

TÜRK DIS TICARET BANKASI A.S.

**AUDITOR'S REVIEW REPORT
AND CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
AT 31 MARCH 2004**

AUDITOR'S REVIEW REPORT

To the Board of Directors of
Türk Dis Ticaret Bankasi A.S.

1. We have reviewed the accompanying condensed consolidated interim balance sheet of Türk Dis Ticaret Bankasi A.S. ("the Bank"- a Turkish corporation) at 31 March 2004, and the related condensed consolidated interim statements of income and of cash flows for the three-months period then ended, all expressed in the equivalent purchasing power of the Turkish lira at 31 March 2004. These condensed consolidated interim financial statements are the responsibility of the Bank's management. Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.
2. We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the condensed consolidated interim financial statements is free of material misstatement. A review is limited primarily to inquiries concerning company 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. As discussed in Note 11, upon a resolution of Tax Supreme Court in favour of the Bank on 8 December 2003, the Bank acquired the right to deduct accumulated losses amounting to TL364,501 billion from corporate tax bases for 2002 and subsequent periods in accordance with Corporate Tax Law Article 14/7. Using full amount of accumulated losses will be resulted with TL120,285 billion of tax benefit. In accordance with this resolution, the Bank has deducted a portion of accumulated losses amounting to TL132,443 billion from its corporate tax base in 2003, and a portion of accumulated losses amounting to TL41,646 billion from its corporate tax base for the first quarter of 2004. The Bank management carried the deferred tax assets of TL34,320 billion on carry forward losses in the accompanying financial statements which were based on their estimated corporate tax base in 2004 of TL104,000 billion. The amount of deferred tax asset on the remaining portion of unused tax losses of TL86,412 billion not recognized in the context above is TL28,516 billion. If all the unrecognized deferred tax asset was recognized in the previous years financial statements, retained earnings would increase by TL42,259 billion, and the net consolidated income for the period would decrease by 13,743 billion.

4. Based on our review, except for the effects of the matter discussed in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not presented fairly, in all material respects, in accordance with International Accounting Standards 34 “Interim Financial Reporting”.

Basaran Nas Serbest Muhasebeci
Mali Msavirlik Anonim Sirketi
a member of
PricewaterhouseCoopers

Haluk Yalin, SMMM
Istanbul, XX XXX 2004

TÜRK DIS TICARET BANKASI ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

Contents	Page
CONDENSED CONSOLIDATED BALANCE SHEETS.....	1
CONDENSED CONSOLIDATED STATEMENTS OF INCOME.....	2
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS	3
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY.....	4
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS.....	5-23
NOTE 1 ORGANISATION AND PRINCIPAL ACTIVITIES.....	5
NOTE 2 SUMMARY OF ACCOUNTING POLICIES	5-6
NOTE 3 FINANCIAL RISK MANAGEMENT.....	7-10
NOTE 4 EARNINGS/(LOSS) PER SHARE	11
NOTE 5 CASH AND CASH EQUIVALENTS.....	11
NOTE 6 TRADING SECURITIES.....	11
NOTE 7 LOANS AND ADVANCES TO CUSTOMERS.....	12-13
NOTE 8 INVESTMENT SECURITIES	14-15
NOTE 9 CUSTOMER DEPOSITS.....	16
NOTE 10 OTHER BORROWED FUNDS.....	16
NOTE 11 TAXATION.....	17-18
NOTE 12 NET INTEREST INCOME.....	19
NOTE 13 NET FEE AND COMMISSION INCOME.....	19
NOTE 14 OTHER OPERATING INCOME.....	20
NOTE 15 OTHER OPERATING EXPENSES.....	20
NOTE 16 COMMITMENTS AND CONTINGENT LIABILITIES	21-22
NOTE 17 RELATED PARTY TRANSACTIONS.....	22-23
NOTE 18 SEGMENT REPORTING.....	23
NOTE 19 SUBSEQUENT EVENTS	23

TÜRK İS TICARET BANKASI A.S.

CONDENSED CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2004 AND 31 DECEMBER 2003

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

	Notes	Unaudited 31 March 2004	31 December 2003
ASSETS			
Cash and balances with the Central Bank of the Republic of Turkey		607,653	870,164
Due from other banks		117,545	219,122
Trading securities	6	383,979	529,487
Derivative financial instruments		5,686	8,485
Loans and advances to customers	7	2,623,711	2,638,289
Investment securities			
- available-for-sale	8	1,844,449	1,453,556
- held-to-maturity	8	29,711	30,750
Goodwill		6,934	8,149
Property and equipment		206,143	204,985
Other assets		128,547	118,249
Deferred tax assets		65,034	51,409
Total assets		6,019,392	6,132,645
LIABILITIES			
Due to other banks		135,954	111,709
Customer deposits	9	3,404,848	3,468,208
Derivative financial instruments		3,007	839
Other borrowed funds	10	1,182,582	1,255,314
Income taxes payable	11	9,270	8,268
Other liabilities		288,183	288,441
Reserve for employment termination benefits		3,774	3,522
Deferred tax liabilities		35,461	
Total liabilities		5,063,079	5,172,192
Minority interest		13,640	13,379
SHAREHOLDERS' EQUITY			
- Share capital		271,600	271,600
- Adjustment to share capital		355,626	355,626
Total paid-in share capital		627,226	627,226
Cumulative translation adjustment		(47,327)	(30,447)
Retained earnings		362,774	350,295
Total shareholders' equity		942,673	947,074
Total liabilities and shareholders' equity		6,019,392	6,132,645

Commitments and contingent liabilities 16

These financial statements have been approved by the Board of Directors on XX XXX 2004 and signed on its behalf by:

Tayfun Bayazit
Chief Executive Officer

Faik Açıklalın
President

Adnan M. Yayla
Chief Financial Officer

The accompanying notes set out on pages 5 to 24 form an integral part of these condensed consolidated interim financial statements.

TÜRK İS TICARET BANKASI A.S.**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH**

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

	Notes	2004	2003
Interest income	12	214,600	223,325
Interest expense	12	(127,267)	(141,149)
Net interest income		87,333	82,176
Foreign exchange gains/(losses), including net gains or losses from dealing in foreign currency		29,777	(23,114)
Net interest income after foreign exchange gains and losses		117,110	59,062
Net fee and commission income	13	18,469	13,949
Net trading gains/(losses) from securities		29,860	(60,760)
Other operating income	14	13,238	13,433
Operating revenues		178,677	25,684
Impairment losses on loans and advances	7	(18,904)	(383)
Other operating expenses	15	(116,481)	(80,987)
Loss on net monetary position		(38,612)	(38,164)
Profit from operations before tax and minority interests		4,680	(93,850)
Taxation on income	11	8,060	12,770
Net profit/(loss) before minority interests		12,740	(81,080)
Minority interests		(261)	1,053
Net profit/(loss)		12,479	(80,027)
Earnings/(loss) per share (expressed in TL per share)	4	46	(295)

The accompanying notes set out on pages 5 to 24 form an integral part of these condensed consolidated financial statements.

TÜRK İS TICARET BANKASI A.S.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

	Note	2004	2003
Cash flows from operating activities			
Net profit/(loss) for the period		12,479	(80,027)
Adjustments for:			
Depreciation	15	15,996	10,323
Amortisation of goodwill	15	1,227	1,648
Provision for loan losses, net of recoveries	7	18,904	383
Employment termination benefits		24	1,448
Add back taxation on income		(8,060)	(12,770)
Minority interest		261	(1,053)
Remeasurement of derivative financial instruments at fair value		4,967	3,605
Reversal of value increase of available-for-sale equity securities		(28,661)	771
Other provisions and accruals		(7,305)	(17,729)
Translation adjustment		(16,880)	(11,896)
Unrealised loss/(gains) on trading securities, net		29,228	(6,707)
Add back dividend income		-	(84)
Interest income – net		(87,333)	(82,176)
Interest paid		(109,720)	(158,173)
Interest received		219,434	266,114
Inflation effect on non-operating activities		53,141	63,206
Inflation effect on provision for loan impairment	7	(7,710)	(13,082)
Operating profit/(loss) before changes in operating assets and liabilities		89,992	(36,199)
Changes in operating assets and liabilities:			
Net (increase)/decrease in reserve requirements with the CBRT		(48,541)	310,750
Net decrease/(increase) in trading securities		116,280	(394,705)
Net increase in due from other banks		(5,339)	(13,555)
Net (increase)/decrease in loans and advances to customers		(4,875)	435,134
Net increase in other assets		(10,333)	(10,726)
Net increase/(decrease) in due to other banks		25,325	(142,785)
Net decrease in amounts due to customers		(77,166)	(742,860)
Net (decrease)/increase in other liabilities		(7,888)	24,148
Inflation effect on operating activities		18,244	113,884
Net cash provided from/(used in) operating activities		95,699	(456,914)
Cash flows from investing activities:			
Purchase of property and equipment, net		(17,154)	(5,834)
(Purchase)/redemption of investment securities, net		(361,193)	159,023
Dividends received		-	84
Inflation effect on investing activities		(100,039)	(106,850)
Net cash (used in)/ provided from investing activities		(478,386)	46,423
Cash flows from financing activities			
(Repayments of)/ proceeds from borrowed funds, net		(66,910)	119,344
Inflation effect on financing activities		76,732	88,964
Net cash provided from financing activities		9,822	208,308
Net decrease in cash and cash equivalents		(372,865)	(202,183)
Effect of inflation on cash and cash equivalents		(40,384)	(148,611)
Cash and cash equivalents at beginning of the year	5	778,100	1,381,768
Cash and cash equivalents at the end of the period		5	364,851

The accompanying notes set out on pages 5 to 24 form an integral part of these condensed consolidated financial statements

TÜRK DIS TICARET BANKASI A.S.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

	<u>Paid-in share capital</u>			Cumulative translation adjustment	Retained shareholders' earnings	Total shareholders' equity
	Share capital	Adjustment to share capital	Total paid in share capital			
Balance at 1 January 2003	194,000	348,294	542,294	3,851	148,534	694,679
Translation difference	-	-	-	(11,898)		(11,898)
Net loss for the period	-	-	-		(80,027)	(80,027)
Balance at 31 March 2003	194,000	348,294	542,294	(8,047)	68,507	602,754
Balance at 1 January 2004	271,600	355,626	627,226	(30,447)	350,295	947,074
Translation difference	-	-	-	(16,880)	-	(16,880)
Net profit for the period	-	-	-	-	12,479	12,479
Balance at 31 March 2004	271,600	355,626	627,226	(47,327)	362,774	942,673

The accompanying notes set out on pages 5 to 24 form an integral part of these condensed consolidated financial statements.

TÜRK DIS TICARET BANKASI A.S.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira (“TL”) in terms of the purchasing power of TL at 31 March 2004)

NOTE 1 - ORGANISATION AND PRINCIPAL ACTIVITIES

Türk Dis Ticaret Bankasi Anonim Sirketi (“the Bank” or “Disbank” or together with its subsidiaries it is referred to as “the Group” in these condensed consolidated financial statements) was formed in 1964 as a joint venture of Türkiye Is Bankasi and Bank of America. Since 1994, it is a member of the Dogan Group, a privately owned diversified conglomerate, which is incorporated and domiciled in Turkey. Around 20% of the Bank's shares have been quoted on the Istanbul Stock Exchange.

The Group provides banking, leasing, factoring, insurance and investment services and has operations in Turkey, Netherlands, Malta and Bahrain. The major activity of the Group is concentrated in the banking sector in Turkey, in which respect the total assets of Disbank, constitute 85% of total assets of the Group (31 December 2003: 91%). At 31 March 2004, the Bank has 159 branches operating in Turkey and one off-shore branch operating in Bahrain (31 December 2003: 158). At 31 March 2004, the Group has 4,229 employees (31 December 2003: 3,851).

The Group’s head office is registered in Istanbul, Turkey. The registered office address is as follows: Yildizposta caddesi No:54 Kat:1 Gayrettepe Istanbul, Turkey.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

These condensed consolidated interim financial statements are prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2003. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2003. The Bank maintains its books of account and prepares its statutory financial statements in Turkish lira, the national currency of the Turkish Republic, in accordance with the Banking Law, based on accounting principles promulgated by the Banking Regulation and Supervision Agency (“BRSA”), other relevant rules and regulations promulgated by the Turkish Commercial Code, Turkish Capital Market Board and Turkish tax legislation. The domestic subsidiaries of the Bank prepare their financial statements in Turkish lira in accordance with the Turkish Commercial Code, Turkish tax legislation and relevant accounting rules and regulations. The foreign subsidiaries of the Bank prepare their financial statements in Euro or US\$ based on the accounting rules and regulations and other relevant legislation applicable in the country in which the subsidiary incorporates. The condensed consolidated interim financial statements are based on the historical cost convention, restated for the effects of inflation and as modified by the revaluation of available-for-sale investment securities, financial assets and financial liabilities held for trading and all derivative contracts.

The restatement for changes in the general purchasing power of the Turkish lira as of 31 March 2004 is based on IAS 29, “Financial Reporting in Hyperinflationary Economies” (“IAS 29”) which requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. The restatement was calculated by means of conversion factors derived from the Turkish nationwide wholesale price index (“WPI”) published by the State Institute of Statistics (“SIS”).

TÜRK İS TICARET BANKASI A.S.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 2 - BASIS OF REPRESENTATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (Continued)

Indices and conversion factors used to restate these financial statements are as follows:

<u>Dates</u>	<u>Index</u>	<u>Conversion factors</u>
31 March 2004	7,862.200	1.000
31 December 2003	7,382.100	1.065
31 March 2003	7,281.800	1.079
31 December 2002	6,478.800	1.214

The Bank does not have any seasonal or cyclical operations that may have an impact on these condensed consolidated interim financial statements.

As discussed in Note 11, the bank calculated tax provision in the condensed consolidated interim financial statements at 31 March 2004 in accordance with Law 5024, "Law Related to Changes in Tax Procedure, Income Tax and Corporate Tax Law" over inflation adjusted figures since the conditions of inflation accounting are most likely to occur.

TÜRK İS TICARET BANKASI A.S.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 3 - FINANCIAL RISK MANAGEMENT

A. Currency risk

Concentrations of assets, liabilities and off balance sheet items:

31 March 2004	Foreign currency				Turkish lira	
	US\$	EUR	Other	Total	Total	
Assets						
Cash and balances with the CBRT	251,192	13,544	1,339	266,075	341,578	607,653
Due from other banks	98,121	1,825	1,981	101,927	15,618	117,545
Trading securities	59,298	3,669	-	62,967	321,012	383,979
Derivative financial instruments	4,611	-	292	4,903	783	5,686
Loans and advances to customers						
- loans and receivables	1,163,382	270,431	12,942	1,446,755	1,135,843	2,582,598
- debt securities	41,113	-	-	41,113	-	41,113
Investment securities	680,682	25,936	410	707,028	1,167,132	1,874,160
Goodwill	-	-	-	-	6,934	6,934
Property and equipment	79	-	-	79	206,064	206,143
Other assets	12,354	2,195	94	14,643	113,904	128,547
Deferred tax assets	141	-	-	141	64,893	65,034
Total assets	2,310,973	317,600	17,058	2,645,631	3,373,761	6,019,392
Liabilities						
Due to other banks	90,659	26,255	4,003		120,917	15,037
Customer deposits	1,087,747	517,098	28,645	1,633,490	1,771,358	3,404,848
Derivative financial instruments	757	105	32	894	2,113	3,007
Other borrowed funds	995,009	88,227	1,727	1,084,963	97,619	1,182,582
Income taxes payable	6,421	1,655	-	8,076	1,194	9,270
Other liabilities	45,271	14,620	2,675	62,566	225,617	288,183
Reserve for employment termination benefits	-	-	-	-	3,774	3,774
Deferred tax liabilities	-	-	-	-	35,461	35,461
Total liabilities	2,225,864	647,960	37,082	2,910,906	2,152,173	5,063,079
Net balance sheet position	85,109	(330,360)	(20,024)	(265,275)	1,221,588	956,313
Off-balance sheet net notional position (Note 16)	(196,205)	238,741	19,927	62,463	(62,215)	248
Net foreign currency position	(111,096)	(91,619)	(97)	(202,812)	1,159,373	956,561

At 31 March 2004, assets and liabilities denominated in foreign currency were translated into Turkish lira using a foreign exchange rate of TL1,310,000 = US\$1, and TL1,612,086 = EUR1.

TÜRK İS TİCARET BANKASI A.Ş.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2003	Foreign currency				Turkish lira	
	US\$	EUR	Other	Total	Total	
Assets						
Cash and balances with the CBRT	279,941	14,330	2,154	296,425	573,739	870,164
Due from other banks	184,264	4,218	8,536	197,018	22,104	219,122
Trading securities	76,243	7,135	-	83,378	446,109	529,487
Derivative financial instruments	7,010	-	697	7,707	778	8,485
Loans and advances to customers						
- loans and receivables	1,288,472	301,224	9,236	1,598,932	993,614	2,592,546
- debt securities	45,743	-	-	45,743	-	45,743
Investment securities	684,136	37,834	457	722,427	761,879	1,484,306
Goodwill	-	-	-	-	8,149	8,149
Property and equipment	108	-	-	108	204,877	204,985
Other assets	8,611	2,094	103	10,808	107,441	118,249
Deferred tax assets	161	-	-	161	51,248	51,409
Total assets	2,574,689	366,835	21,183	2,962,707	3,169,938	6,132,645
Liabilities						
Due to other banks	18,174	36,487	1,387	56,048	55,661	111,709
Customer deposits	1,254,201	470,736	40,672	1,765,609	1,702,599	3,468,208
Derivative financial instruments	641	1	1	643	196	839
Other borrowed funds	1,039,799	96,570	1,856	1,138,225	117,089	1,255,314
Income taxes payable	5,673	-	-	5,673	2,595	8,268
Other liabilities	54,622	17,298	4,121	76,041	212,400	288,441
Reserve for employment termination benefits	-	-	-	-	3,522	3,522
Deferred tax liabilities	-	-	-	-	35,891	35,891
Total liabilities	2,373,110	621,092	48,037	3,042,239	2,129,953	5,172,192
Net balance sheet position	201,579	(254,257)	(26,854)	(79,532)	1,039,985	960,453
Off-balance sheet net notional position (Note 16)	(173,057)	164,682	26,992	18,617	(9,485)	9,132
Net foreign currency position	28,522	(89,575)	138	(60,915)	1,030,500	969,585

At 31 December 2003, assets and liabilities denominated in foreign currency were translated into Turkish lira using a foreign exchange rate of TL1,402,000 = US\$1 and TL1,767,782 = EUR 1.

TÜRK İS İCARET BANKASI A.Ş.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

B. Interest rate risk

The table below summarizes weighted average interest rates for financial instruments by major currencies outstanding as 31 March 2004 and 31 December 2003 based on year-end contractual rates.

Assets	31 March 2004			31 December 2003		
	US\$ (%)	EUR (%)	TL (%)	US\$ (%)	EUR (%)	TL (%)
Cash and balances with the CBRT	0.41	-	22.00	0.54	0.80	25.00
Due from other banks	4.57	2.82	17.99	2.50	3.50	26.26
Trading securities	4.57	6.00	28.76	4.91	6.00	35.91
Investment securities						
- available -for-sale	8.71	8.77	28.96	8.44	8.22	31.27
- held to maturity	5.56	-	31.49	9.12	-	43.00
Loans and advances to customers						
- loans and receivables	5.51	7.12	30.75	5.50	5.58	35.39
- debt securities	11.00	-	-	10.51	-	-
Liabilities						
Due to other banks	2.14	3.79	22.80	3.33	3.59	27.60
Due to customers	3.71	4.30	25.48	3.59	4.19	28.96
Other borrowed funds	2.54	4.46	25.48	2.29	5.03	26.96

C. Liquidity risk

The table below analyses assets and liabilities of the Group into relevant maturity groupings at 31 March 2004 and 31 December 2003, based on the remaining period at the balance sheet date to the contractual maturity date.

31 March 2004	Demand	Up to 1 month	1 to 3 months	3 to 12 months	Over 1 year	Unallocated and no maturity	Total
Assets							
Cash and balances with the CBRT	95,652	223,022	-	-	-	288,979	607,653
Due from other banks	19,144	31,838	1,064	-	65,499	-	117,545
Trading securities	1,993	690	15,130	187,047	178,402	717	383,979
Derivative financial instruments	-	5,166	520	-	-	-	5,686
Originated loans	-	516,521	604,160	1,120,455	367,422	15,153	2,623,711
Investment securities	606	98	41,695	512,565	1,305,904	13,292	1,874,160
Goodwill	-	-	-	-	6,934	-	6,934
Property and equipment	-	-	-	-	-	206,143	206,143
Other assets	4,727	19,829	11,539	48,293	914	43,245	128,547
Deferred tax assets	-	-	-	-	65,034	-	65,034
Total assets	122,122	797,164	674,108	1,868,360	1,990,109	567,529	6,019,392

TÜRK İS İCARET BANKASI A.Ş.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

31 March 2004	Demand	Up to 1 month	1 to 3 months	3 to 12 months	Over 1 year	Unallocated and no maturity	Total
Liabilities							
Due to other banks	106,222	24,773	4,709	250	-	-	135,954
Customer deposits	458,919	2,153,315	417,175	374,792	647	-	3,404,848
Derivative financial instruments	-	2,795	212	-	-	-	3,007
Other borrowed funds	330	80,979	187,796	755,607	157,870	-	1,182,582
Income taxes payable	-	-	1,739	7,531	-	-	9,270
Other liabilities	6,514	173,841	12,340	67,089	5,294	23,105	288,183
Reserve for employment termination benefits	-	-	-	-	-	3,774	3,774
Deferred tax liabilities	-	-	-	-	35,461	-	35,461
Total liabilities	571,985	2,435,703	623,971	1,205,269	199,272	26,879	5,063,079
Net liquidity gap	(449,863)	(1,638,539)	50,137	663,091	1,790,837	540,650	956,313
31 December 2003	Demand	Up to 1 month	1 to 3 months	3 to 12 months	Over 1 year	Unallocated and no maturity	Total
Assets							
Cash and balances with the CBRT	54,766	571,288	-	-	-	244,110	870,164
Due from other banks	87,902	65,764	5,729	-	59,727	-	219,122
Trading securities	-	9,873	18,117	373,359	127,374	764	529,487
Derivative financial instruments	-	6,629	65	1,791	-	-	8,485
Loans and advances to customers	36,647	523,821	609,127	955,849	487,243	25,602	2,638,289
Investment securities	445	62,338	49,227	482,086	876,527	13,683	1,484,306
Goodwill	-	-	-	-	8,149	-	8,149
Property and equipment	-	-	-	-	-	204,985	204,985
Other assets	3,799	17,263	12,057	41,196	2,936	40,998	118,249
Deferred tax assets	-	-	-	-	51,409	-	51,409
Total assets	183,559	1,256,976	694,322	1,854,281	1,613,365	530,142	6,132,645
Liabilities							
Due to other banks	37,894	72,765	1,050	-	-	-	111,709
Customer deposits	523,630	2,273,380	358,545	277,940	34,713	-	3,468,208
Derivative financial instruments	-	685	64	90	-	-	839
Other borrowed funds	-	89,020	155,610	791,300	219,384	-	1,255,314
Income taxes payable	-	-	2,458	5,810	-	-	8,268
Other liabilities	7,142	171,986	13,347	68,631	7,444	19,891	288,441
Reserve for employment termination benefits	-	-	-	-	-	3,522	3,522
Deferred tax liabilities	-	-	-	-	35,891	-	35,891
Total liabilities	568,666	2,607,836	531,074	1,143,771	129,432	23,413	5,172,192
Net liquidity gap	(385,107)	(1,350,860)	163,248	710,510	1,315,933	506,729	960,453

TÜRK İS TICARET BANKASI A.S.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 4 - EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share are calculated by dividing the net profit or loss attributable to shareholders by the weighted average number of ordinary shares in issue.

	31 March 2004	31 March 2003
Net profit/(loss) attributable to shareholders	12,479	(80,027)
Weighted average number of ordinary shares with face value of TL1,000 each	271,600,000,000	271,600,000,000
Earnings/(loss) per share (expressed in TL per share)	46	(295)

NOTE 5 - CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalent comprise the following balances with less than 90 days maturity.

	31 March 2004	31 December 2003
Cash in hand	44,256	54,280
Cheques received	455	444
Interbank money market placements	217,540	567,367
Balances with the CBRT other than reserve requirements	50,941	43
Due from other banks	51,659	155,966
	364,851	778,100

NOTE 6 - TRADING SECURITIES

	31 March 2004		31 December 2003	
	Cost	Carrying value	Cost	Carrying value
Debt Securities				
Government bonds	280,823	309,003	418,486	476,590
Treasury bills	51,515	53,019	35,133	36,760
Corporate bonds	12,972	19,232	14,787	14,410
Other	7,580	2,725	764	1,727
	352,890	383,979	469,170	529,487

Government bonds and treasury bills are discount and coupon securities issued by the Republic of Turkey.

Included in trading securities are securities pledged under repurchase agreements with customers amounting to TL11,501 at 31 March 2004 (31 December 2003: TL180,790).

TÜRK İS TICARET BANKASI A.S.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 7 - LOANS AND ADVANCES TO CUSTOMERS

Loans originated by the Group:

	31 March 2004	31 December 2003
Corporate and commercial		
Direct loans	1,260,078	1,308,303
Export loans	829,195	770,198
Net investment in finance leases	119,722	123,791
Factoring receivables	49,161	50,602
Investment loans	30,573	81,299
Total corporate and commercial loans	2,288,729	2,334,193
Retail		
Credit cards	227,204	192,469
Other consumer and retail	78,937	59,996
Total retail loans	306,141	252,465
	2,594,870	2,586,658
Loans under legal follow-up	89,328	87,154
Other impaired loans	1,028	10,168
Total impaired loans	90,356	97,322
Gross loans and advances	2,685,226	2,683,980
Less: Provision for loan losses	(102,628)	(91,434)
Net loans and advances to customers	2,582,598	2,592,546
Debt securities	41,113	
	2,623,711	2,638,289

TÜRK İS TICARET BANKASI A.S.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 7 - LOANS AND ADVANCES TO CUSTOMERS (Continued)

Debt securities represent foreign currency indexed government bonds issued by the Government of the Republic of Turkey originated by the Group at original issuance by transferring the funds directly to the government.

Movement in the provision for loan losses is as follows:

	2004	2003
Balance at 1 January	91,434	117,355
Loan impairment expense during the period	23,134	396
Recoveries of amounts previously provided	(4,230)	(13)
Monetary gain	(7,710)	(13,081)
Balance at 31 March	102,628	104,657

Economic sector risk concentrations for performing loans and advances were as follows:

	31 March 2004	%	31 December 2003	%
Textiles	349,755	13	368,296	14
Wholesale and retail trade	333,858	13	371,670	14
Retail and consumer	333,728	13	252,465	10
Construction and cement	243,983	9	212,376	8
Food and beverage	193,966	7	225,370	9
Financial institutions	181,438	7	191,483	7
Metal processing	131,952	5	126,014	5
Medicine, chemicals and dyes	112,161	4	78,780	3
Durable goods	97,391	4	47,078	2
Automotive	82,538	3	84,588	3
Oil and gas	74,691	3	92,685	4
Tourism	70,886	3	69,037	3
Media and telecommunications	58,633	3	104,031	4
Agriculture	51,195	2	58,379	2
Other	278,695	11	304,406	12
	2,594,870	100	2,586,658	100

Loans and advances are further analysed as a part of the balance sheet in the notes: Related party transactions (Note 17), and financial risk management (Note 3).

TÜRK İS TICARET BANKASI A.S.

**NOTES TO CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS AT 31 MARCH 2004**

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 8 - INVESTMENT SECURITIES

(i) Available-for-sale

	31 March 2004		31 December 2003	
	Cost	Carrying value	Cost	Carrying value
Debt Securities:				
Government bonds	1,125,363	1,222,044	731,151	810,326
Eurobonds	484,541	574,679	463,189	558,860
U.S. Government bonds	-	-	44,795	45,031
Treasury bills	24,787	33,111	16,572	24,058
Türk Eximbank bonds	706	722	805	853
Other	453	601	872	1,201
	1,635,850	1,831,157	1,257,384	1,440,329
Equity securities:				
- listed	5,604	5,013	5,604	5,004
- unlisted	8,279	8,279	8,223	8,223
	13,883	13,292	13,827	13,227
Total available -for-sale	1,649,733	1,844,449	1,271,211	1,453,556

The principal available-for-sale equity securities are as follows:

Name of the company	Nature of Business	31 March 2004		31 December 2003	
		(%)	TL billion	(%)	TL billion
Listed:					
TSKB	Banking	8.00	3,412	8.00	3,402
Anadolu Hayat Sigorta A.S.	Life insurance	1.00	1,601	1.00	1,602
Unlisted:					
IMKB Takasbank A.S.	Financial institution	1.94	3,566	1.94	3,566
Cam Elyaf Sanayi A.S.	Manufacturing	0.46	1,839	0.46	1,839
Dogan Havacilik A.S.	Aviation	9.00	1,753	9.00	1,753
Bankalararasi Kredi					
Kartlari Merkezi A.S.	Financial Institution	1.85	678	1.85	678
Emeklilik Gözetim Merkezi A.S.	Insurance	8.97	246	8.97	246
3D Güvenlik					
Organizasyon A.S. (*)	Security	99.98	87	99.98	87
Other		-	110	-	54
Total			13,292		13,227

(*) 3 D Güvenlik Organizasyon A.S. is carried at cost less any provision for impairment, and is not consolidated due to immateriality

TÜRK İS TICARET BANKASI A.S.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 8 - INVESTMENT SECURITIES (Continued)

(ii) Held-to-maturity

	31 March 2004		31 December 2003	
	Cost	Carrying value	Cost	Carrying value
Debt Securities				
Government bonds	14,572	16,324	8,279	15,780
Corporate bonds	13,100		13,387	14,932
	27,672	29,711	23,211	30,750

Government bonds, treasury bills and Eurobonds are discount and coupon securities issued by the Government of the Republic of Turkey.

At 31 March 2004, TL148,756 (31 December 2003: TL163,823) of government bonds and treasury bills of available-for-sale portfolio were pledged under repurchase agreements with customers.

Corporate bonds consist of the bonds issued by Lehman Brothers International with a maturity of 20 December 2006, a fixed coupon rate of 2.78 % and nominal value of US\$10,000,000. The bonds are pledged against a credit default swap entered into between the Group and Lehman Brothers International maturing at 20 December 2006.

At 31 March 2004, debt securities amounting to TL123,233 (31 December 2003: TL141,198) were pledged to third parties namely, CBRT for legal requirements and Istanbul Menkul Kıymetler Borsası Takas ve Saklama Bankası A.S. ("Takasbank") as a guarantee for stock exchange and money market operations. At 31 March 2004, debt securities amounting to TL35,299 (31 December 2003: TL33,396) were pledged to the Undersecretariat of Treasury for the legal requirements of the Group's insurance companies. Additionally, government bonds amounting to TL321,908 (31 December 2003: TL226,202) have been pledged by one of the indirect subsidiaries of the Bank in CBRT against the funding it has obtained from its parent company.

The movement of held to maturity securities is as follows:

	2004	2003
Balance at 1 January	30,750	19,483
Additions	1,792	1,080
Redemptions	-	(5,415)
Monetary loss	(2,831)	(1,910)
Balance at 31 March	29,711	13,238

TÜRK İS TICARET BANKASI A.S.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 9 - CUSTOMER DEPOSITS

	31 March 2004			31 December 2003		
	Current/ Demand	Term	Total	Current/ Demand	Term	Total
Foreign currency deposits:						
Saving deposits	130,980	898,556	1,029,536	150,912	934,978	1,085,890
Commercial deposits	172,043	431,911	603,954	198,071	481,648	679,719
Total foreign currency deposits	303,023	1,330,467	1,633,490	348,983	1,416,626	1,765,609
Turkish lira deposits:						
Saving deposits	38,886	1,047,539	1,086,425	45,608	761,148	806,756
Commercial deposits	117,010	396,298	513,308	129,039	413,232	542,271
Funds deposited under repurchase agreements	-	171,625	171,625	-	353,572	353,572
Total Turkish lira deposits	155,896	1,615,462	1,771,358	174,647	1,527,952	1,702,599
	458,919	2,945,929	3,404,848	523,630	2,944,578	3,468,208

At 31 March 2004, the total interest expense paid on repurchase agreements amounted to TL7,559 billion (31 December 2003: TL40,502).

NOTE 10 - OTHER BORROWED FUNDS

	31 March 2004			31 December 2003		
	Foreign Currency	Turkish Lira	Total	Foreign Currency	Turkish Lira	Total
Foreign institutions and banks						
Syndication loan	262,835	-	262,835	298,636	-	298,636
Other	752,384	43,221	795,605	765,011	47,530	812,541
Total foreign	1,015,219	43,221	1,058,440	1,063,647	47,530	1,111,177
Domestic banks						
Türk Eximbank	51,090	52,692	103,782	65,197	62,341	127,538
Other domestic banks	18,654	1,706	20,360	9,381	7,218	16,599
Total domestic	69,744	54,398	124,142	74,578	69,559	144,137
	1,084,963	97,619	1,182,582	1,138,225	117,089	1,255,314

A syndicated credit facility obtained on 30 July 2003 in the amount of US\$200 million equivalent to TL262,000 billion with an interest rate of annual LIBOR plus of 0.85 % and maturity date of 30 July 2004, provided by 39 international banks including ING Bank N.V. as the leader of the consortium.

TÜRK İS TICARET BANKASI A.S.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 11 - TAXATION

(i) Income tax

	31 March 2004	31 March 2003
Current	5,995	1,677
Deferred	(14,055)	(14,447)
	(8,060)	(12,770)

(ii) Deferred Taxes

	31 March 2004	31 December 2003
Deferred tax assets		
-Turkish	64,893	51,248
- foreign	141	161
	65,034	51,409
Deferred tax liabilities		
-Turkish	35,461	35,891
	35,461	35,891
Deferred tax assets,net	29,573	15,518

Taxes on income is recognised based on the best estimate of the annual income tax rate expected for the full financial year. Corporation tax rate on the total income of fiscal year 2004 will be 33%. Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in fiscal year 2004 under the liability method using a principal tax rate of 33% at 31 March 2004. The rate for other temporary differences is 30%.

In accordance with Tax Law No: 5024 that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the TL.

Corporate tax payers are required to calculate tax provision based on inflation adjusted financial statements whereas the inflation is 100% in the preceding three fiscal periods (last 36 months) and 10% (last 12 months) in the current fiscal year in accordance with Tax Law No: 5024. The criteria for applying inflation accounting are to be checked quarterly during advance corporate tax periods. If the conditions for applying inflation accounting are met during any of the advance tax periods, the financial statements will be restated for inflation for the whole year including previous advance tax periods, if there are any.

TÜRK DIS TICARET BANKASI A.S.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 11 – TAXATION (Continued)

At 31 March 2004, the increases of WPI are 159.05% and 7.97% for the last 36 and 12 months, respectively. By taking the WPI changes for April 2004 into consideration, such increases are 132.53% and 8.91% for the last 36 and 12 months, respectively. The Bank reflected the tax provision in its condensed consolidated interim financial statements based on inflation-adjusted figures, in accordance with Tax Law No: 5024, as the conditions for the application of inflation accounting are most likely to occur in 2004.

	Cumulative Temporary Differences		Deferred Tax Assets/(Liabilities)	
	2004	2003	2004	2003
Carry forward losses	142,241	110,764	46,940	36,552
Provision for loan losses	28,013	30,838	9,244	10,028
Deferred commission income	4,368	4,387	1,441	1,447
Employment termination benefits	3,774	3,847	1,195	1,228
Bonus expense accrual	10,085		3,328	
Other	8,745	6,680	2,886	2,154
Deferred tax assets	197,226		156,516	65,034
Valuation difference on investment securities	(76,490)	(76,373)	(25,242)	(25,203)
Difference between carrying value and tax base of property and equipment, including leased assets	(16,769)	(16,160)	(5,534)	(4,848)
Deferred acquisition costs	(10,830)	(9,947)	(3,574)	(3,282)
Other	(3,370)	(7,769)	(1,111)	
Deferred tax liabilities	(107,459)	(110,249)	(35,461)	(35,891)
Deferred tax assets, (net)			29,573	15,518

Upon a resolution of Tax Supreme Court in favour of the Bank on 8 December 2003, the Bank acquired the right to deduct accumulated losses amounting to TL364,501 billion from corporate tax bases for 2002 and subsequent periods in accordance with Corporate Tax Law Article 14/7. Using full amount of accumulated losses will be resulted with TL120,285 billion of tax benefit. In accordance with this resolution, the Bank has deducted a portion of accumulated losses amounting to TL132,443 billion from its corporate tax base in 2003, and a portion of accumulated losses amounting to TL41,646 billion from its corporate tax base for the first quarter of 2004. The Bank management carried the deferred tax assets of TL34,320 billion on carry forward losses in the accompanying financial statements which are based on their estimated corporate tax base in 2004 of TL104,000 billion. The amount of deferred tax asset on the remaining portion of unused tax losses of TL86,412 billion not recognized in the context above is TL28,516 billion. If all the unrecognized deferred tax asset was recognized in the previous years financial statements, retained earnings would increase by TL42,259 billion, and the net consolidated income for the period would decrease by 13,743 billion.

TÜRK İS TICARET BANKASI A.S.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 12 - NET INTEREST INCOME

	2004	2003
Interest income on:		
Originated loans	97,175	107,603
Investment and trading securities	94,140	29,287
Placements with other banks	19,811	82,935
Other	3,474	3,500
	214,600	223,325
Interest expenses on:		
Customer deposits	112,827	119,806
Bank deposits	2,033	16,104
Other borrowed funds	12,377	4,347
Other	30	892
	127,267	141,149
Net interest income	87,333	82,176

NOTE 13 - NET FEE AND COMMISSION INCOME

	2004	2003
Point of sale ("POS") machine commissions	18,595	14,169
Commissions from other credit related commitments	7,420	5,749
Brokerage commissions	4,797	3,253
Credit card commissions	2,377	2,876
Money transfer fees	991	635
Other commission income	4,651	3,413
	38,831	30,095
POS machine commissions	10,178	13,872
Commission fees paid to correspondent and other banks	9,612	1,325
Other	572	949
	20,362	16,146
Net fee and commission income	18,469	

TÜRK İS TICARET BANKASI A.S.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 14 - OTHER OPERATING INCOME

	2004	2003
Income from insurance business, net	7,877	6,833
Other	5,361	6,600
	13,238	13,433

Details of income from insurance business are as follows:

	2004	2003
Earned premium, net of reinsurance	18,713	17,805
Claims incurred, net of reinsurance	(10,063)	(10,333)
Life mathematical provision expense	(180)	(2,354)
Life income assurance expense	(67)	(121)
Commission (expense)/income - net	(797)	298
Other income, net	271	1,538
Income from insurance business, net	7,877	6,833

NOTE 15 - OTHER OPERATING EXPENSES

	2004	2003
Personnel costs	46,091	28,658
Depreciation of property and equipment	15,996	10,323
Amortisation of goodwill	1,227	
Depreciation and amortisation	17,223	11,971
Advertising and marketing expenses	11,403	4,913
Communication expenses	5,462	3,574
Rent expenses	5,311	6,003
Provision expense	3,968	-
Sundry taxes and duties	3,773	4,437
Repair and maintenance expenses	2,723	2,814
Payments to Saving Deposits Insurance Fund ("SDIF")	2,470	3,620
Audit and consultancy fees	1,508	1,360
Insurance expenses	1,144	1,352
Software costs	423	160
Other	14,982	12,125
General and administrative expenses	53,167	40,358
	116,481	

TÜRK İS TİCARET BANKASI A.S.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of banking activities, the Group undertakes various commitments and incurs certain contingent liabilities that are not presented in these financial statements, including letters of guarantee, acceptance credits and letters of credit. The management does not expect any material losses as a result of these transactions. The following is a summary of significant commitments and contingent liabilities at 31 March 2004 and 31 December 2003.

Credit related commitments

The following table shows the outstanding credit related commitments of the Group:

	31 March 2004			31 December 2003		
	Related parties	Other	Total	Related parties	Other	Total
Letters of guarantee						
- Foreign currency	2,169	427,134	429,303	4,431	754,234	758,665
- TL	3,752	679,267	683,019	8,551	389,090	397,641
Letters of credit	48,701	589,934	638,635	48,452	511,700	560,152
Acceptance credits	-	51,049	51,049	3,046	67,141	70,187
Other commitments and contingencies	8,273	220,677	228,950	8,628	409,215	417,843
	62,895	1,968,061	2,030,956	73,108	2,131,380	2,204,488

Commitments under derivative instruments:

31 March 2004

	Notional amounts TL billion					
	Foreign Currency				TL	Total
	US\$	EUR	Other	Total		
Forward currency purchases	129,668	41,648	37,427	208,743	50,808	259,551
Currency swap purchases	3,180	249,707	18,064	270,951	-	270,951
Interest rate swap purchases	6,550	-	-	6,550	-	6,550
Currency future purchases	12,416	10,479	-	-	22,895	-
Currency option purchases	262	-	-	262	-	262
Interest rate option purchases	258,948	-	-	258,948	-	-
U.S. Note Indexed futures	15,047	-	-	15,047	-	-
Total	426,071	301,834	55,491	783,396	50,808	834,204
Forward currency sales	67,854	52,614	26,192	146,660	112,708	259,368
Currency swap sales	263,427	-	-	7,410	270,837	-
Interest rate swap sales	6,550	-	-	-	6,550	-
Currency future sales	10,450	10,479	1,962	22,891	-	22,891
Currency option sales	-	-	-	-	315	315
Interest rate option sales	258,948	-	-	258,948	-	258,948
U.S. Note Indexed futures	15,047	-	-	15,047	-	-
Total	622,276	63,093	35,564	720,933	113,023	833,956
Off balance sheet net notional position (Note 3)	(196,205)	238,741	19,927	62,463	(62,215)	248

TÜRK DIS TICARET BANKASI A.S.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

31 December 2003

	Notional amounts TL billion					
	Foreign Currency				TL	Total
	US\$	EUR	Other	Total		
Forward currency purchases	13,904	17,753	4,029	35,686	13,776	49,462
Currency swap purchases	-	154,385	27,257	181,642	-	181,642
Future purchases	6,339	2,589	-	175	9,103	-
Option purchases	295,157	-	-	295,157	-	-
Total	315,400	174,727	31,461	521,588	13,776	535,364
Forward currency sales	17,402	6,514	1,751	25,667	23,261	48,928
Currency swap sales	173,215	-	-	-	173,215	-
Future sales	2,683	3,531	2,718	8,932	-	8,932
Option sales	295,157	-	-	295,157	-	295,157
Total	488,457	10,045	4,469	502,971	23,261	526,232
Off balance sheet net notional position (Note 3)	(173,057)	164,682	26,992	18,617	(9,485)	9,132

NOTE 17- RELATED PARTY TRANSACTIONS

A number of banking transactions were entered into with related parties in the normal course of business. These include cash and non-cash loans, deposits and foreign currency transactions. Credit related commitments with related parties are disclosed in Note 16. Outstanding period/year-end balances and related expense and income for the period/year are as follows:

a) Balances with related parties:

	31 March 2004				31 December 2003			
	Shareholders	Other	Related Party Total	Share in Total (%)	Shareholders	Other	Related Party Total	Share in Total (%)
Loans and placements	68,600	74,163	142,763	5.44	78,259	167,296	245,555	9.31
Non-cash loans	6,770	56,125	62,895	3.10	7,702	65,406	73,108	3.32
Customer deposits	82,991	191,114	274,105	8.05	153,902	137,694	291,596	8.41

b) Transactions with related parties:

	31 March 2004				31 March 2003			
	Shareholders	Other	Related Party Total	Share in Total (%)	Shareholders	Other	Related Party Total	Share in Total (%)
Interest income	7,584	7,119	14,703	6.85	1,715	12,616	14,331	6.42
Interest expense	8,067	10,754	18,821	14.84	4,278	9,009	13,287	9.41

TÜRK İS TICARET BANKASI A.S.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 31 MARCH 2004

(Amounts expressed in billions of Turkish lira ("TL") in terms of the purchasing power of TL at 31 March 2004)

NOTE 17- RELATED PARTY TRANSACTIONS (Continued)

As at 31 March 2004, the Risk Group pledged customer deposits amounting to TL4,871(31 December 2003: TL28,534 of deposit and TL45,457 of T-bill), against loans amounting to TL4,871 (31 December 2003: TL73,206) originated by the Group to the related parties. Furthermore, the Group maintains customer deposits and treasury bills under custody amounting to TL269,234 at 31 March 2004 (31 December 2003: TL343,031).

NOTE 18 - SEGMENT REPORTING

31 March 2004	Retail Banking	Corporate and Commercial Banking	Investment Banking	Consolidation Eliminations/ Intra group	Total Group
Total interest income	71,102	83,931	62,404	(2,837)	214,600
Total interest expense	(42,544)	(50,220)	(37,340)	2,837	(127,267)
Net interest income	28,558	33,711	25,064	-	87,333
Foreign exchange gains and losses, including net gains and losses from dealing in foreign currency	9,737	11,494	8,546	-	29,777
Net interest income after foreign exchange gains and losses	38,295	45,205	33,610	-	117,110
Other operating income					81,929
Other operating expenses					(155,747)
Taxes					8,060
Monetary loss					(38,612)
Group profit after tax and monetary loss					12,740
Minority interest					(261)
Net profit					12,479

NOTE 19 - SUBSEQUENT EVENTS

- i) On 19 April 2004, the General Assembly of the Bank resolved to distribute 2003 profit of TL171,656. In accordance with that resolution, TL11,842 and TL21,298 will be retained as legal reserves and extraordinary reserves, and TL46,172 and TL92,344 will be distributed as cash dividend and bonus shares respectively.
- ii) In accordance with the resolution of the BOD of the Bank held on 20 April 2004, the paid-in capital of the bank will be increased by TL92,344 from TL271,600 to TL363,944.

.....