139,658</b>

2. Pledges, mortgages and other restrictions, if any, on property and equipment; expenditure on property and equipment during construction, commitments for the purchase of property and equipment:

There are no pledges, mortgages and other restrictions on property and equipment and there are no commitments for the purchase of property and equipment.

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IV. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ACCOUNTS  
(Continued)

## d. Brief information on ratings carried out by international rating firms:

Fitch Ratings upgraded both the Bank's Long Term Turkish Lira Rating from "BB-" to "BB" as of 28 June 2004 and National Rating from "A+ (tur)" to "AA- (tur)" as of 29 June 2004. The Bank's Long Term Turkish Lira Rating is two points above the National Rating.

Fitch Ratings stated that Akbank received a rating that is two points higher than the National Rating due to its strong financial structure and its prudent management culture that has proved effective, even during the recent economic crises.

At 27 August 2004, Fitch Ratings upgraded both the Bank's Long Term Foreign Currency Rating and Long Term Turkish Lira Rating from "Stable" to "Positive".

At 30 September 2004, Moody's upgraded the Bank's Outlook for Foreign Currency Deposits from "B3" to "B2".

The recent ratings are as follows:

## FITCH RATINGS

	<u>Rating</u>	<u>Outlook</u>
<b>Foreign Currency Ratings</b>		
Long-Term	B+	Positive
Short-Term	B	
<b>Turkish Lira Ratings</b>		
Long-Term	BB	Positive
Short-Term	B	
<b>National Rating</b>		
Long-Term	AA- (tur)	Stable
<b>Individual Rating</b>	C	
<b>Support Rating</b>	4	

## MOODY'S RATINGS

	<u>Rating</u>	<u>Outlook</u>
<b>Financial Strength Rating</b>	D+	Positive
<b>Long-Term Foreign Currency Deposit Rating</b>	B2	Stable
<b>Long-Term Domestic Currency Deposit Rating</b>	Baa2	Stable
<b>Short-Term Domestic Currency Deposit Rating</b>	Prime-2	Stable

## AKBANK T.A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

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## V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CASH FLOWS

## a. Information about cash and cash equivalents:

1. Items included in cash and cash equivalents and the accounting policy used to determine these items:

Cash and foreign currency and demand deposits in the banks including the Central Bank of Turkey are described as "Cash". Interbank money market placements and time deposits in the banks with original maturity of less than three months are described as "Cash equivalents".

2. The effect of any change in the accounting policy: None.
3. Reconciliation between the totals of cash and cash equivalents in the balance sheet and in the cash flow table given below:

## 3(i). Cash and cash equivalents at the beginning of the period:

	Current Period 30 September 2004	Prior Period 30 September 2003
<b>Cash</b>	<b>439,940</b>	<b>423,629</b>
Cash and foreign currency	230,291	298,120
Demand deposits in banks	209,649	125,509
<b>Cash equivalents</b>	<b>1,242,968</b>	<b>3,756,155</b>
Interbank money market	433,809	2,356,848
Time deposits in banks	809,159	1,399,307
<b>Total cash and cash equivalents</b>	<b>1,682,908</b>	<b>4,179,784</b>

The total value reached as a result of transactions in the prior period is the total value of cash and cash equivalents for the beginning of the current period.

## 3(ii). Cash and cash equivalents at the end of period:

	Current Period 30 September 2004	Prior Period 30 September 2003
<b>Cash</b>	<b>378,806</b>	<b>400,166</b>
Cash and foreign currency	226,039	229,517
Demand deposits in banks	152,767	170,649
<b>Cash equivalents</b>	<b>1,306,292</b>	<b>1,355,300</b>
Interbank money market	486,864	502,499
Time deposits in banks	819,428	852,801
<b>Total cash and cash equivalents</b>	<b>1,685,098</b>	<b>1,755,466</b>

## b. Information on cash and cash equivalent assets of the Bank that are not available for free use due to legal restrictions or other reasons:

Related with the securitization loans obtained from abroad, the demand and time deposits up to three months amounting to TL28,446 is not available for free use (31 December 2003: TL77,396).

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

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## VI. INFORMATION AND DISCLOSURES RELATED TO BANK'S RISK GROUP

## a. Information on the volume of transaction relating to the bank's risk group, incomplete loan and deposit transactions and income and loss of the period:

## 1. Current period-30 September 2004:

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	1,454	25,750	264,362	367,678	24,864	12,717
Balance at the end of the period	15,051	75,972	299,512	372,399	1,910	2,841
Interest and commission income received	724	49	22,795	628	1,343	17

(\*) Defined in the 20th Article of the "Regulation on the Establishment and Operations of Banks".

The counterparty basis breakdown of cash loans granted to related parties is given in the table below. As can be seen from the table, a significant portion of the related party loans is granted to joint ventures with foreign partners. Companies with foreign partners and shares in foreign partnership can also be observed in the table.

Related Party Name	Loan amount 30 September 2004	Loan amount 31 Dec. 2003	Major foreign partner, if any	% of foreign ownership, if any
Carrefour Sabancı Tic. Merkezi A.Ş.	5,662	7,344	Carrefour	60
Brüt	193,914	320,445		
Eksi: Mevduat blokajı teminatı	(188,252)	(313,101)		
Gıdasa Sabancı Gıda San. ve Tic. A.Ş.	56,755	11,342	-	-
Dupont Sabancı International LLC.	37,800	39,013	E. I. Dupont	50
Teknosa İç ve Dış Tic. A.Ş.	23,914	10,013	-	-
Kordsa Sabancı Dupont Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	21,836	35,495	E. I. Dupont	42
Dupont Sabancı Polyester Europe	37,030	-	E. I. Dupont	50
Yünsa Yünlü San. ve Tic. A.Ş.	26,191	18,084	-	-
Pilsa Plastik San. ve Tic. A.Ş.	19,358	14,744	-	-
İnsa A.Ş.	8,483	10,610	-	-
Sakosa Sabancı ve Kosa İplik ve Kord Bezi San. ve Tic. A.Ş.	7,882	5,464	-	-
İnterkordsa GmbH	5,825	10,719	E. I. Dupont	34
Sabancı Telekomünikasyon Hizmetleri A.Ş.	3,802	6,657	-	-
Oysa Çimento San. ve Tic. A.Ş.	3,728	4,047	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş.	1,195	1,132	Bridgestone Co.	43
Marsa Kraft Jacobs Suchard Sabancı Gıda San. ve Tic. A.Ş.	8,126	1,675	Kraft Foods	50
Toyotasa Toyota Sabancı Paz. ve Satış A.Ş.	276	3,364	Toyota Motor, Mitsui Co.	35
Enerjisa Enerji Üretim A.Ş.	973	2,868	E. I. Dupont, Heidelberg Cement, Bridgestone Co., Bekaert	14
Bossa Tic. ve San. İşletmeleri T.A.Ş.	1.055	12.606	-	-
Temsa Termo Mekanik San. ve Tic. A.Ş.	14.143	6.873	-	-
Exsa Export San. Mamulleri Satış ve Araştırma A.Ş.	31	36.646	-	-
Diğer	32.408	51.984	-	-
<b>Toplam</b>	<b>316.473</b>	<b>290.680</b>		

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## VI. INFORMATION AND DISCLOSURES RELATED TO BANK'S RISK GROUP (Continued)

## 2. Prior Period - 31 December 2003:

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	82	28,676	401,300	419,803	2,335	10,757
Balance at the end of the period	1,454	25,750	264,362	367,678	24,864	12,717
Interest and commission income received(**)	8	25	37,518	701	3,775	17

(\*) Defined in the 20th Article of the "Regulation on the Establishment and Operations of Banks".

(\*\*) As of 30 September 2003.

## 3. Information on deposits belonging to 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 30 September 2004	Prior Period 31 Dec. 2003	Current Period 30 September 2004	Prior Period 31 Dec. 2003	Current Period 30 September 2004	Prior Period 31 Dec. 2003
Deposits						
Balance at the beginning of the period	102,281	37,232	447,410	353,479	78,262	70,637
Balance at the end of the period	19,208	102,281	394,313	447,410	71,299	78,262
Interest on deposits(**)	947	803	24,649	22,783	9,112	8,082

(\*) Defined in the 20th Article of the "Regulation on the Establishment and Operations of Banks".

(\*\*) Prior period, as of 30 September 2003.

## 4. Information on forward and option agreements and other similar agreements made with 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 30 September 2004	Prior Period 31 Dec. 2003	Current Period 30 September 2004	Prior Period 31 Dec. 2003	Current Period 30 September 2004	Prior Period 31 Dec. 2003
Transactions for trading purposes (**)						
Beginning of the period	937,707	720,214	3,273	-	-	-
End of the period	540,851	937,707	64,175	3,273	-	-
Total income/loss(***)	2,182	3,969	259	-	-	-
Transactions for hedging purposes (**)						
Beginning of the period	-	-	-	-	-	-
End of the period	-	-	-	-	-	-
Total income/loss	-	-	-	-	-	-

(\*) Defined in the 20th Article of the "Regulation on the Establishment and Operations of Banks".

(\*\*) The Bank's derivative financial instruments are classified as "trading" or "hedging" transactions in terms of Accounting Standard for Financial Derivatives. Although some derivatives hedge the Bank, they are accounted as "trading transactions" in accordance with the Accounting Standard for Financial Derivatives.

(\*\*\* ) Prior period, as of 30 September 2003.

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004

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## VI. INFORMATION AND DISCLOSURES RELATED TO BANK'S RISK GROUP (Continued)

Figures presented in the table above show the sum of "sale" and "purchase" amounts of the related transactions. Each forward and swap contract and spot transaction represents a simultaneous receivable and payable to be received and paid, on a future date, in respective currencies. Accordingly, the difference between the "sale" and "purchase" transactions represents the net exposure of the Bank with respect to commitments arising from these transactions. As of 30 September 2004, net amounts of transactions with associates and subsidiaries are TL2,773 (31 December 2003: TL30,151), and for direct and indirect associates are TL1,395 (31 December 2003: TL (152)).

## b. With respect to the Bank's risk group:

1. The relations with entities that are included in the Bank's risk group and controlled by the Bank irrespective of the relationship between the parties:

The relationship of the Bank with the entities that are included in the Bank's risk group covers all banking activities that are consistent with the Banking Act, within the terms of bank-customer relationship and the market conditions.

2. The type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues:

Loans and deposits amounts are the most important items among these transactions. Pricing and other conditions are performed according to the market ratios and conditions. The ratio of related party loans to total loans is 3% (31 December 2003: 3%); the ratio of related party deposits to total deposits is 2% (31 December 2003: 3%). Transactions with related parties are not significant within the income statement items. The ratio of non-cash loans granted to related parties to total non-cash loans is 16% (31 December 2003: 19%).

3. Transactions accounted in accordance with the equity method: None.
4. Information on purchase/sale of property plant and equipment and other assets, purchase/sale of services, contracts with agents, financial lease agreements, transfer of data obtained through research and development activities, license agreements, financial (loans, cash or in kind capital aid included), commitments and contingencies and management agreements:

Insurance products by Aksigorta and Ak Emeklilik are offered at the branch offices of the Bank which act as agencies for these firms. The entire financial leasing activities are carried through BNP Ak Dresdner Finansal Kiralama A.Ş., which is 100% owned by BNP AK Dresdner Bank A.Ş., the subsidiary of the Bank.

The cash and non-cash loans to the related party's are granted in accordance with the limits designated by the Banking Act and the current market interest rates and conditions.

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**VII. EXPLANATION RELATED TO INFLATION ACCOUNTING**

- a. Financial statements have been restated to eliminate the effect on the financial statements of the changes in the purchasing power parity of the Turkish lira at the balance sheet date.
- b. These inflation adjusted financial statements have been prepared based on statutory financial statements.
- c. The below conversion factors and wholesale price indices announced monthly on the same basis by the State Institute of Statistics have been used to restate the financial statements as at 30 September 2004:

Date	Price index	Conversion factor
30 September 2004	8,069.700	1.0000
31 December 2003	7,382.100	1.0931
30 September 2003	7,173.300	1.1250
31 December 2002	6,478.800	1.2456

- d. Monetary assets and liabilities, which are carried at amounts current at the balance sheet date, are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date. Non-monetary assets and liabilities which are valued at current value i.e. foreign currency denominated asset and liability accounts and whose yields or capitals are indexed to inflation or foreign currency are not restated in accordance with the related regulation and accounted like monetary items when calculating monetary gain and loss.

Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date and components of shareholders' equity are restated by applying the relevant conversion factors. In the restatement, these items are restated on the basis of their initial recognition date in the balance sheet.

- Assets are restated on the basis of their acquisition dates. During the restatement of assets which are subject to depreciation, the effects of revaluation on these assets and respective accumulated depreciation, which have been recorded in accordance with the related regulation, are eliminated.
- In the restatement of shareholders' equity, transfers from revaluation fund and other similar funds to share capital are eliminated since they are not recognized as capital injection from shareholders. Transfers of amounts which do not occur as a result of revaluation such as reserves, unappropriated profit, share premiums, income from the sale of investments and real estates are deemed to be cash contributions and are restated. As a result of the restatement, any increase in the paid-in-capital with respect to the historical amount of paid-in capital is disclosed as "capital reserves due to the inflation adjustment of paid-in capital" under equity in the financial statements.
- All items in the statement of income are restated by applying the monthly conversion factors. Since the wholesale price indices reflect monthly price changes, the same monthly conversion factors are used for all the transactions realized within a month.

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## VII. EXPLANATION RELATED TO INFLATION ACCOUNTING (Continued)

- The effects of inflation on the Bank's net monetary position are included in the statement of income as "gain or loss on net monetary position".
  - All Turkish lira denominated investments, associates, subsidiaries and share certificates included in the available-for-sale portfolio are adjusted after deduction of the increases in the value of these investments due to the increases in their capitals from revaluation and other funds as well as capitalized financial expenses if any.
  - Foreign currency denominated investments, associates, subsidiaries and share certificates included in the available-for-sale portfolio are valued at foreign currency acquisition costs restated in terms of the evaluation rates at the balance sheet date.
  - If the inflation adjusted value is higher than the net realizable value, the values of related investments, associates, subsidiaries and share certificates included in the available-for-sale portfolio, are reduced to the net realizable or fair value, if impairment is permanent.
- e. In the restatement of assets subject to depreciation, revaluation values calculated in accordance with the related regulation are eliminated. Depreciation is calculated over the restated amounts of property and equipment using the straight-line method to write off the restated cost of each asset to its residual value over its estimated useful life. Information on the useful lives of the assets are disclosed in the related notes.
- f. Registered values of reserves and paid-in capital (inflation unadjusted balances) under the Turkish Commercial Code and the Articles of Association of the Bank are as follows:

	<u>30 September 2004</u>	<u>31 December 2003</u>
Paid-in capital	1,500,000	1,200,000
Legal reserves	154,577	45,531
General reserves	877,433	1,772,913

- g. The financial statements of the Bank as of 31 December 2003 have been audited by Başaran Nas Serbest Muhasebeci ve Mali Müşavirlik A.Ş., (a member of PricewaterhouseCoopers). In the auditor's report, it is stated that the financial statements present fairly, in all material respects, the financial position of the Bank and the result of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by the regulations in conformity with Article 13 of the Banking Act.
- h. Income and expenses accrued for the period; a statement to confirm the existence of objective measures that income and expenses are not seasonal and evenly distributed:

Income and expenses accrued during the period and income and expenses made during the period are not seasonal and evenly distributed. Although this situation permits the usage of "average indices" for the restatement of income statement items, "monthly" income and expense balances were obtained and these balances excluding "tax provision" were restated separately with the relevant month's indices, in order to perform more precise calculations and fair presentation of financial statements.

AKBANK T.A.Ş.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

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**VIII. INFORMATION THAT SHOULD BE DISCLOSED RELATED TO SUBSEQUENT EVENTS**

**1. Subsequent events and non-finalized transactions and their effect on the financial statements:**

On 12 October 2004, the Bank's Board of Directors decided to sell all its 14.89% shareholdings in Temsa Sanayi ve Ticaret A.Ş., amounting to TL10,425 in terms of nominal values, to H.Ö. Sabancı Holding A.Ş. at TL27,000 (price: TL2,590 per share in TL full). The transaction has been completed as of 12 October 2004.

**2. Information about significant changes in the foreign exchange rates after the balance sheet date and their effects on foreign currency transactions, financial statements and foreign operations of the Bank.**

As mentioned in Section Four-Note V, the foreign currency exposure of the Bank is not significant, thus the effect of any change in the rates will not be significant.

AKBANK T.A.Ş.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

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**SECTION SIX  
OTHER EXPLANATIONS AND NOTES**

**I. OTHER EXPLANATIONS RELATED TO BANK'S OPERATIONS**

None.

**II. EXPLANATION ADDED FOR CONVENIENCE TRANSLATION INTO ENGLISH**

The effects of differences between accounting principles and standards set out by regulations in conformity with the Article 13 of the Banking Act No. 4389, accounting principles generally accepted in countries in which these financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these financial statements. Accordingly, these financial statements are not intended to present the financial position, results of operations and changes in the financial position in accordance with the accounting principles generally accepted in such countries and IFRS.

AKBANK T.A.Ş.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2004**

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of TL at 30 September 2004)

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**SECTION SEVEN  
EXPLANATIONS ON AUDITOR'S REVIEW REPORT**

**I. EXPLANATION ON AUDITOR'S REVIEW REPORT**

The financial statements as at and for the period ended 30 September 2004 have been reviewed by Başaran Nas Serbest Muhasebeci ve Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers), and in the auditor's review report dated 27 October 2004 it is stated that nothing has come to their attention to believe that the financial statements do not give a true and fair view of the financial position of the Bank at 30 September 2004 and the result of its operations for the period then ended in accordance with accounting principles and standards set out by the regulations in conformity with Article 13 of the Banking Act.

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