

**Turk Ekonomi Bankasi
Anonim Sirketi**

**Unconsolidated Financial Statements
As of June 30, 2004
Together With Review Report**

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

**(Convenience Translation of A Report And Financial Statements
Originally Issued In Turkish - See Section III, Note XXIV)**

**TURK EKONOMI BANKASI ANONIM SIRKETI
REVIEW REPORT AS OF JUNE 30, 2004**

We have reviewed the balance sheet of Turk Ekonomi Bankasi Anonim Sirketi (the Bank) as of June 30, 2004 and the related statements of income, changes in shareholders' equity and cash flows for the interim period then ended. These financial statements are expressed in the equivalent purchasing power of Turkish lira as of June 30, 2004. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a review report on these financial statements based on our review.

We conducted our review in accordance with the auditing standards which were determined under the provisions of Banking Law Number 4389. These standards require that the review should be planned and performed to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of bank 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 opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of Turk Ekonomi Bankasi Anonim Sirketi at June 30, 2004 and the results of its operations and cash flows for the interim period then ended in accordance with the accounting principles and standards that are based on the Article 13 of the Banking Law.

Additional paragraph for convenience translation to English:

The above mentioned accounting principles differ from International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board. The effects of the differences between these accounting principles and accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in the countries of users of the financial statements and IFRS. The Bank's consolidated financial statements prepared in accordance with the accounting principles and standards that are based on the Article 13 of the Banking Law number 4389 and in accordance with IFRS will be issued separately.

Guney Serbest Muhasebeci Mali Musavirlik Anonim Sirketi
An Affiliated Firm of Ernst & Young International

Aysen Topay, SMMM

August 11, 2004
Istanbul, Turkey

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

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SECTION ONE

GENERAL INFORMATION

I- Footnotes and Explanations on the Bank's Service Activities and Operating Areas

- a) Commercial name of the Bank : Turk Ekonomi Bankasi Anonim Sirketi (the Bank)
Reporting period : 1 January – June 30, 2004
Address of the head office : Meclis-i Mebusan Caddesi No: 35
Findikli 34427 - ISTANBUL
Telephone number : (0212) 251 21 21
Facsimile number : (0212) 249 65 68
Web page : www.teb.com.tr
E-mail address : investorrelations@teb.com.tr
- b) The Bank's service activities and operating areas: The Bank's operating areas include, retail, commercial and corporate banking, fund management operations and project financing.
- c) Financial statements and relevant explanations together with the footnotes are stated in Billions of Turkish Lira.

II. The Explanations and Footnotes Regarding the Controlling Group of the Bank

The controlling group of the Bank: Turk Ekonomi Bankasi Anonim Sirketi ("the Bank") is included in the Colakoglu Group. 84.23% of the shares of the Bank belongs to TEB Mali Yatirimlar Anonim Sirketi (TEB Mali Yatirimlar).

III. Explanations on The Interim Financial Statements

- a) Accounting principles and basis of valuation used in the preparation of year-end financial statements are also used for the preparation of interim financial statements without any changes or exceptions, and are summarized in Section Three below.
- b) There are no transactions realized in the interim period that display a seasonal or a periodical nature.
- c) There are no non-recurring transactions or fundamental errors.
- d) There are no extraordinary items in terms of nature or amount that effect the assets, liabilities, equity, net income or the cash flow of the Bank.
- e) Prior period interim financial statements, do not contain any changes with respect to the estimated values related with the current period. There are no items in the prior period financial statements that are recorded with their estimated values.
- f) There are no convertible bonds or any other debt securities issued during the current period.
- g) In the General Assembly meeting of the Bank, dated March 26, 2004, it was decided to distribute the profit for the year 2003 after providing the legal reserves. The amounts distributed to the shareholders who are subject to and not subject to withholding tax are TL229 and TL 254 (Nominal full TL) respectively, for every 1,000 TL nominal shares.
- h) There are no material subsequent events that occurred after the preparation date of the interim financial statements and not reflected in the interim financial statements.
- i) There are no transactions that may cause a structural change for the Bank such as restructuring, mergers and acquisitions, or discontinuation of any operations.
- j) There are no subsequent changes in the commitments and contingencies of the Bank that have arisen after the year-end balance sheet date.

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

SECTION TWO

UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)
TURK EKONOMI BANKASI A.S.
BALANCE SHEETS RESTATED FOR THE EFFECTS OF INFLATION
AS OF JUNE 30, 2004 AND DECEMBER 31, 2003
(Currency-Billions of Turkish lira in equivalent purchasing power at June 30, 2004)

I- BALANCE SHEETS – ASSETS

	Note Ref. (Section 5)	Reviewed			Audited		
		Current Period 30.06.2004			Prior Period 31.12.2003		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY		88,485	546,420	634,905	67,575	559,453	627,028
1.1 Cash		11,422	-	11,422	9,159	-	9,159
1.2 Foreign currency		-	64,468	64,468	-	61,854	61,854
1.3 Balances with the Central Bank of Turkey	I-1	77,063	481,908	558,971	58,416	497,420	555,836
1.4 Other		-	44	44	-	179	179
II. TRADING SECURITIES (Net)		60,769	5,172	65,941	26,800	2,884	29,684
2.1 Public sector debt securities	I-2	60,769	4,830	65,599	26,800	2,432	29,232
2.1.1 Government bonds	I-2	34,696	475	35,171	25,860	854	26,714
2.1.2 Treasury bills	I-2	26,072	-	26,072	939	-	939
2.1.3 Other public sector debt securities	I-2	1	4,355	4,356	1	1,578	1,579
2.2 Share certificates		-	-	-	-	-	-
2.3 Other marketable securities		-	342	342	-	452	452
III. BANKS AND OTHER FINANCIAL INSTITUTIONS		13,514	231,284	244,798	42,742	147,248	189,990
3.1 Due from banks		13,514	231,284	244,798	42,742	147,248	189,990
3.1.1 Domestic banks		13,514	144,502	158,016	42,742	60,591	103,333
3.1.2 Foreign banks		-	86,782	86,782	-	86,657	86,657
3.1.3 Branches and head office abroad		-	-	-	-	-	-
3.2 Other financial institutions		-	-	-	-	-	-
IV. MONEY MARKET PLACEMENTS		460,000	63,679	523,679	396,859	69,305	466,164
4.1 Interbank money market placements		460,000	63,679	523,679	396,859	69,305	466,164
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. SECURITIES AVAILABLE FOR SALE (Net)		68,856	83,551	152,407	10	-	10
5.1 Share certificates	I-3	9	-	9	10	-	10
5.2 Other marketable securities	I-3	68,847	83,551	152,398	-	-	-
VI. LOANS		695,430	737,807	1,433,237	557,573	705,270	1,262,843
6.1 Short term	I-4	595,038	570,753	1,165,791	485,691	647,711	1,133,402
6.2 Medium and long term	I-4	89,478	167,054	256,532	62,722	57,559	120,281
6.3 Loans under follow-up	I-4	20,840	-	20,840	26,401	-	26,401
6.4 Specific provisions (-)	I-4	(9,926)	-	(9,926)	(17,241)	-	(17,241)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. SECURITIES HELD TO MATURITY (Net)		65,350	-	65,350	92,781	-	92,781
8.1 Public sector debt securities	I-5	65,350	-	65,350	92,781	-	92,781
8.1.1 Government bonds	I-5	65,350	-	65,350	92,781	-	92,781
8.1.2 Treasury bills	I-5	-	-	-	-	-	-
8.1.3 Other public sector debt securities	I-5	-	-	-	-	-	-
8.2 Other marketable securities	I-5	-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)		432	-	432	10,570	-	10,570
9.1 Financial associates	I-6	432	-	432	10,570	-	10,570
9.2 Non-Financial associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)		81,159	54,717	135,876	73,472	57,869	131,341
10.1 Financial subsidiaries	I-7	81,159	54,717	135,876	73,472	57,869	131,341
10.2 Non-Financial subsidiaries		-	-	-	-	-	-
XI. OTHER INVESTMENTS (Net)		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)		-	-	-	-	-	-
12.1 Gross finance lease receivables	I-8	-	-	-	-	-	-
12.2 Unearned income (-)	I-8	-	-	-	-	-	-
XIII. RESERVE DEPOSITS		23,766	143,907	167,673	19,471	140,492	159,963
XIV. MISCELLANEOUS RECEIVABLES		530	75	605	318	89	407
XV. ACCRUED INTEREST AND INCOME RECEIVABLES		31,136	9,024	40,160	24,110	7,699	31,809
15.1 Loans	I-9	16,721	5,429	22,150	9,437	3,847	13,284
15.2 Marketable securities	I-9	4,908	340	5,248	2,440	50	2,490
15.3 Other	I-9	9,507	3,255	12,762	12,233	3,802	16,035
XVI. PROPERTY AND EQUIPMENT (Net)		38,716	-	38,716	39,309	-	39,309
16.1 Book value		106,541	-	106,541	102,354	-	102,354
16.2 Accumulated depreciation (-)		(67,825)	-	(67,825)	(63,045)	-	(63,045)
XVII. INTANGIBLE ASSETS [Net]		3,506	-	3,506	3,672	-	3,672
17.1 Goodwill		-	-	-	-	-	-
17.2 Other		9,659	-	9,659	9,429	-	9,429
17.3 Accumulated amortization (-)		(6,153)	-	(6,153)	(5,757)	-	(5,757)
XVIII. OTHER ASSETS	I-10	21,465	1,119	22,584	34,940	260	35,200
TOTAL ASSETS		1,653,114	1,876,755	3,529,869	1,390,202	1,690,569	3,080,771

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

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)
TURK EKONOMI BANKASI A.S.
BALANCE SHEETS RESTATED FOR THE EFFECTS OF INFLATION
AS OF JUNE 30, 2004 AND DECEMBER 31, 2003
(Currency-Billions of Turkish lira in equivalent purchasing power at June 30, 2004)

II- BALANCE SHEETS - LIABILITIES

	Note Ref. (Section 5)	Reviewed			Audited		
		Current Period 30.06.2004			Prior Period 31.12.2003		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS		943,011	1,519,826	2,462,837	711,244	1,427,165	2,138,409
1.1 Bank deposits	II-1	53,064	61,106	114,170	66,194	67,266	133,460
1.2 Saving deposits	II-1	440,234	-	440,234	300,964	-	300,964
1.3 Public sector deposits	II-1	63,055	-	63,055	112	-	112
1.4 Commercial deposits	II-1	337,303	-	337,303	298,412	-	298,412
1.5 Other institutions deposits	II-1	49,355	-	49,355	45,562	-	45,562
1.6 Foreign currency deposits	II-1	-	1,446,382	1,446,382	-	1,343,984	1,343,984
1.7 Precious metals deposit accounts	II-1	-	12,338	12,338	-	15,915	15,915
II. MONEY MARKET BORROWINGS		14,941	-	14,941	16,677	-	16,677
2.1 Interbank money market borrowings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market borrowings		-	-	-	-	-	-
2.3 Funds provided under repurchase agreements	II-2	14,941	-	14,941	16,677	-	16,677
III. FUNDS BORROWED		34,761	485,298	520,059	42,297	350,398	392,695
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed	II-3	34,761	485,298	520,059	42,297	350,398	392,695
3.2.1 Domestic banks and institutions	II-3	34,761	36,320	71,081	25,649	27,811	53,460
3.2.2 Foreign banks, institutions and funds	II-3	-	448,978	448,978	16,648	322,587	339,235
IV. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills	II-4	-	-	-	-	-	-
4.2 Asset backed securities	II-4	-	-	-	-	-	-
4.3 Bonds	II-4	-	-	-	-	-	-
V. FUNDS	II-5	-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES	II-6	14,553	17,936	32,489	15,387	11,097	26,484
VII. OTHER EXTERNAL RESOURCES	II-7	46,494	8,828	55,322	35,589	6,581	42,170
VIII. TAXES AND OTHER DUTIES PAYABLE		6,717	-	6,717	8,160	-	8,160
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)		-	4,699	4,699	-	5,298	5,298
10.1 Finance Lease Payables	II-8	-	5,864	5,864	-	6,526	6,526
10.2 Deferred finance lease expenses (-)	II-8	-	(1,165)	(1,165)	-	(1,228)	(1,228)
XI. ACCRUED INTEREST AND EXPENSES PAYABLE		30,179	8,858	39,037	24,437	8,179	32,616
11.1 Deposits	II-9	23,094	1,767	24,861	12,694	1,338	14,032
11.2 Borrowings	II-9	1,636	4,009	5,645	1,895	2,486	4,381
11.3 Repurchase agreements	II-9	10	-	10	15	-	15
11.4 Other	II-9	5,439	3,082	8,521	9,833	4,355	14,188
XII. PROVISIONS		16,344	-	16,344	42,613	-	42,613
12.1 General provisions	II-10	9,377	-	9,377	8,528	-	8,528
12.2 Reserve for employee termination benefits		1,490	-	1,490	1,335	-	1,335
12.3 Provisions for income taxes		5,216	-	5,216	32,410	-	32,410
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions	II-10	261	-	261	340	-	340
XIII. SUBORDINATED LOANS	II-10	-	22,214	22,214	-	22,599	22,599
XIV. SHAREHOLDERS' EQUITY		355,493	(283)	355,210	353,050	-	353,050
14.1 Paid-in capital	II-11	57,800	-	57,800	55,125	-	55,125
14.2 Supplementary capital		233,724	(283)	233,441	237,727	-	237,727
14.2.1 Share premium	II-12	-	-	-	-	-	-
14.2.2 Share cancellation profits		-	-	-	-	-	-
14.2.3 Marketable securities value increase fund		(3,395)	(283)	(3,678)	120	-	120
14.2.4 Revaluation fund		-	-	-	632	-	632
14.2.5 Value increase in revaluation fund		-	-	-	-	-	-
14.2.6 Other capital reserves		-	-	-	-	-	-
14.2.7 Effect of inflation accounting on share capital		237,119	-	237,119	236,975	-	236,975
14.3 Profit reserves		6,496	-	6,496	2,641	-	2,641
14.3.1 Legal reserves		6,496	-	6,496	2,641	-	2,641
14.3.2 Status reserves		-	-	-	-	-	-
14.3.3 Extraordinary reserves		-	-	-	-	-	-
14.3.4 Other profit reserves		-	-	-	-	-	-
14.4 Profit or loss		57,473	-	57,473	57,557	-	57,557
14.4.1 Prior year income/loss		37,279	-	37,279	2,514	-	2,514
14.4.2 Current period income/loss		20,194	-	20,194	55,043	-	55,043
TOTAL LIABILITIES		1,462,493	2,067,376	3,529,869	1,249,454	1,831,317	3,080,771

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

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

TURK EKONOMI BANKASI A.S.

STATEMENTS OF OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES

RESTATED FOR THE EFFECTS OF INFLATION AS OF JUNE 30, 2004 AND DECEMBER 31 2003

(Currency-Billions of Turkish lira in equivalent purchasing power at June 30, 2004)

III- STATEMENTS OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref. (Section 5)	Reviewed			Audited		
		Current Period 30.06.2004			Prior Period 31.12.2003		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		1,014,744	2,186,780	3,201,524	833,086	1,798,463	2,631,549
I. GUARANTEES	IV-2,3	432,383	826,206	1,258,589	407,112	771,550	1,178,662
1.1 Letters of guarantee		432,383	379,944	812,327	407,034	339,793	746,827
1.1.1 Guarantees subject to State Tender Law		37,459	79	37,538	35,429	1,962	37,391
1.1.2 Guarantees given for foreign trade operations		99,581	24,153	123,734	92,408	859	93,267
1.1.3 Other letters of guarantee		295,343	355,712	651,055	279,197	336,972	616,169
1.2 Bank acceptances		-	50,864	50,864	-	52,461	52,461
1.2.1 Import acceptances		-	50,864	50,864	-	52,461	52,461
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	392,884	392,884	78	374,981	375,059
1.3.1 Documentary letters of credit		-	360,582	360,582	78	347,110	347,188
1.3.2 Other letters of credit		-	32,302	32,302	-	27,871	27,871
1.4 Guaranteed prefinancing		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	-	-	-	-	-
1.9 Other suretyships		-	2,514	2,514	-	4,315	4,315
II. COMMITMENTS		377,767	449,881	827,648	360,649	301,482	662,131
2.1 Irrevocable commitments		377,767	384,721	762,488	360,649	301,482	662,131
2.1.1 Asset purchase commitments		12,204	84,423	96,627	-	-	-
2.1.2 Deposit purchase and sales commitments		1,000	300,298	301,298	-	301,482	301,482
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		124,156	-	124,156	133,812	-	133,812
2.1.5 Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		122,751	-	122,751	110,949	-	110,949
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits	IV-2	117,656	-	117,656	115,888	-	115,888
2.1.10 Receivables from short sale commitments		-	-	-	-	-	-
2.1.11 Payables for short sale commitments		-	-	-	-	-	-
2.1.12 Other irrevocable commitments		-	-	-	-	-	-
2.2 Revocable commitments		-	65,160	65,160	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	65,160	65,160	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		204,594	910,693	1,115,287	65,325	725,431	790,756
3.1 Forward foreign currency buy/sell transactions		204,594	772,867	977,461	65,325	428,872	494,197
3.1.1 Forward foreign currency transactions-buy		70,228	418,793	489,021	23,754	222,007	245,761
3.1.2 Forward foreign currency transactions-sell		134,366	354,074	488,440	41,571	206,865	248,436
3.2 Swap transactions related to f.c. and interest rates		-	137,826	137,826	-	296,559	296,559
3.2.1 Foreign currency swap-buy		-	65,442	65,442	-	147,334	147,334
3.2.2 Foreign currency swap-sell		-	65,414	65,414	-	148,280	148,280
3.2.3 Interest rate swaps-buy		-	3,417	3,417	-	443	443
3.2.4 Interest rate swaps-sell		-	3,553	3,553	-	502	502
3.3 Foreign currency and interest rate 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		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		2,230,762	1,031,448	3,262,210	1,915,660	665,162	2,580,822
IV. ITEMS HELD IN CUSTODY		1,762,023	382,156	2,144,179	1,393,252	328,695	1,721,947
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		761,040	191,521	952,561	533,697	156,715	690,412
4.3 Checks received for collection		946,153	91,501	1,037,654	807,838	76,513	884,351
4.4 Commercial notes received for collection		54,806	39,577	94,383	51,717	38,878	90,595
4.5 Other assets received for collection		24	59,557	59,581	-	56,589	56,589
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	-	-	-	-	-
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		468,739	649,292	1,118,031	522,408	336,467	858,875
5.1 Marketable securities		47,320	23,584	70,904	23,449	15,803	39,252
5.2 Guarantee notes		5,505	2,336	7,841	6,209	2,475	8,684
5.3 Commodity		21,215	233,065	254,280	203,393	16,525	219,918
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		246,254	241,863	488,117	151,548	189,392	340,940
5.6 Other pledged items		148,445	148,444	296,889	137,809	112,272	250,081
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		3,245,506	3,218,228	6,463,734	2,748,746	2,463,625	5,212,371

The accompanying notes are an integral part of these statements.

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)
TURK EKONOMI BANKASI A.S.
INCOME STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE INTERIM
PERIODS ENDED JUNE 30, 2004 AND 2003
(Currency-Billions of Turkish lira in equivalent purchasing power at June 30, 2004)

IV- STATEMENTS OF INCOME

		Reviewed	Reviewed	Reviewed	Reviewed
		Current Period	Prior period	01.04.2004	01.04.2003
		30.06.2004	30.06.2003	- 30.06.2004	- 30.06.2003
Note Ref.					
(Section 5)		Total	Total	Total	Total
I.	INTEREST INCOME	194,876	176,586	100,182	82,086
1.1	Interest on loans	106,916	90,911	59,587	44,043
1.1.1	Interest on TL loans	87,903	76,619	49,494	37,390
1.1.1.1	Short term loans	78,222	72,732	43,143	36,123
1.1.1.2	Medium and long term loans	9,681	3,887	6,351	1,267
1.1.2	Interest on foreign currency loans	18,785	14,115	9,969	6,595
1.1.2.1	Short term loans	15,986	13,405	8,334	6,266
1.1.2.2	Medium and long term loans	2,799	710	1,635	329
1.1.3	Interest on loans under follow-up	228	177	124	58
1.1.4	Premiums received from Resource Utilization Support Fund	-	-	-	-
1.2	Interest received from reserve deposits	3,675	3,111	1,851	1,445
1.3	Interest received from banks	6,353	15,176	2,950	7,529
1.3.1	The Central Bank of Turkey	18	0	(3)	-
1.3.2	Domestic banks	4,483	11,513	1,826	5,882
1.3.3	Foreign banks	1,852	3,663	1,127	1,647
1.4	Interest received from money market placements	39,688	53,271	20,874	22,045
1.5	Interest received from marketable securities portfolio	36,927	13,883	13,609	6,900
1.5.1	Trading securities	7,815	2,450	3,243	1,347
1.5.2	Available-for-sale securities	16,541	874	4,653	54
1.5.3	Held to maturity securities	12,571	10,559	5,713	5,499
1.6	Other interest income	1,317	234	1,311	124
II.	INTEREST EXPENSE	105,648	102,635	51,257	58,529
2.1	Interest on deposits	90,610	69,501	45,238	35,001
2.1.1	Bank deposits	9,232	5,687	4,727	2,970
2.1.2	Saving deposits	41,187	37,286	21,358	18,858
2.1.3	Public sector deposits	47	-	31	-
2.1.4	Commercial deposits	28,314	13,707	13,412	6,395
2.1.5	Other institutions deposits	739	216	293	110
2.1.6	Foreign currency deposits	11,017	12,515	5,382	6,648
2.1.7	Precious metals vault accounts	74	90	35	20
2.2	Interest on money market borrowings	4,848	10,933	921	6,608
2.3	Interest on funds borrowed	10,001	9,841	4,966	4,758
2.3.1	The Central Bank of Turkey	-	-	-	-
2.3.2	Domestic banks	3,780	4,716	1,848	2,419
2.3.3	Foreign banks	4,472	5,125	2,193	2,339
2.3.4	Branches and head office abroad	-	-	-	-
2.3.5	Other financial institutions	1,749	-	925	-
2.4	Interest on securities issued	-	-	-	-
2.5	Other interest expense	189	12,360	132	12,162
III.	NET INTEREST INCOME (I - II)	89,228	73,951	48,925	23,557
IV.	NET FEES AND COMMISSIONS INCOME	13,052	10,204	6,522	4,848
4.1	Fees and commissions received	19,640	18,412	9,773	8,804
4.1.1	Cash loans	1,603	2,069	772	909
4.1.2	Non-cash loans	6,259	4,976	3,194	2,494
4.1.3	Other	11,778	11,367	5,807	5,401
4.2	Fees and commissions paid	6,588	8,208	3,251	3,956
4.2.1	Cash loans	1,290	1,467	689	742
4.2.2	Non-cash loans	11	19	6	14
4.2.3	Other	5,287	6,722	2,556	3,200
V.	DIVIDEND INCOME	-	-	-	-
5.1	Trading securities	-	-	-	-
5.2	Available-for-sale securities	-	-	-	-
VI.	NET TRADING INCOME/LOSS	2,451	23,052	(15,155)	28,481
6.1	Profit/losses on trading transactions (Net)	11,718	(7,703)	5,004	1,501
6.1.1	Profit on trading transactions	47,072	68,766	21,841	25,099
6.1.1.1	Profit on derivative financial instruments	32,079	43,561	15,670	11,728
6.1.1.2	Other	14,993	25,205	6,171	13,370
6.1.2	Losses on trading transactions (-)	35,354	76,469	16,837	23,597
6.1.2.1	Losses on derivative financial instruments	26,002	65,307	11,246	22,205
6.1.2.2	Other	9,352	11,162	5,591	1,392
6.2	Foreign exchange gains/losses (Net)	(9,267)	30,755	(20,159)	26,980
6.2.1	Foreign exchange gains	105,317	106,708	63,784	92,530
6.2.2	Foreign exchange losses (-)	114,584	75,953	83,943	65,550
VII.	OTHER OPERATING INCOME	11,955	9,267	9,326	3,872
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)	116,686	116,474	49,618	60,758
IX.	PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	12,360	2,610	1,371	1,039
X.	OTHER OPERATING EXPENSES (-)	64,538	64,937	33,966	32,080
XI.	NET OPERATING INCOME (IX-X-XI)	39,788	48,927	14,281	27,639
XII.	PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	5,964	12,897	-	134
XIII.	NET MONETARY GAIN/(LOSS)	(17,938)	(22,283)	(3,292)	909
XIV.	INCOME BEFORE TAXES (XII+XIII+ XIV)	27,814	39,541	10,989	28,682
XV.	PROVISION FOR TAXES ON INCOME (-)	7,738	17,306	(2,422)	11,255
XVI.	NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV-XV)	20,076	22,235	13,411	17,427
XVII.	EXTRAORDINARY INCOME/EXPENSE AFTER TAXES	118	-	-	-
17.1	Extraordinary net income/expense before taxes	118	-	-	-
17.1.1	Extraordinary income	118	-	-	-
17.1.2	Extraordinary expense (-)	-	-	-	-
17.2	Provision for taxes on extraordinary income	-	-	-	-
XVIII.	NET PROFIT/LOSSES FOR THE PERIOD (XVI+XVII+XVIII)	20,194	22,235	13,411	17,427
	Earnings/Losses per share (Full amount)	174.69	201.68	121.64	158.06

The accompanying notes are an integral part of these statements.

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

TURK EKONOMI BANKASI A.S.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY RESTATED FOR THE EFFECTS OF INFLATION
FOR THE INTERIM PERIOD ENDED JUNE 30, 2004 AND 2003

(Currency-Billions of Turkish lira in equivalent purchasing power at June 30, 2004)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid-in Capital	Effect on inflation Accounting on Capital	Share premium	Share certificate cancellation profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Value Increase Fund Revaluation Fund	Marketable Securities Value Increase Fund	Total
Prior Period - 30.06.2003														
I. Balances at the end of prior period	55,125	236,975	-	-	-	-	-	-	22,811	-	-	-	248	315,159
II. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance	55,125	236,975	-	-	-	-	-	-	22,811	-	-	-	248	315,159
IV. Net Profit or Losses	-	-	-	-	-	-	-	-	22,235	-	-	-	-	22,235
V. Profit Distribution	-	-	-	-	2,641	-	-	-	(22,811)	2,514	-	-	-	(17,656)
5.1 Dividends distributed	-	-	-	-	-	-	-	-	-	(17,656)	-	-	-	(17,656)
5.2 Transfers to legal reserves	-	-	-	-	2,641	-	-	-	(22,811)	20,170	-	-	-	-
5.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Increase in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Revaluation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.3 Value Increase Fund Revaluation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.4 Marketable Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.5 Adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.6 Issuance of share certificates at end of period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.7 Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.8 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Others	-	-	-	-	-	-	-	-	-	-	-	-	(172)	(172)
Balances (I+II+IV+V+VI+VII)	55,125	236,975	-	-	2,641	-	-	-	22,235	2,514	-	-	76	319,566
Current Period - 30.06.2004														
I. Balances at the end of prior period	55,125	236,975	-	-	2,641	-	-	-	55,043	2,514	632	-	120	353,050
Increases in the period:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Investments securities available for sale	-	-	-	-	-	-	-	-	-	-	-	-	(3,798)	(3,798)
2.1 Net fair value gains/losses	-	-	-	-	-	-	-	-	-	-	-	-	(3,798)	(3,798)
III. Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1 Net fair value gains/losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred Amounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Investments securities available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Transferred to net income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1 Transferred to net income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2 Transferred to assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Net Profit or Losses	-	-	-	-	-	-	-	-	20,194	-	-	-	-	20,194
VII. Profit Distribution	-	-	-	-	3,855	-	-	-	(55,043)	36,952	-	-	-	(14,236)
7.1 Dividends distributed	-	-	-	-	-	-	-	-	-	(14,236)	-	-	-	(14,236)
7.2 Transfers to legal reserves	-	-	-	-	3,855	-	-	-	(55,043)	51,188	-	-	-	-
7.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Increase in capital	2,675	144	-	-	-	-	-	-	-	(2,187)	(632)	-	-	-
8.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2 Revaluation Fund	2,675	144	-	-	-	-	-	-	-	(2,187)	(632)	-	-	-
8.3 Value Increase Fund Revaluation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.4 Marketable Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.5 Adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.6 Issuance of share certificates at end of period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.7 Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.8 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balances (I+II+III+IV+V+VI+VII+VIII+IX)	57,800	237,119	-	-	6,496	-	-	-	20,194	37,279	-	-	(3,678)	355,210

The accompanying notes are an integral part of these statements.

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXV)
TURK EKONOMI BANKASI A.S.
STATEMENTS OF CASH FLOWS RESTATED FOR THE EFFECTS OF INFLATION FOR THE
INTERIM PERIODS ENDED JUNE 30, 2004 AND 2003
(Currency-Billions of Turkish lira in equivalent purchasing power at June 30, 2004)

VI. STATEMENTS OF CASH FLOWS

	Note Ref. (5. Bolum)	Current Period 30.06.2004	Prior Period 30.06.2003
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		25,428	32,211
1.1.1 Interest received		189,636	176,851
1.1.2 Interest paid		(96,532)	(101,512)
1.1.3 Dividend received		5,964	-
1.1.4 Fees and commissions received		19,640	18,412
1.1.5 Other income		14,279	20,825
1.1.6 Collections from previously written off loans and other receivables		3,588	2,485
1.1.7 Payments to personnel and service suppliers		(32,989)	(29,904)
1.1.8 Taxes paid		(18,271)	(45,062)
1.1.9 Others		(59,887)	(9,885)
1.2 Changes in operating assets and liabilities		274,924	(97,814)
1.2.1 Net (increase) decrease in trading securities		(36,257)	56,093
1.2.2 Net (increase) decrease in due from banks and other financial institutions		15,289	142,971
1.2.3 Net (increase) decrease in loans		(168,590)	2,989
1.2.4 Net (increase) decrease in other assets		(4,345)	(790)
1.2.5 Net increase (decrease) in bank deposits		(19,290)	8,043
1.2.6 Net increase (decrease) in other deposits		343,718	(367,180)
1.2.7 Net increase (decrease) in funds borrowed		127,364	6,959
1.2.8 Net increase (decrease) in matured payables		-	-
1.2.9 Net increase (decrease) in other liabilities		17,035	53,102
I. Net cash provided from banking operations		300,352	(65,603)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(136,324)	(14,215)
2.1 Cash paid for purchase of investments, associates and subsidiaries		-	-
2.2 Cash obtained from sale of investments, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(5,394)	(2,939)
2.4 Fixed assets sales		295	2,004
2.5 Cash paid for purchase of securities available for sale		(152,397)	(32,082)
2.6 Cash obtained from sale of securities available for sale		-	20,780
2.7 Cash paid for purchase of investment securities		(24,209)	(2,219)
2.8 Cash obtained from sale of investment securities		45,381	242
2.9 Extraordinary items		-	-
2.10 Other s		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(14,717)	(17,782)
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		(14,236)	(17,655)
3.5 Payments for finance leases		(599)	(127)
3.6 Extraordinary items		118	-
3.7 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		(6,112)	(100,854)
V. Net increase / (decrease) in cash and cash equivalents(I+II+III)		143,199	(198,454)
VI. Cash and cash equivalents at beginning of the year	V-1	1,252,183	1,269,170
VII. Cash and cash equivalents at end of the year	V-1	1,395,382	1,070,715

The accompanying notes are an integral part of these statements.

**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)
TURK EKONOMI BANKASI A.S.
NOTES TO FINANCIAL STATEMENT RESTATED FOR THE EFFECTS OF INFLATION
FOR THE INTERIM PERIOD ENDED AS OF JUNE 30, 2004
(Currency-Billions of Turkish lira in equivalent purchasing power at June 30, 2004)**

SECTION THREE

ACCOUNTING PRINCIPLES

I- Basis of Presentation

The Bank prepares its financial statements in accordance with the “Accounting Application Regulations” (AAR) based on Article 13 named as “Accounting and Recording System” of the Banking Law 4389 and related communiqués and related explanations and further communiqués that add or cause a change on the content of the relevant communiqués.

Restatement of Financial Statements to The Current Period Purchasing Power

The “Accounting Standard on Financial Statements at Hyperinflation Periods”, Communiqué No:14 of “Accounting Application Regulations” (AAR) became effective from July 1, 2002.

In accordance with the communiqué No:14, the Bank’s financial statements should be restated, taking the current period equivalent purchasing power of Turkish lira into account. In other words, Communiqué No:14 states that, financial statements prepared in terms of the domestic currency of a country with high inflation rate should be restated in accordance with the equivalent purchasing power of the domestic currency at the balance sheet date. Prior period financial statements should also be restated in their entirety to the measuring unit current at the balance sheet date. One characteristic that necessitates the application of inflation accounting under the provisions of Communiqué No : 14 is a cumulative three-year inflation rate approaching or exceeding 100%. Restatement of financial statements is based on both the principles described in Communiqué No.14 and the wholesale price indices published in its appendix and the wholesale price indices announced by the State Institute of Statistics. Detailed information on the application of inflation accounting is provided in the notes to the financial statements under “Footnotes and Explanations on Inflation Accounting”.

Other Basis of Valuation

Basis of valuation used for assets and liabilities in the preparation of financial statements are explained in the accounting principles for the related assets and liabilities.

Changes in Accounting Policies and Valuation Methods in the Current Period

None.

II- Explanations on Forward and Option Contracts and Derivative Instruments

In the absence of forward foreign currency market rates and reliable forward rate estimations in a volatile market, values of foreign currency forward and swap transactions are determined by comparing the period end Bank foreign exchange rates with the forward rates discounted to the balance sheet date. The resulting gain or loss is reflected to the income statement. In determination of the fair vales of interest rate swaps, discounted values calculated using the fixed and floating interest rates between the transaction date and repricing date are used.

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

**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)
 TURK EKONOMI BANKASI A.S.
 NOTES TO FINANCIAL STATEMENT RESTATED FOR THE EFFECTS OF INFLATION FOR THE INTERIM PERIOD ENDED AS OF JUNE 30, 2004 (Continued)
 (Currency-Billions of Turkish lira in equivalent purchasing power at June 30, 2004)**

Foreign Currency Assets and Liabilities

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

III- Offsetting of Financial Assets and Liabilities

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

IV- Interest Income and Expense

Interest income and expense are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method. In accordance with the related regulation, the due and not due interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as interest income only when collected.

V- Fees and Commission Income and Expense

Commission income and fees for various banking services are recorded as income when collected.

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

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

VI- Securities Held for Trading

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists.

Trading securities are initially recognized at cost. Transaction costs of the related securities are included in the initial cost. The positive difference between the cost and fair value of such securities is accounted for as interest and income accrual, and the negative difference is accounted for as "Provision for Decrease in Value of Marketable Securities".

VII- Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the clients are recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly, the government bonds and treasury bills sold to clients under repurchase agreements are classified under securities held for trading and available for sale depending on the portfolio they are originally included in, in the financial statements and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub account under money markets borrowings account in the liabilities. The interest expense accruals are calculated using the effective interest method for the funds obtained under repurchase agreements and are reflected to the interest and other expense accruals account in the balance sheet.

The above-mentioned transactions are short-term and consist of domestic public sector debt securities.

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The income and expenses generated from above mentioned transactions are reflected to the “Interest Income on Marketable Securities” and “Interest Expense on Marketable Securities subject to Repurchase Agreement” accounts in the of income statements.

As of June 30, 2004, the Bank does not have any reverse repo transactions (2003 - None).

As of June 30, 2004, the Bank does not have any lent marketable securities (2003 - None).

**VIII- Securities Held to Maturity, Securities Available for Sale and Bank Originated Loans an
Receivables**

Securities held to maturity include securities with fixed or determinable payments and fixed maturity where there is intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability exist for funding ability till maturity. This portfolio excludes bank originated loans and receivables.

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

The marketable securities are initially recognized at cost including the transaction costs.

After the initial recognition, available for sale securities are measured at fair values and the unrealized gain/loss originating from the difference between the initial cost and the fair value is recorded in “Securities Value Increase Fund” under the equity. The difference between fair value and amortized cost of investments by using effective interest rate method is considered while calculating value increase/decrease of investments. If these securities do not have a quoted price formed in an active market and since the fair values of these securities could not be determined reliably, they are valued as stated in the articles of the AAR’s Communiqué No:1, “Accounting Standards of Financial Instruments.”

Loans and receivables originated by the Bank are those generated by lending money and exclude those that are held with the intention of trading or selling in near future.

Held to maturity securities are remeasured at amortized cost by using original effective interest rate and reserve for impairment in value is provided, if any.

The interests received from securities held to maturity are recorded as interest income. There are no dividends related with any marketable securities that are held to maturity.

There are no financial assets that were previously classified as securities held to maturity but cannot be currently classified as held to maturity for two years due to “tainting” rules.

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

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

IX- Investments in Associates

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

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X- Investments in Subsidiaries

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

XI- Originated Loans and Receivables and Provisions for Loan Losses

The Bank initially records originated loans and receivables at cost. In the subsequent periods, in accordance with the AAR, Communiqué No:1, these loans are remeasured at amortized cost using effective interest rate method. Transaction expenses and other expenses paid for the guarantees taken for the originated loans are taken into consideration while calculating the banks financing cost and these are reflected to the interest rates of the loans.

Cash loans are recorded in accordance with the regulations stated in the Communiqué on the Uniform Chart of Accounts and Its Explanations.

Provision is set for the loans that may be doubtful and the amount is expensed at the current period. The provisioning criteria for the non-performing loans are determined by the Bank's management for compensating the probable losses of the current loan portfolio, by means of evaluating the portfolio for its quality and risk factors and by means of considering the economical conditions, other facts and related regulations.

Specific reserves are computed and provided for Group III, IV and V loans in accordance with the Banking Law No.4389 as revised by Law Number 4672 and 4491, Article 3, Sub Article 11 and Article 11, Sub Article 12 published on the Official Gazette No. 24448 dated June 30, 2001 on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" amended by Communiqués published on the Official Gazette No:34657 date January 31, 2002. These provisions are reflected in the income statement under "Provision and Impairment Expenses - Special Provision Expense". The collections made regarding these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables.

The collections made related to loans for which provision is made in the current period are deducted from the "Provision for Loans and Other Receivables" account in the income statement. The collections made related to loans written off or for which provision was made in prior years are recorded under "Other Operating Income" account and related interest income is recorded under the "Interest Received from Non-performing Loans" account.

Releases of loan provisions are recorded in the "Provision and Impairment Expenses - Special Provision Expense" account as income.

XII- Goodwill and Other Intangible Assets

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

The intangible assets are reflected at restated costs in accordance with inflation accounting and are depreciated with straight-line method. The depreciation rate is 20%. The cost of assets subject to depreciation is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

The intangible assets of the Bank comprise mainly softwares. The requirements of the Turkish Tax Procedural Code are taken into consideration in determining the useful lives and no other specific criteria are used. The useful lives of these assets are determined as 5 years. Softwares used are mainly developed within the Bank by the Bank's personnel, and the expenses regarding these are not capitalized. Software is purchased only in emergency cases and for special projects.

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

XIII- Tangible Fixed Assets

Buildings are reflected at their restated costs, less reserve for impairment, if any. In accordance with the Communiqué No:14, buildings are valued by independent real estate valued companies at year end. The appraisal values approximate restated costs at June 30, 2004. The straight-line method of depreciation is used for buildings and useful life is considered as 50 years.

Other tangible fixed assets are reflected at their restated costs and depreciated by straight-line method at a rate of 20%. A prorata basis is used for depreciation of assets held less than one year as of the balance sheet date. Leasehold improvements are depreciated over the lease period by straight-line method. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Motor vehicles	20
Furniture, fixtures and office equipment	20
Leasehold improvements	Lease period

Gain or loss resulting from disposals of the tangible fixed assets are reflected to the income statement as the difference between the net proceeds and net book value.

Repair costs of the tangible fixed assets are capitalized if they extend the economic useful life of the related asset. Other repair costs are expensed. There are no pledges, mortgages or other restrictions on the tangible fixed assets.

There are no purchase commitments related to the tangible fixed assets.

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

XIV- Leasing Transactions

Tangible fixed assets acquired by financial leases are accounted in accordance with AAR, Article 7 of the Communiqué No:4, "Accounting Standard for Leasing Transactions." In accordance with the above-mentioned article, the leasing transactions, which consist only foreign currency liabilities, are translated to Turkish lira with the exchange rates effective at the transaction dates and they are recorded both as an asset and a liability. The foreign currency liabilities are translated to Turkish lira with the Bank's period end exchange rate. The increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The financing cost resulting from leasing is distributed through the agreement period to form a fixed interest rate.

In addition to the interest expense, the Bank provides depreciation expense for the leased assets in each period. The depreciation rate is determined in accordance with "Accounting Standard for Tangible Fixed Assets" and the depreciation rate used is 20%.

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

The Bank does not have any leasing transactions as lessor.

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XV- Provisions and Contingent Liabilities

The provisions and contingent liabilities are determined in accordance with the Communiqué No:8 of AAR, except for the general and specific provisions set for the loans and other receivables. Provisions are recognized for present obligations as a result of past events immediately at the estimated amounts.

XVI- Liabilities Regarding Employee Benefits

In accordance with the existing social legislation, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The retirement pay is calculated for every year worked in the Bank over the salary for 30 days and the notice pay is determined by the relevant notice period time calculated over the years worked in the Bank. In accordance with AAR, Communiqué No:10, the Bank sets provision for retirement, notice pay and vacation pay liabilities by taking the actual payment rates for the previous 5 years into consideration.

The Bank has no employees contracted for determined periods.

As of June 30, 2004 and December 31, 2003, the arithmetic average of the actual payments realized for the previous five years are 8.54% and 8.35% respectively and this forms the base of the provision amount that is set for the retirement and notice pay liabilities.

The Bank employees are members of "Teblliler Foundation". The Bank does not have any liability to this foundation.

There are no liabilities that require additional provisions related to other employee rights.

XVII- Taxation

Corporate tax

Law No. 4842, effective from April 24, 2003, abolished the 10% fund levy. Beginning with 2003, the effective corporation tax rate reverted to 30%. However, with Law No. 5035 published at January 2, 2004, only for the year 2004 the corporation tax will be calculated at 33%.

The tax legislation, provides for a temporary tax of 30% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year. However, in accordance with Law No. 5035, temporary taxes for the year 2004 will be calculated and paid at the rate of 33%.

Tax returns are required to be filed until the fifteenth of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

In 2003 and prior years corporation tax is computed on the statutory income tax base determined in accordance with the Procedural Tax Code without any adjustment for inflation accounting. With Law No. 5024 published on December 30, 2003 related with changes in Procedural Tax Code, Income Tax Law and Corporation Tax Law, starting from January 1, 2004, taxable income will be derived from the financial statements which are adjusted for inflation accounting. Accumulated earnings arising from the first application of inflation accounting on December 31, 2003 balance sheet will not be subject to corporation tax, and similarly accumulated deficits arising from such application will not be deductible for tax purposes. Moreover, accumulated tax loss carry forwards related with 2003 and prior periods will be utilized at their historical (nominal) values in 2004 and future years. The Bank has computed current tax by considering changes resulted from effects of inflation that has been published on July 31, 2004 with Law No. 5228.

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Tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Deferred tax

Certain income and expense items are taxable in periods different from those in which they are recognized in the financial statements. Deferred taxes on such timing differences are calculated and reflected in full in the accompanying financial statements. The Bank does not compute deferred tax on the effects of inflation accounting.

As of June 30, 2004 and December 31, 2003, the deferred tax asset is included in other assets in the accompanying balance sheet and the deferred tax provision is stated under the tax provision in the accompanying income statement.

XVIII- Additional Explanations on Borrowings

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

XIX- Paid-in Capital and Share Certificates

The Bank does not have any costs related to share issue as of June 30, 2004. In the General Assembly meeting of the Bank, dated March 26, 2004, it was decided to distribute the profit for the year 2003 after providing the legal reserves. The amounts distributed to the shareholders who are subject to and not subject to withholding tax are TL 229 and TL 254 (Nominal full TL) respectively for every 1,000 TL nominal shares.

XX- Acceptances

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

XXI- Government Incentives

There are no government incentives utilized by the Bank.

XXII- Securities at Custody

Securities held by the Bank at custody on behalf of clients are not included in the balance sheet since they are not assets of the Bank.

XXIII- Impairment of Assets

At every balance sheet date, the evidence on impairment in value of assets is evaluated objectively for existence. When an evidence regarding impairment in value exists, the realizable value of the asset is determined. The difference between book and net realizable value of the asset is recorded as provision for impairment in the balance sheet and as an expense in the income statement.

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XXIV- Other Matters

Explanation for convenience translation to English

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

There are no other matters required to be disclosed.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I- Capital Adequacy Standard Ratio

The method used for risk measurement for capital adequacy standard ratio: Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks ", which was published on January 31, 2002 in the Official Gazette numbered 24657. As of June 30, 2004, the Bank's capital adequacy ratio is %13.60 (December 31, 2003 - %14.88).

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

The values deducted from the capital in the shareholders' equity computation are not considered while calculating risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and depletion among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

While calculating the basis of non-cash loans subject to credit risk, the net receivable amount from the counter parties found by means of deducting the provision amount set in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" is multiplied by the rates presented at the Clause 1, Article 21 of the "Communiqué on Regulations on the Establishment and Operations of Banks", and included in the related risk group and weighted by the related group's risk.

Receivables from counter parties generated from derivative foreign currency and interest rate transactions are included in the related risk group at the loan conversion rates stated in Clause 2, Article 21 of the "Communiqué on Regulations on the Establishment and Operations of Banks" and weighted for a second time by the weight of the related risk group.

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Information related to the capital adequacy ratio:

	Risk Weight			
	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non-Cash Loans				
Balance Sheet items (Net)	1,416,215	244,734	92,025	1,306,250
Cash	75,890	44	-	-
Due from banks	558,971	244,690	-	108
Interbank money market placements	523,679	-	-	-
Receivables from reverse repo transactions	-	-	-	-
Reserve deposits	167,673	-	-	-
Special finance houses	-	-	-	-
Loans	79,106	-	81,879	1,261,338
Loans under follow-up (Net)	-	-	-	10,914
Subsidiaries, associates and investments held to maturity	-	-	-	-
Miscellaneous receivables	-	-	-	605
Marketable securities held to maturity (Net)	-	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-
Financial lease receivables	-	-	-	-
Leased assets (Net)	-	-	10,146	-
Fixed assets (Net)	-	-	-	22,323
Other assets	10,896	-	-	10,962
Off balance sheet items	474,297	540,973	281,140	59,930
Guarantees and pledges	22,234	538,323	83,678	26,689
Commitments	449,881	-	197,462	-
Other off balance sheet items	-	-	-	-
Transactions related with derivative financial instruments	-	-	-	11,048
Interest and income accruals	2,182	2,650	-	22,193
Non risk weighted accounts	-	-	-	-
Total Value at Risk	1,890,512	785,707	373,165	1,366,180
Total Risk Weighted Assets	-	157,141	186,583	1,366,180

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (I)	1,709,904	1,530,107
Amount Subject to Market Risk (II)	54,953	26,716
Shareholders' Equity	240,014	231,653
Shareholders' Equity / (I+II)*100	13.60	14.88

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Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	57,800	55,125
Nominal capital	57,800	55,125
Capital commitments (-)	-	-
Effect of Inflation Accounting on Share Capital	237,119	236,975
Share Premium and Cancellation Profits	-	-
Legal Reserves	6,496	2,641
First legal reserve (Turkish Commercial Code 466/1)	3,599	1,015
Second legal reserve (Turkish Commercial Code 466/2)	2,897	1,626
Other legal reserve per special legislation	-	-
Statute Reserves	-	-
Extraordinary reserves	-	-
Reserves allocated by the General Assembly	-	-
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Profit	57,473	57,557
Current period profit	20,194	55,043
Prior years' profit	37,279	2,514
Loss (-)	-	-
Current period loss	-	-
Prior years' loss	-	-
Total Main Capital	358,888	352,298
SUPPLEMENTARY CAPITAL		
Revaluation Fund	-	632
Furniture, fixture and vehicles	-	-
Buildings	-	-
Profit on sale of associates, subsidiaries and buildings to be transferred to share capital	-	632
Revaluation fund of leasehold improvements	-	-
Increase in the Value of Revaluation Fund	-	-
Foreign Exchange Differences	-	-
General Reserves	9,377	8,528
Provisions for Possible Losses	-	-
Subordinated Loans	22,214	22,599
Marketable Securities Value Increase Fund	(3,678)	120
Associates and subsidiaries	477	120
Available for sale securities	(4,155)	-
Structured positions	-	-
Total Supplementary Capital	27,913	31,879
TIER III CAPITAL		
CAPITAL	386,801	384,177
DEDUCTIONS FROM THE CAPITAL	146,787	152,524
Investments in financial companies which mainly operate in money and capital markets, or insurance sector with permissions and licenses provided in accordance with special laws	136,808	141,911
Leasehold improvements	6,247	7,205
Start-up costs	-	-
Prepaid expenses	4,232	3,408
The negative difference between the market values and the carrying amounts for investments, subsidiaries, other investments and fixed assets	-	-
Subordinated loans given to other banks which operate in Turkey	-	-
Goodwill (Net)	-	-
Capitalized expenses	-	-
Total Shareholder's Equity	240,014	231,653

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II- Market Risk

The Bank has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqués on "Internal Control and Risk Management Systems of Banks", and "Measurement and Assessment of Capital Adequacy of Banks".

The Board of Directors determines the limits for the basic risk that the Bank is exposed to. Those limits are revised periodically in line with the strategies of the Bank. Additionally, the Board of Directors has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Bank.

The interest rate and exchange rate risks of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured and while calculating the capital adequacy, the amount subject to VAR is taken into consideration by the standard method. Scenario analysis and stress tests are used additionally in market risk computations and reported to senior management.

	Amount
Capital to be employed for interest rate risk – standard method	3,582
Capital to be employed for general market risk	3,582
Capital to be employed for specific risk	-
Capital to be employed for options subject to interest rate risk	-
Capital to be employed for common stock position risk – Standard method	-
Capital to be employed for general market risk	-
Capital to be employed for specific risk	-
Capital to be employed for options subject to common stock position risk	-
Capital to be employed for currency risk – Standard method	814
Capital liability	814
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	4,396
Amount subject to market risk	54,953

III- Foreign Currency Risk

Foreign currency risk indicates the probabilities of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and value at risk is calculated by using the standard method.

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

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

The Treasury Department of the Bank is responsible for the management of Turkish Lira or foreign currency price, liquidity and affordability risks that could occur in the domestic and international markets within the limits set by the Board of Directors. The monitoring of risk and risk related transactions occurring in the money markets is performed daily and reported to the Bank's Asset-Liability Committee.

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As of June 30, 2004, the Bank's net long position is TL 11,638 (December 31, 2003 - TL 20,290 net short) resulting from short position amounting to TL 53,017 (December 31, 2003 - TL 34,427) on the balance sheet and long position amounting to TL 64,655 (December 31, 2003 - TL 14,137) on the off-balance sheet.

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

	23.06.2004	24.06.2004	25.06.2004	26.06.2004	29.06.2004	30.06.2004
USD	1,484,382	1,482,897	1,484,168	1,486,485	1,485,911	1,480,911
CHF	1,184,175	1,186,024	1,186,659	1,186,991	1,180,960	1,175,303
GBP	2,699,005	2,690,376	2,702,473	2,715,757	2,705,500	2,677,744
JPY	13,620	13,740	13,743	13,737	13,668	13,576
EUR	1,799,219	1,796,084	1,800,741	1,809,202	1,806,868	1,796,938

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

	Monthly Average Foreign Exchange Rate
USD	1,488,240
CHF	1,187,297
GBP	2,718,861
JPY	13,573
EUR	1,806,598

Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	YEN	OTHER FC	TOTAL
Assets					
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	49,982	632,925	5	7,415	690,327
Due from other banks and financial institutions	17,825	198,809	3,061	11,589	231,284
Trading securities	504	4,327	-	341	5,172
Money market placements	-	63,679	-	-	63,679
Investment securities available-for-sale	-	83,551	-	-	83,551
Loans (**)	249,831	610,301	-	15,384	875,516
Investments in associates and subsidiaries	54,717	-	-	-	54,717
Investment securities held-to-maturity	-	-	-	-	-
Property and equipment	-	-	-	-	-
Goodwill	-	-	-	-	-
Other assets	2,105	7,639	18	429	10,191
Total Assets	374,964	1,601,231	3,084	35,158	2,014,437
Liabilities					
Bank deposits	4,082	8,865	12	48,147	61,106
Foreign currency deposits (*)	335,546	1,076,002	2,193	44,979	1,458,720
Money market borrowings	-	-	-	-	-
Funds provided from other financial institutions	45,139	460,879	-	1,494	507,512
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	11,539	5,737	-	660	17,936
Other liabilities	5,967	15,172	17	1,024	22,180
Total liabilities	402,273	1,566,655	2,222	96,304	2,067,454
Net Balance Sheet Position	(27,309)	34,576	862	(61,146)	(53,017)
Net Off-Balance Sheet Position	29,956	(25,529)	(734)	60,962	64,655
Financial derivative assets	160,354	256,809	1,037	111,557	529,757
Financial derivative liabilities	130,398	282,338	1,771	50,595	465,102
Non-cash loans (***)	258,026	519,547	14,989	33,644	826,206
Prior Period					
Total Assets	411,426	1,338,376	110	45,779	1,795,691
Total Liabilities	339,926	1,388,100	1,970	100,122	1,830,118
Net Balance Sheet Position	71,500	(49,724)	(1,860)	(54,343)	(34,427)
Net Off-Balance Sheet Position	(69,629)	27,329	1,848	54,589	14,137
Non-cash loans (***)	217,234	515,443	10,764	28,109	771,550

(*) Gold account deposits amounting to TL 12,338 (2003 - TL 15,915) are included in the foreign currency deposits.

(**) Foreign currency indexed loans amounting to TL 137,709 (2003 - TL 105,379) are included in the loan portfolio.

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

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IV- Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank's position, and it is managed by the Asset-Liability Committee. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

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

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budget targets.

The Bank management follows the market interest rates daily and revises the interest rates of the Bank when necessary.

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

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 Months	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Current Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	726,688	-	-	-	-	75,890	802,578
Due from banks and other financial institutions	759,477	1,000	2,000	6,000	-	-	768,477
Trading securities	1,745	2,201	26,349	2,458	33,188	-	65,941
Securities available-for-sale	38,981	-	-	-	113,417	9	152,407
Loans	534,656	317,666	226,955	174,719	168,327	-	1,422,323
Securities held-to-maturity	65,350	-	-	-	-	-	65,350
Other assets	-	-	-	-	-	252,793	252,793
Total Assets	2,126,897	320,867	255,304	183,177	314,932	328,692	3,529,869
Liabilities							
Bank deposits	60,480	36,199	4,875	1,000	-	11,616	114,170
Other deposits	1,441,376	371,514	82,354	26,788	83	426,552	2,348,667
Miscellaneous payables	-	-	-	-	-	32,489	32,489
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	229,369	62,557	143,590	29,160	77,597	-	542,273
Other liabilities	14,994	106	163	279	4,098	472,630	492,270
Total Liabilities	1,746,219	470,376	230,982	57,227	81,778	943,287	3,529,869
Balance Sheet Interest Sensitivity Gap	380,678	(149,509)	24,322	125,950	233,154	(614,595)	-
Off Balance Sheet Interest Sensitivity Gap	(80)	(56)	-	-	-	-	(136)
Total Interest Sensitivity Gap	380,598	(149,565)	24,322	125,950	233,154	(614,595)	(136)

The other assets line at the non-interest bearing column consists of property and equipments amounting to TL 38,716 intangible assets amounting to TL 3,506, TL 40,160 of accrued interest and income receivables, investments in associates amounting to TL 432 and in subsidiaries amounting to TL 135,876 and the other liabilities line consists of shareholders' equity with a total amount of TL 355,210.

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	Up to 1 Months	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Prior Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	715,799	-	-	-	-	71,192	786,991
Due from banks and other financial institutions	639,393	3,244	8,651	4,866	-	-	656,154
Trading securities	25,024	1,063	826	597	2,174	-	29,684
Securities available-for-sale	-	-	-	-	-	10	10
Loans	471,211	299,267	228,245	155,319	99,641	-	1,253,683
Securities held-to-maturity	48,524	39,307	4,950	-	-	-	92,781
Other assets	-	-	-	-	-	261,468	261,468
Total Assets	1,899,951	342,881	242,672	160,782	101,815	332,670	3,080,771
Liabilities							
Bank deposits	75,303	46,038	7,794	4,325	-	-	133,460
Other deposits	1,145,428	184,111	80,386	80,427	4,356	510,241	2,004,949
Miscellaneous payables	-	-	-	-	-	26,484	26,484
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	234,444	38,927	106,554	35,369	-	-	415,294
Other liabilities	16,716	404	433	668	3,753	478,610	500,584
Total Liabilities	1,471,891	269,480	195,167	120,789	8,109	1,015,335	3,080,771
Balance Sheet Interest Sensitivity Gap	428,060	73,401	47,505	39,993	93,706	(680,665)	-
Off Balance Sheet Interest Sensitivity Gap	-	-	(57)	-	-	-	(57)
Total Interest Sensitivity Gap	428,060	73,401	47,448	39,993	93,706	(680,665)	(57)

The other assets line at the non-interest bearing column consists of property and equipment amounting to TL 39,309 intangible assets amounting to TL 3,672, TL 31,809 of accrued interest and income receivables, investments in associates amounting to TL 10,570 and in subsidiaries amounting to TL 131,341 and the other liabilities line consists of shareholders' equity with a total amount of TL 353,050.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	Yen %	TL %
Current Period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	0.91	0.48	-	14.00
Due from banks and other financial institutions	-	1.37	-	27.31
Trading securities	6.5	8.00	-	28.00
Money market placements	-	0.92	-	22.00
Securities available-for-sale	-	8.50	-	31.00
Loans	5.25	5.18	-	28.66
Securities held-to-maturity	-	-	-	-
Liabilities				
Bank deposits	1.83	3.07	-	23.75
Other deposits	2.81	3.38	-	24.15
Money market borrowings	-	-	-	19.30
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	3.86	2.38	-	19.30

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	EURO %	USD %	Yen %	TL %
Prior Period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	0.80	0.43	-	16.00
Due from banks and other financial institutions	2.49	0.86	-	27.39
Trading securities	5.80	6.80	-	26.22
Money market placements	-	0.63	-	26.02
Securities available-for-sale	-	-	-	-
Loans	6.02	5.32	-	32.74
Securities held-to-maturity	-	-	-	33.36
Liabilities				
Bank deposits	3.00	2.50	-	28.79
Other deposits	3.13	2.64	-	28.25
Money market balances	-	-	-	22.34
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	4.23	2.78	-	26.06

V- Liquidity Risk

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

Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed quickly at a suitable prices and sufficient amounts due to barriers and break-ups at the markets.

The Bank's policy is to establish an asset structure that can meet all kinds of liabilities by liquid sources at all times. In this context liquidity problem is not faced in any period. In order to maintain this the Board of Directors of the Bank continuously determines standards for the liquidity ratios, and monitors them.

According to the general policies of the Bank, the matching of the maturity and interest rate structure of assets, and liabilities is always established within the asset liability management strategies. A positive difference is tried to be established between the yields of TL and foreign currency assets and liabilities on the balance sheet and their costs. According to this strategy, the Bank pays special attention not to take maturity risk, and no banking service is marketed when the price is lower than the financing cost.

When the funding and liquidity sources are considered, the Bank covers majority of its liquidity need by deposits, and in addition to this source, it makes use of prefinancing and syndication products to generate additional sources. Generally the Bank does not prefer to utilize liquidity from interbank money markets and keeps its position as a net lender position in interbank money markets.

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Presentation of assets and liabilities according to their remaining maturities :

Current Period	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Undistributed (*)	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and Balances with the Central Bank of Turkey	75,934	726,644	-	-	-	-	-	802,578
Due from banks and other financial institutions	80,811	154,987	1,000	2,000	6,000	-	-	244,798
Trading securities	-	792	1,965	26,349	2,946	33,889	-	65,941
Money market placements	-	523,679	-	-	-	-	-	523,679
Securities available-for-sale	-	-	-	-	-	152,407	-	152,407
Loans	-	534,656	317,666	226,955	174,719	168,327	-	1,422,323
Securities held-to-maturity	-	-	-	-	-	65,350	-	65,350
Other assets	-	35,229	6,639	4,665	2,909	8,125	195,226	252,793
Total Assets	156,745	1,975,987	327,270	259,969	186,574	428,098	195,226	3,529,869
Liabilities								
Bank deposits	11,698	60,398	36,199	4,875	1,000	-	-	114,170
Other deposits	589,164	1,278,764	371,514	82,354	26,788	83	-	2,348,667
Money market borrowings	-	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	44,255	62,557	278,517	34,096	122,848	-	542,273
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	4,995	27,494	-	-	-	-	-	32,489
Other liabilities	-	92,371	7,478	11,948	3,474	5,445	371,554	492,270
Total Liabilities	605,857	1,503,282	477,748	377,694	65,358	128,376	371,554	3,529,869
Net Liquidity Gap	(449,112)	472,705	(150,478)	(117,725)	121,216	299,722	(176,328)	-
Prior Period								
Total Assets	154,919	1,792,706	347,835	245,339	164,571	176,830	198,571	3,080,771
Total Liabilities	564,618	1,317,516	279,023	142,556	312,562	68,833	395,663	3,080,771
Net Liquidity Gap	(409,699)	475,190	68,812	102,783	(147,991)	107,997	(197,092)	-

(*) The assets which are necessary to provide banking services and could not be liquidated in a short term, such as property and equipment, investments in subsidiaries and associates, office supply inventory, prepaid expenses and non-performing loans, are classified in this column.

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SECTION FIVE

FOOTNOTES AND EXPLANATIONS ON
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I- Footnotes And Explanations Related to the Assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	77,063	-	58,416	-
Unrestricted time deposit	-	481,908	-	497,420
Total	77,063	481,908	58,416	497,420

2. Information about trading portfolio:

a) Trading securities given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	133	-	-	-
Other	-	-	-	-
Total	133	-	-	-

b) Trading securities subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	14,145	-	16,430	-
Treasury bills	848	-	-	-
Other government debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	14,993	-	16,430	-

As of June 30,2004, trading securities which are not given as collateral amount to TL 50,815 (2003- TL 13,254).

3. Information on available for sale portfolio:

a) Main types of available for sale securities: Available for sale securities include public sector debt securities, and other marketable securities and share certificates.

b) Information on available for sale portfolio:

	Current Period	Prior Period
Debt securities	156,668	-
Quoted in a stock exchange	71,829	-
Not quoted	84,839	-
Share certificates	9	10
Quoted in a stock exchange	-	-
Not quoted	9	10
Provision for impairment (-)	(4,270)	-
Total	152,407	10

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- c) Available for sale securities given as collateral or blocked: Marketable securities held to maturity given as collateral consist of public sector debt securities of TL 11,550 (2003-None) given as collateral for regulatory requirements.
- d) Information on investment securities available-for-sale given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	11,550	-	-	-
Others	-	-	-	-
Total	11,550	-	-	-

- e) Information on investment securities available-for-sale subject to repurchase agreements: None.

4. Information on loans :

- a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	833	2,596	763	1,456
Corporate shareholders	833	2,596	763	1,456
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	1,219	-	1,025	-
Total	2,052	2,596	1,788	1,456

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	1,408,902	-	2,078	11,343
Discount notes	27,770	-	-	-
Export loans	600,281	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	36,376	-	-	-
International loans	15,382	-	-	-
Consumer loans	55,206	-	-	-
Credit cards	18,999	-	-	-
Precious metals loans	10,964	-	433	-
Other	643,924	-	1,645	11,343
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	1,408,902	-	2,078	11,343

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c) Information on consumer loans :

	Short Term	Medium and Long Term	Total	Interest Income Accrual
Consumer loans-TL	13,934	27,318	41,252	973
Real estate loans	278	4,686	4,964	73
Automotive loans	2,133	13,567	15,700	213
Consumer loans	-	-	-	-
Personnel loans	655	564	1,219	30
Other consumer loans	10,868	8,501	19,369	657
Consumer loans- Indexed to FC	5,196	8,758	13,954	82
Real estate loans	4,288	-	4,288	24
Automotive loans	768	8,468	9,236	55
Consumer loans	140	290	430	3
Personnel loan	-	-	-	-
Other consumer loans	-	-	-	-
Credit cards	18,999	-	18,999	131
Total Consumer Loans	38,129	36,076	74,205	1,186

d) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	1,406,941	1,221,726
Foreign loans	15,382	31,957
Total	1,422,323	1,253,683

e) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	803	128
Indirect loans granted to subsidiaries and investments	-	-
Total	803	128

f) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	308	138
Loans and receivables with doubtful collectibility	417	1,598
Uncollectible loans and receivables	9,201	15,505
Total	9,926	17,241

g) Information on loans under follow-up account (Net) :

g.1) Information on loans and other receivables included in loans under follow-up account which are restructured or rescheduled:

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current Period			
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	-	-
Prior Period			
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	-	8,358

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g.2) The movement of loans under follow-up:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period end balance	2,474	3,573	20,354
Additions (+)	6,569	206	56
Transfers from other categories of loans under follow-up (+)	-	3,709	2,949
Transfers to other categories of loans under follow-up (-)	3,709	2,949	-
Collections (-)	667	1,520	8,282(*)
Write-offs (-)	-	-	-
Index difference (-)	183	260	1,480
Current period end balance	4,484	2,759	13,597
Specific provision (-)	308	417	9,201
Net Balances on Balance Sheet	4,176	2,342	4,396

(*) A restructured loan risk, that was followed in the doubtful receivables in the prior periods, has been transferred to the loans and other receivables under close monitoring since the conditions in the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" were fulfilled. Accordingly, the specific provision amounting to TL 6,881 is reversed in the current period.

g.3) Information on foreign currency loans and other receivables under follow-up: None.

h) Liquidation policies for the uncollectible loans and other receivables :

The loans and other receivables decided to be uncollectible are written off from the assets according to the Tax Law by the decision of the top management in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" related to the clause 12 of article 11 and clause 11 of the article 3 of the Bank Law 4389 changed by the laws 4672 and 4491 and announced at the Official Gazette numbered 24448 and dated September 30, 2001.

5. Information on held to maturity portfolio (Net) :

a) Information on held to maturity portfolio:

	Current Period	Prior Period
Debt securities	65,350	92,781
Quoted in a stock exchange	65,350	92,781
Not quoted	-	-
Provision for impairment (-)	-	-
Total	65,350	92,781

b) Movement of held to maturity portfolio :

	Current Period	Prior Period
Beginning balance	92,781	45,044
Effect of inflation (-)	(6,259)	(5,685)
Foreign currency differences on monetary assets	-	-
Purchases during year	24,209	54,189
Disposals through sales and redemptions	(45,381)	(767)
Impairment provision	-	-
Closing Balances	65,350	92,781

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

	Current Period				Prior Period			
	Historical Cost		Valuation		Historical Cost		Valuation	
	TL	FC	TL	FC	TL	FC	TL	FC
Held to Maturity Portfolio								
Given as collateral or blocked	65,350	-	68,409	-	90,896	-	91,204	-
Subject to repo transactions	-	-	-	-	-	-	-	-
Held for structural position	-	-	-	-	-	-	-	-
Receivables from securities lending	-	-	-	-	-	-	-	-
Collaterals on securities lending	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Closing Balances	65,350	-	68,409	-	90,896	-	91,204	-

As of December 31, 2003 cost of held to maturity securities which are not given as collateral is TL 1,885, with an amortized cost of TL 1,952.

c.2) Marketable securities held to maturity given as collateral consist of public sector debt securities of TL 65,350 (2003-TL 90,896), given as collateral for regulatory requirements.

Securities held-to-maturity given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bills and similar investment securities	65,350	-	90,896	-
Other	-	-	-	-
Total	65,350	-	90,896	-

c.3) Securities held-to-maturity subject to repurchase agreements : None.

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

6. Information on participations (Net):

a.1) Information on participations :

	Current Period	Prior Period
Balance at the beginning of the period	10,570	6,953
Movements during the period	(10,138)	3,617
Purchases	-	3,631
Free shares obtained profit from current year's share	-	135
Dividends from current year income	-	-
Sales (*)	(10,186)	-
Revaluation increase	48	(149)
Provision for impairment	-	-
Balance at the end of the period	432	10,570
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) The amount which has been disclosed in "Sales, is the reclassification of Teb Sigorta A.S. as "subsidiaries" due to increase in the effective shareholding percentage of the Bank in relation with the change in its share capital structure.

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a.2) Valuation of participations:

	Current Period	Prior Period
Valuation with cost	-	10,186
Valuation with fair value	432	384
Valuation with equity method	-	-
Total	432	10,570

a.3) Participations which are quoted to a stock exchange:

	Current Period	Prior Period
Other financial participation / Varlik Yatirim Ortakligi A.S.	432	384

a.4) Information related to participations:

Description	Address (City / Country))	Bank's share percentage-If different voting percentage(%)	Bank's risk group share percentage (%)
Varlik Yatirim Ortakligi A.S.	Istanbul /Turkey	24.40	33.32

Information on participations as presented in table a.4:

Total Assets	Shareholders' Equity(*)	Total Fixed Assets(*)	Interest Income (*)	Income from Marketable Securities Portfolio (*)	Current Period Profit / Loss (*)	Prior Period Profit / Loss (*)	Fair Value (*)
1,683	1,645	7	14	-	(325)	6	1,761

(*) The financial statements of Varlik Yatirim Ortakligi A.S. are prepared in accordance with the Capital Market Board Regulations. The current period data is presented as of June 30, 2004 and the prior period income / loss amounts are presented with their nominal values as of June 30, 2003.

a.5) Information on investments which are sold in current period : None.

a.6) Investments purchased in the current period: None.

7. Information on subsidiaries (Net):

a) Information on subsidiaries:

a.1) Information on subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	131,341	124,657
Movements during the period	7,035	6,684
Purchases (*)	10,186	308
Free shares obtained profit from current year's share	-	11,921
Dividends from current year income	-	-
Sales	-	-
Revaluation increase (**)	(3,151)	(5,545)
Provision for impairment	(2,500)	-
Balance at the end of the period	135,876	131,341
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) The reclassification of Teb Sigorta A.S. as a subsidiary.

(**) Generated from the difference between the devaluation and inflation of the foreign subsidiaries.

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a.2) Valuation of subsidiaries:

Subsidiaries denominated in Turkish Lira are reflected by restating their costs with the conversion factors applicable for the relevant dates after deducting the capital increases generated by funds like the revaluation fund. When there is a permanent diminution in value of the subsidiaries then a provision is set. Subsidiaries denominated in foreign currency are translated into Turkish Lira by applying the exchange rates prevailing at balance sheet dates.

	Current Period	Prior Period
Valuation with cost	135,876	131,341
Valuation with fair value	-	-
Valuation with equity method	-	-

a.3) Subsidiaries which are quoted to a stock exchange: None.

a.4) Information on subsidiaries:

Description	Address(City/ Country)	Bank's share percentage-If different voting percentage(%)	Bank's risk group share percentage (%)
The Economy Bank N.V.	Netherlands	100.00	100.00
Petek International Holdings B.V.	Netherlands	100.00	100.00
TEB Yatirim Menkul Degerler A.S.	Istanbul/Turkey	74.80	92.87
TEB Finansal Kiralama A.S.	Istanbul/Turkey	68.76	73.29
TEB Kiyetli Madenler A.S.	Istanbul/Turkey	66.00	73.09
TEB Factoring A.S.	Istanbul/Turkey	69.40	73.51
TEB Sigorta A.S.	Istanbul/Turkey	50.00	73.27
TEB Portfoy Yonetimi A.S.	Istanbul/Turkey	46.77	79.68

Information on subsidiaries as presented in table a.4 :

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (*)	Fair Value
(i)	1,175,823	90,895	7,939	24,207	403	4,742	6,397	-
(i)	1,790	1,750	-	-	-	(44)	(54)	-
(ii)	24,564	21,423	823	901	-	762	1,088	-
(iv)	310,870	90,659	105,727	1,854	-	10,962	24,839	-
(iii)	190	100	-	-	-	(17)	(68)	-
(iv)	103,481	13,295	109	94	-	988	1,550	-
(iii)	39,533	4,989	4,131	213	-	(4,371)	(2,951)	-
(ii)	7,316	6,647	607	274	267	1,870	846	-

(*) Represents December 31, 2003 figures.

- (i) Foreign currency subsidiaries are valued with period end foreign rates.
- (ii) Represents financial figures of financial statements prepared based on the regulations of Capital Market Board.
- (iii) Represents Statutory financial figures with cost.
- (iv) Represents Statutory financial figures based on tax procedural law.

a.5) Information on the subsidiaries that were disposed in current period: None.

a.6) Information on the subsidiaries purchased in current period: None.

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8. Information on financial lease receivables (Net): None.

9. Explanations related to interest and income accruals :

a) Information about accrued interest and income receivables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Accrued interest and income receivables				
Interest accruals - due	277	3	368	-
Interest accruals - not due	16,426	5,418	9,047	3,841
Loan commissions and other income accruals - due	-	-	-	-
Loan commissions and other income accruals - not due	18	8	22	6
Total	16,721	5,429	9,437	3,847

b) Information on other interest and income accruals :

	Current Period		Prior Period	
	TL	FC	TL	FC
Other interest and income accruals				
Trading securities	1,274	33	714	50
Securities available for sale	71	307	-	-
Securities held to maturity	3,563	-	1,726	-
Interest accruals of reverse repo transactions	-	-	-	-
Interest accruals of reserve deposits	1,674	186	1,639	171
Income accruals of financial derivative instruments	4,890	3,024	1,231	3,572
Interest and income accruals	-	45	-	13
Income accrual of foreign exchange gains	4,890	2,979	1,231	3,559
Income accruals from factoring income	-	-	-	-
Others	2,943	45	9,363	59
Total	14,415	3,595	14,673	3,852

10. Information on other assets:

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

	Current Period	Prior Period
Deferred tax	955	3,242
Assets held for sale (*)	-	337
Advances given	5	9
Prepaid rent expenses	480	401
Transaction cost related to financial liabilities	1,689	2,280
Prepaid taxes	10,520	24,659
Receivables from fund participation certificates	4,027	1,696
Others	4,908	2,576
Total	22,584	35,200

(*) Effective from January 1, 2004, the assets held for resale have been classified under the "Property and Equipment" and depreciated over their economic lives.

b) The deferred tax asset computed within the prevailing regulations amounts to TL 955. There are no carried tax losses over which deferred tax asset computed.

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

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II- Footnotes And Explanations Related to the Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period :

	7 day Call					6 Month-1	
	Demand	Accounts	Up to 1 month	1-3 Month	3-6 Month	Year	1 Year and over
Saving deposits	22,044	-	130,944	173,684	81,613	10,694	21,255
Foreign currency deposits	385,458	-	541,612	458,483	42,261	13,277	5,291
Residents in Turkey	361,589	-	529,797	439,860	41,187	12,861	5,291
Residents abroad	23,869	-	11,815	18,623	1,074	416	-
Public sector deposits	63,055	-	-	-	-	-	-
Commercial deposits	76,663	-	108,515	74,118	5,483	70,503	2,021
Other institutions deposits	40,234	-	5,068	4,045	6	2	-
Precious metals deposits	1,712	-	5,736	4,890	-	-	-
Interbank deposits	11,696	-	12,934	62,729	19,063	7,748	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	48	-	10	-	-	1,000	-
Foreign Banks	3,622	-	12,924	62,729	19,063	6,748	-
Special finance houses	8,026	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	600,862	-	804,809	777,949	148,426	102,224	28,567

a.2) Prior period :

	7 day Call					6 Month-1	1 Year and
	Demand	Accounts	Up to 1 month	1-3 Month	3-6 Month	Year	over
Saving deposits	27,376	-	95,435	69,046	68,849	23,340	16,918
Foreign currency deposits	415,618	-	543,634	351,976	22,564	8,792	1,400
Residents in Turkey	394,978	-	528,273	343,920	20,988	8,277	1,400
Residents abroad	20,640	-	15,361	8,056	1,576	515	-
Public sector deposits	112	-	-	-	-	-	-
Commercial deposits	77,022	-	67,123	41,432	49,256	63,146	433
Other institutions deposits	39,512	-	1,635	2,841	1,573	1	-
Precious metals deposits	4,834	-	-	11,081	-	-	-
Interbank deposits	18,497	-	17,278	58,463	28,615	10,607	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	49	-	-	-	-	-	-
Foreign Banks	3,726	-	17,278	58,463	28,615	10,607	-
Special finance houses	14,722	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	582,971	-	725,105	534,839	170,857	105,886	18,751

b.1) Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

Saving Deposits	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	432,724	290,851	-	-
Foreign currency saving deposits	872,150	868,208	-	-
Other deposits in the form of saving deposits	959	1,228	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	1,305,833	1,160,287	-	-

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In accordance with the BRSA legislation published in the Official Gazette No. 25157 at July 3, 2003, all saving deposits are taken under the guarantee of Saving Deposits Insurance Fund until July 5, 2004. After July 5, 2004 the saving deposits up to fifty billion Turkish Lira will be under the guarantee of Saving Deposits Insurance Fund.

- b.2) The bank which has settled abroad should disclose, the total amount of savings deposit in Turkey branch, and insured in the country of head office :

	Current Period	Prior Period
Foreign branches' saving deposits	-	-
Off-shore banking regions' saving deposits	12,426	27,277
Total	12,426	27,277

2. Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic transactions	14,931	-	16,675	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	9,505	-	10,428	-
Real persons	5,426	-	6,247	-
From foreign transactions	10	-	2	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	10	-	2	-
Total	14,941	-	16,677	-

3. a) Information on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	34,761	371,154	42,297	313,972
Medium and long-term	-	114,144	-	36,426
Total	34,761	485,298	42,297	350,398

4. a) Information on debt securities issued: None.

- b) The explanation on the maturity structure, interest rate, type of currency of the issued marketable securities : None.

5. Explanation on funds: None.

6. Explanation on miscellaneous payables:

	Current Period	Prior Period
Total amount of cash collateral obtained	312	209

The table consists of blocked accounts regarding cash collateral, loans, import and export transactions

7.a) There are no deferred tax liability computed within prevailing regulations.

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

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8. Explanation on financial lease obligations:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	606	581	2,246	1,520
1-4 years	5,258	4,118	4,280	3,778
More than 4 years	-	-	-	-
Total	5,864	4,699	6,526	5,298

9. Information on interest and expense accruals:

	Current Period		Prior Period	
	TL	FC	TL	FC
Accrued interest on deposits	23,094	1,767	12,694	1,338
Accrued interest on funds borrowed	1,636	4,009	1,895	2,486
Accrued interest on bonds	-	-	-	-
Accrued interest on repurchase agreement transactions	10	-	15	-
Accrued interest on derivative financial instruments	1,915	3,082	3,350	4,342
Accrued interest and expense	-	130	-	37
Foreign exchange losses accrued	1,915	2,952	3,350	4,305
Accrued interest on factoring payables	-	-	-	-
Other interest and expense accruals	3,524	-	6,483	13
Total	30,179	8,858	24,437	8,179

10. Provisions and subordinated loans :

a) Information on general provisions::

	Current Period	Prior Period
General provisions	9,377	8,528
Provisions for First Group Loans and Receivables	7,869	7,153
Provisions for Second Group Loans and Receivables	56	22
Provisions for Non Cash Loans	1,452	1,353
Others	-	-
Total	9,377	8,528

b) Information on free reserves for possible losses : None.

c) Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	22,214	-	22,599
Total	-	22,214	-	22,599

d) The foreign exchange losses on the foreign currency indexed loans amounting to TL 2,741 is netted of from loans at the balance sheet.

e) Impairment in value arising from settlement date accounting : None.

f) The specific provisions provided for unindemnified non cash loans amount to TL 85.

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11. Information of Shareholders' Equity:

- a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	57,800	55,125
Preferred stock	-	-

- b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable to the Bank if so, amount of registered share capital ceiling :

Capital System	Paid-in capital	Ceiling
Registered capital system	57,800	100,000

- c) Information on share capital increases and their sources; other information on increased capital shares in current period:

The Bank has increased its share capital from TL 55,125 to TL 57,800 (within its registered share capital ceiling of TL 100,000) by adding the gain on sale of property with a nominal amount of TL 2,675 with respect to the approval of BRSA dated January 21, 2004 and numbered BDDK.KYI.41.1.836.

- d) Information on share capital increases from revaluation funds:

Bank has sold 50% of its Head office building to TEB Sigorta A.S. at December 25, 2003. The gain on sale of this building which amounts to TL 632 (nominal value of TL 2,675) has been classified under the revaluation fund to be added to share capital. This amount has been added into share capital in 2004.

- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments : None.

- f) Information on privileged shares :

7 % of the Bank's remaining net income and tax after deducting legal reserves and first dividends, corresponding to the Bank's 60,000 shares of TL 30,000,000 (in full TL) is distributed to the founder shares.

12. a) Common stock issue premiums, shares and equity instruments:

	Current Period	Prior Period
Number of shares (Thousand)	115,600,000	110,250,000
Preferred stock	-	-
Common stock issue premium	-	-
Common stock canceling profit	-	-
Other equity instruments	-	-
Total common stock issue	115,600,000	110,250,000

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

Name/Commercial title	Amounts	Share Percentage	Paid-in capital	Unpaid portion
Teb Mali Yatirimlar A.S.	48,685	%84.23	48,685	-

On June 28, 2004 the shares of Colakoglu Metalurji A.S. and Denak Depoculuk A.S. was acquired by TEB Mali Yatirimlar. Accordingly, the shareholding percentage of TEB Mali Yatirimlar increased to 84.23 % from 70.17%.

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III- Footnotes And Explanations Related To the Income Statement

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

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

Other fees and commission income amounting to TL 11,778 (June 30, 2003-11,367) includes fees and commissions on credit cards amounting to TL 2,608 (June 30, 2003-3,849), and other fee and commission expense amounting to TL 5,287 (June 30, 2003-6,722) includes fees and commissions on credit cards amounting to TL 3,447 (June 30, 2003-3,764).

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

	Current Period	Prior Period
Interest received from investments and subsidiaries	10	15

b) Information on financial lease income: None.

c) Interest received from reverse repurchase agreement transactions:

2. a) Information on interest expense to investments and subsidiaries: None.

	Current Period	Prior Period
Interest expense to investments and subsidiaries	51	178

b) Information on financial lease expenses :

	Current Period	Prior Period
Financial lease expense	40	128

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

Account name	Time Deposits						Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	
TL							
Bank deposits	2	8,109	-	-	-	-	8,111
Saving deposits	301	11,995	11,457	9,879	4,653	2,902	41,187
Public sector deposits	-	-	47	-	-	-	47
Commercial deposits	440	7,850	3,988	4,295	11,560	181	28,314
Other deposits	17	593	24	105	-	-	739
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	760	28,547	15,516	14,279	16,213	3,083	78,398
Foreign Currency							
Foreign currency deposits (*)	15	5,484	4,654	648	174	42	11,017
Bank deposits	-	1,121	-	-	-	-	1,121
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	3	71	-	-	-	74
Total	15	6,608	4,725	648	174	42	12,212
Total	775	35,155	20,241	14,927	16,387	3,125	90,610

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d) Interest expense on repurchase agreements :

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on repurchase agreements	4,848	-	10,933	-

3. Information on other operating income :

The information on the factors affecting the Bank's income including extraordinary items and new developments, and the explanation on nature and amount of income earned from extraordinary items :

Other operating income amounting to TL 11,955 includes reversal of a provision amounting to TL 6,881 which was provided for a restructured loan risk, that was followed under doubtful receivables in the prior periods and has been transferred to the loans and other receivables under close monitoring since the conditions in the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" were fulfilled.

4. Provision expenses of banks for loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	2,407	673
III. Group	336	-
IV. Group	375	-
V. Group	1,696	-
General provision expenses	2,145	1,383
Provision expenses for possible losses	-	-
Foreign exchange differences on foreign currency losses	3,256	-
Marketable securities impairment expense	2,037	32
Trading securities	251	32
Investment securities available for sale	1,786	-
Impairment provision expense	2,487	-
Investment and Associates	-	-
Subsidiaries	2,487	-
Joint ventures	-	-
Investment securities held to maturity	-	-
Other	28	522
Total	12,360	2,610

5.a) Income and expenses relating to investments and subsidiaries :

	Current Period	Prior Period
Income and loss from subsidiaries (+/-)	5,964	12,763
Income and loss from investments (+/-)	-	134
Total	5,964	12,897

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

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

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

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6. The explanations on net income / loss for the period:

- a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period : None.
- b) Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods : None.

7. Nature and amount of changes in accounting estimates, which have a material effects on current period or expected to have a material effect on subsequent periods : None.

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

1.a) Disclosure to be made separately from other contingent liabilities :

- a.1) The Bank's share in contingent liabilities of joint ventures together with other ventures : None.
- a.2) Share of joint ventures in their own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting obligations of other ventures in joint ventures : None.

b) Accounting and presentation of contingent assets and liabilities in the financial statements :

- b.1) For contingent assets, if realization probability is close to certain, then it is accounted. If realization probability is low, then it is explained in the footnotes. As of June 30, 2004 there are no contingent assets needed to be explained.
- b.2) For contingent liabilities, if realization probability is close to certain, then provision is set. If there is low or no realization probability, then it is explained in the footnotes : None.

2. Information on off-balance sheet liabilities :

- a) Nature and amount of irrevocable loan commitments : Credit card expenditure limit commitments are TL 117,656 and TL 115,888 as of June 30, 2004 and December 31, 2003 respectively.
- b) Nature and amount of contingent loss and commitments from off-balance sheet items including below statements:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

b.1) Non-cash loans including guarantees, acceptances, financial collaterals and other letters of credits:

As of June 30, 2004 total guarantees and commitments consist of letter of guarantees amounting to TL 812,327, acceptances amounting to TL 50,864 and letters of credit amounting to TL 392,884.

b.2) Guarantees, surety ships and similar transactions : None other than the ones explained in article b.1).

3.a) Non-cash loans:

	Current Period	Prior Period
Guarantees given against cash loans	84,287	81,410
With maturity of 1 year or less than 1 year	14,518	18,430
With maturity of more than 1 year	69,769	62,980
Other non-cash loans	1,174,302	1,097,252
Total	1,258,589	1,178,662

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

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4. The information on the Bank's rating by in the international rating introductions :

The results of the trading performed by Moody's Investor Services and Fitch Ratings are shown below:

Moody's Investor Services: March 2004

Bank Financial Strength	D+
Long Term FX Deposits	B3

Fitch Ratings: February 2004

Foreign Currency Commitments	
Long Term	B+
View	Stable
Turkish Lira Commitments	
Long Term	B+
View	Stable
National	A (tur)
View	Stable
Individual Rating	C/D
Support Points	5

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V. Footnotes And Explanations Related To Statement Of Cash Flows

1. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

Beginning of the year	Current Period 30.06.2004	Prior Period 30.06.2003
Cash	71,013	106,806
Cash equivalents	1,181,170	1,162,364
End of the year	Current Period 30.06.2004	Prior Period 30.06.2003
Cash	75,890	79,122
Cash equivalents	1,319,492	991,593

Cash includes of cash in TL and cash in foreign currency, cash equivalents include the balances of the Central Bank of Turkey, banks and interbank funds sold which mature in less than three months.

2. Amount of cash and cash equivalents restricted for the usage of the Bank and the shareholders by legal limitations and other reasons: None.

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VI- Footnotes And Explanations on the Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances :

a) Current Period :

Related Parties (*)	Investments and subsidiaries		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	128	8,224	763	1,456	670	4,608
Balance at end of period	803	7,368	833	2,596	95	1,847
Interest and commission income	2	12	144	1	1	4

b) Prior Period :

Related Parties (*)	Investments and subsidiaries		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	227	18,091	733	8,292	12,511	3,069
Balance at end of period	128	8,224	763	1,456	670	4,608
Interest and commission income received	422	29	416	4	1,849	15

c.1) Information on related party deposits balances:

Related parties (*)	Investments and subsidiaries		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposits						
Balance at beginning of period	15,068	7,351	179,235	224,299	1,571	17,161
Balance at end of period	23,624	15,068	233,911	179,235	9,910	1,571
Interest on deposits	51	178	864	2,803	1,162	170

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

Related Parties (*)	Investments and subsidiaries		Direct and indirect shareholders of the Bank		Other entities included In the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Trading transactions						
Beginning of period	92,409	64,631	24,371	53,365	36,594	30,169
End of period	254,314	92,409	24,340	24,371	31,049	36,594
Total income/loss	3,304	433	88	(534)	932	803
Hedging transactions purposes	-	-	-	-	-	-
Beginning of period	-	-	-	-	-	-
End of period	-	-	-	-	-	-

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

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2. Disclosures for related parties

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

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

- a) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Amount	% According to the Amounts at the Financial Statements
Cash loans	1,731	0.12%
Non-cash loans	11,811	0.94%
Deposits	267,445	10.86%
Forward transactions and option agreements	309,703	27.77%

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

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

The Bank enters into lease agreements with TEB Finansal Kiralama A.S. As of June 30, 2004 the total leasing obligations related to these agreements amounted to TL 4,699. Additionally, the Bank provides agency services for TEB Sigorta A.S. and TEB Yatirim Menkul Degerler A.S.

In the current period, the Bank has signed a license agreement with the group companies using "TEB" logo.

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.51%. Amounts of these loans are explained in the note VI- 1a.

As of June 30, 2004 the Bank has no purchases and sale of real estate and other assets, transfer of information as a result of research and development and management contracts with the related parties.

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VII- Footnotes And Explanations on Inflation Accounting

Inflation Accounting

The accompanying financial statements are prepared by applying inflation accounting to the financial statements, in accordance with the provisions of Communiqué No : 14 "Accounting Standard Related to the Preparation of Financial Statements in Hyperinflationary Periods" related to ARR. Communiqué No:14 requires banks to restate their financials in the equivalent purchasing power of Turkish Lira at the balance sheet date. One characteristic that necessitates the application of inflation accounting under the provisions of Communiqué No : 14 is a cumulative three-year inflation rate approaching or exceeding 100%. As of June 30, 2004 based on the wholesale price indices announced by the State Institute of Statistics, the cumulative three-year inflation rate in Turkey is 110%.

AAR 14 requires that financial statements prepared in highly inflationary economies be stated in terms of the measuring units current at the balance sheet date and corresponding figures for previous periods be restated in the same units the financial statements of prior year should be restated in their entirety to the measuring unit current at the balance sheet date.

The main guidelines for inflation accounting are as follows:

Cash and monetary assets and liabilities, which maintain their nominal balances but experience a decline in purchasing power are not restated because they are already expressed in terms of the monetary unit current at that balance sheet date.

Non-monetary asset and liabilities and components of equity (except for revaluation adjustment which is eliminated) which are not expressed in terms of the measuring unit current at the balance sheet dates are restated by applying a general price index. Cash proceeds in share capital increases are restated based on collection dates whereas increases through revaluation fund are eliminated. Share capital increases made through the transfer of retained earnings, income generated through the sales of properties and of associates and subsidiaries and unappropriated profits are considered as cash injections made by the shareholders and are restated based on the date of transfer to the share capital.

Non-monetary items which are subject to depreciation are restated after eliminating the related revaluation effects. Since depreciation is computed over restated amounts, the charge in the income statements is not subject to restatement.

Non-monetary items reflected at current values are not restated since they are already stated in the current purchasing power.

Investments and subsidiaries denominated in Turkish Lira are reflected at restated costs by converting historical acquisition costs, excluding free shares from revaluation fund, with the relevant conversion factors. Transfers to share capital from general reserves, gain on sale of property and investments and inappropriate profits are considered as cash contributions and are restated from the date of contribution. Investments and subsidiaries denominated in foreign currency are converted to Turkish Lira with the exchange rates prevailing and year-end.

All items in the statement of income are restated by applying the relevant average conversion factors on accrual dates.

The gain or loss on net monetary position is included in the income statement as gain/loss on net monetary position. Prior year effects of inflation accounting are reflected in the accumulated deficit and restatement effect of paid-in capital is stated as a separate line item under equity.

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Wholesale prices indices and conversion factors that are used to restate the accompanying the financial statements as of June 30, 2004, reflecting the restatement for the changes in the general purchasing power of the Turkish is as follows;

Dates	Indexed	Conversion Factors
December 31, 2003	7,382.1	1.081
December 31, 2002	6,478.8	1.232
December 31, 2001	4,951.7	1.612
June 30, 2004	7,982.7	1.000
June 30, 2003	7,222.2	1.105

Restatement of balance sheet and income statement items through the use of a general price index and relevant conversion factors does not necessarily mean that the Bank could realize or settle the same values of assets and liabilities as indicated in the balance sheets. Similarly, it does not necessarily mean that the Bank could return or settle the same values of equity to its shareholders.

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

In accordance with AAR :14, the Bank obtains expertise reports for its properties.

As of June 30, 2004 the restated amount of legal reserves for the effects of inflation, is TL 6,496.

Financial statements for the period ended June 30, 2004 are reviewed. Balance sheet as of December 31, 2003, is audited and income statement for the period ended June 30, 2003 is reviewed.

Income statement items do not have seasonality. However, restatement of income statement items were made with monthly indices.

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VIII- Explanations Related To Subsequent Events

- a) Disclosure related to subsequent events and their impact on the financial statements as required by the related standard:
- a.1) As of July 1, 2004 retirement pay liability ceiling was increased to TL 1.575
- a.2) On July 12, 2004, TEB Mali Yatirimlar signed a memorandum of understanding with BNP Paribas was foreseeing a partnership in which the parties would have equal rights through a sale of 50 % of the shares of TEB Mali Yatirimlar to BNP Paribas. Accordingly, due diligence work stated was.
- a.3) In the Board of Directors meeting dated July 16, 2004 , it was decided to increase shareholding percentage of TEB Finansal Kiralama A.S. and TEB Factoring A.S. to 100 % which were formerly 68.76 % and 69.40 % respectively.
- a.4) In the Board of Directors meeting dated July 23, 2004, it was decided to sell the shares of TEB Kiyetli Madenler A.S. held by the Bank with a shareholding percentage of 66 % to TEB Mali Yatirimlar.
- a.5) In the Board of Directors Meeting of TEB Yatirim Menkul Degerler A.S. held at August 2, 2004, it was decided to purchase all the shares of Varlik Yatirim Ortakligi A.S. owned by the Bank at the Istanbul Stock Exchange Wholesale Market.
- b) The impact of significant changes in foreign exchange rates subsequent to the balance sheet date on the foreign currency transactions, items and on the financial statements of the Bank together with on the transactions hold abroad : There are no significant changes.

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SECTION SIX

INDEPENDENT LIMITED REVIEW REPORT

I- Explanations on The Independent Limited Review Report

The unconsolidated interim financial statements of the Bank were reviewed by Guney Serbest Muhasebeci Mali Musavirlik A.S. (An Affiliated Firm of Ernst &Young International) and the review report dated August 11, 2004 is presented preceding the interim financial statements.