

**Turk Ekonomi Bankasi
Anonim Sirketi**

**Unconsolidated Financial Statements
As of March 31, 2005
Together With Review Report**

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

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

**TURK EKONOMI BANKASI ANONIM SIRKETI
REVIEW REPORT AS OF MARCH 31, 2005**

To The Board of Directors of Turk Ekonomi Bankasi A.S.

We have reviewed the balance sheet of Turk Ekonomi Bankasi Anonim Sirketi (the Bank) as of March 31, 2005 and the related statements of income for the interim period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to 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 inquires 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 March 31, 2005 and the results of its operations 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. Such differences primarily related to the accounting for the effects of hyperinflation, deferred taxes, employee termination benefits and presentation. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and cash flows 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 will be issued separately.

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

Aysen Topay, SMMM
Partner

May 09, 2005
Istanbul, Turkey

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

TURK EKONOMI BANKASI A.S.

**THE REPRESENTATION OF THE BANKS' MANAGEMENT RELATED WITH THE REVIEWED
UNCONSOLIDATED FINANCIAL STATEMENTS AND THE ACCOMPANYING FOOTNOTES AND
DISCLOSURES FOR THE INTERIM PERIOD ENDED MARCH 31, 2005**

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The Reporting Package designed by the Banking Regulation and Supervision Agency in line with "Regulation on Accounting Practice numbered 17, Financial Statements to be Announced to the Public and the Accompanying Policies and Disclosures" consists of the sections listed below:

- I. GENERAL INFORMATION ABOUT THE BANK
- II. UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK
- III. EXPLANATIONS ON ACCOUNTING POLICIES
- IV. INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- V. EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
- VI. EXPLANATIONS ON INDEPENDENT AUDITORS' REVIEW REPORT

The unconsolidated interim financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **thousands of New Turkish Lira** and prior period financials which are disclosed for comparative presentation, are restated to **the purchasing power of New Turkish Lira as of December 31, 2004**, have been independently reviewed and presented below in accordance with the Regulation on Accounting Practice, related communiqués and the Banks' records.

May 9, 2005

Ismail Yanik
Member of Board of Directors
Responsible from Internal Control System

Varol Civil
General
Manager

E.Sevinc Ozsen
Assistant General
Manager

Asuman Gomuc
Accounting
Director

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

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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 – March 31, 2005
 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 Thousands of New Turkish Lira.

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

The controlling group of the Bank: 84.25% of the shares of the Bank belongs to TEB Mali Yatirimlar Anonim Sirketi (TEB Mali Yatirimlar).

II. Explanations on The Interim Financial Statements

- a) Accounting policies that are applied in the preparation of year-end financials except for the application of inflation accounting with respect to Communiqué No:14 of AAR for interim financial statements, are used without any change and summarized in III. Section.
- 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 basic accounting misstatements.
- 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 value.
- 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 30, 2005, it was decided to distribute the profit for the year 2004 after providing the legal reserves. The amounts that will be distributed to the shareholders who are subject to and not subject to withholding tax are YTL 0.1628883 and YTL 0.1465994 (Nominal full YTL) respectively. Dividends amounting to YTL 9,414 which will be paid to the shareholders are reflected under miscellaneous payables in the financial statements prepared as of March 31, 2005.
- h) There are no subsequent events that occurred after the preparation date of the interim financial statements which have a material impact on 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 discontinue 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.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheets – Assets
- II. Balance Sheets - Liabilities
- III. Statements of Off Balance Sheet Contingencies and Commitments
- IV. Income Statements

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)**TURK EKONOMI BANKASI A.S.
BALANCE SHEETS AS OF MARCH 31, 2005 AND DECEMBER 31, 2004
(Currency- Thousands of New Turkish lira)****I- BALANCE SHEETS – ASSETS**

	Note Ref. (Section 5)	Reviewed			Audited		
		Current Period			Prior Period		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY		27,833	467,429	495,262	34,302	821,281	855,583
1.1 Cash		15,082	-	15,082	12,384	-	12,384
1.2 Foreign currency		-	56,114	56,114	-	67,665	67,665
1.3 Balances with the Central Bank of Turkey	1-1	12,751	410,182	422,933	21,918	752,085	774,003
1.4 Other		-	1,133	1,133	-	1,531	1,531
II. TRADING SECURITIES (Net)		50,732	602	51,334	8,933	637	9,570
2.1 Public sector debt securities	1-2	50,732	54	50,786	8,933	82	9,015
2.1.1 Government bonds	1-2	50,254	49	50,303	4,079	82	4,161
2.1.2 Treasury bills	1-2	478	-	478	4,854	-	4,854
2.1.3 Other public sector debt securities	1-2	-	5	5	-	-	-
2.2 Share certificates		-	-	-	-	-	-
2.3 Other marketable securities		-	548	548	-	555	555
III. BANKS AND OTHER FINANCIAL INSTITUTIONS		98,030	170,558	268,588	58,624	112,202	170,826
3.1 Due from banks		98,030	170,558	268,588	58,624	112,202	170,826
3.1.1 Domestic banks		98,030	45,787	143,817	58,624	20,058	78,682
3.1.2 Foreign banks		-	124,771	124,771	-	92,144	92,144
3.1.3 Branches and head office abroad		-	-	-	-	-	-
3.2 Other financial institutions		-	-	-	-	-	-
IV. MONEY MARKET PLACEMENTS		142,000	-	142,000	95,000	-	95,000
4.1 Interbank money market placements		142,000	-	142,000	95,000	-	95,000
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. SECURITIES AVAILABLE FOR SALE (Net)		261,154	144,509	405,663	276,045	56,498	332,543
5.1 Share certificates	1-3	9	-	9	9	-	9
5.2 Other marketable securities	1-3	261,145	144,509	405,654	276,036	56,498	332,534
VI. LOANS		1,018,375	934,067	1,952,442	846,803	737,918	1,584,721
6.1 Short term	1-4	846,991	699,015	1,546,006	702,487	573,920	1,276,407
6.2 Medium and long term	1-4	160,446	235,052	395,498	134,679	163,998	298,677
6.3 Loans under follow-up	1-4	23,103	-	23,103	20,881	-	20,881
6.4 Specific provisions (-)	1-4	(12,165)	-	(12,165)	(11,244)	-	(11,244)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. SECURITIES HELD TO MATURITY (Net)		66,347	-	66,347	65,449	-	65,449
8.1 Public sector debt securities	1-5	66,347	-	66,347	65,449	-	65,449
8.1.1 Government bonds	1-5	66,347	-	66,347	65,449	-	65,449
8.1.2 Treasury bills	1-5	-	-	-	-	-	-
8.1.3 Other public sector debt securities	1-5	-	-	-	-	-	-
8.2 Other marketable securities	1-5	-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)		-	-	-	-	-	-
9.1 Financial associates	1-6	-	-	-	-	-	-
9.2 Non-Financial associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)		90,954	53,102	144,056	90,955	55,519	146,474
10.1 Financial subsidiaries	1-7	90,954	53,102	144,056	90,955	55,519	146,474
10.2 Non-Financial subsidiaries		-	-	-	-	-	-
XI. OTHER INVESTMENTS (Net)		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)		-	-	-	-	-	-
12.1 Gross finance lease receivables	1-8	-	-	-	-	-	-
12.2 Unearned income (-)	1-8	-	-	-	-	-	-
XIII. RESERVE DEPOSITS		22,635	179,603	202,238	26,443	163,727	190,170
XIV. MISCELLANEOUS RECEIVABLES		216	294	510	315	54	369
XV. ACCRUED INTEREST AND INCOME RECEIVABLES		29,766	13,872	43,638	28,861	15,537	44,398
15.1 Loans	1-9	11,380	7,361	18,741	8,555	7,154	15,709
15.2 Marketable securities	1-9	10,804	363	11,167	12,591	367	12,958
15.3 Other	1-9	7,582	6,148	13,730	7,715	8,016	15,731
XVI. PROPERTY AND EQUIPMENT (Net)		39,383	-	39,383	40,312	-	40,312
16.1 Book value		115,259	-	115,259	114,021	-	114,021
16.2 Accumulated depreciation (-)		(75,876)	-	(75,876)	(73,709)	-	(73,709)
XVII. INTANGIBLE ASSETS [Net]		3,080	-	3,080	3,437	-	3,437
17.1 Goodwill		-	-	-	-	-	-
17.2 Other		10,764	-	10,764	10,725	-	10,725
17.3 Accumulated amortization (-)		(7,684)	-	(7,684)	(7,288)	-	(7,288)
XVIII. OTHER ASSETS	1-10	32,637	790	33,427	26,057	687	26,744
TOTAL ASSETS		1,883,142	1,964,826	3,847,968	1,601,536	1,964,060	3,565,596

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 XXIII)TURK EKONOMI BANKASI A.S.
BALANCE SHEETS AS OF MARCH 31, 2005 AND DECEMBER 31, 2004
(Currency-Thousands of New Turkish lira)

II- BALANCE SHEETS - LIABILITIES

	Note Ref. (Section 5)	Reviewed			Audited		
		Current Period			Prior Period		
		YTL	FC	Total	YTL	FC	Total
I. DEPOSITS		651,972	1,726,592	2,378,564	687,599	1,572,271	2,259,870
1.1 Bank deposits	II-1	36,495	41,889	78,384	30,224	65,274	95,498
1.2 Saving deposits	II-1	312,777	-	312,777	409,329	-	409,329
1.3 Public sector deposits	II-1	14,586	-	14,586	166	-	166
1.4 Commercial deposits	II-1	243,876	-	243,876	201,659	-	201,659
1.5 Other institutions deposits	II-1	44,238	-	44,238	46,221	-	46,221
1.6 Foreign currency deposits	II-1	-	1,683,110	1,683,110	-	1,505,308	1,505,308
1.7 Precious metals deposit accounts	II-1	-	1,593	1,593	-	1,689	1,689
II. MONEY MARKET BORROWINGS		310,843	-	310,843	158,532	-	158,532
2.1 Interbank money market borrowings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market borrowings		-	-	-	-	-	-
2.3 Funds provided under repurchase agreements	II-2	310,843	-	310,843	158,532	-	158,532
III. FUNDS BORROWED		28,833	525,814	554,647	31,546	545,162	576,708
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed	II-3	28,833	525,814	554,647	31,546	545,162	576,708
3.2.1 Domestic banks and institutions	II-3	28,833	73,297	102,130	31,546	72,488	104,034
3.2.2 Foreign banks, institutions and funds	II-3	-	452,517	452,517	-	472,674	472,674
IV. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills	II-4	-	-	-	-	-	-
4.2 Asset backed securities	II-4	-	-	-	-	-	-
4.3 Bonds	II-4	-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES	II-6	34,900	7,082	41,982	26,250	12,802	39,052
VII. OTHER EXTERNAL RESOURCES	II-7	35,675	13,265	48,940	34,970	7,888	42,858
VIII. TAXES AND OTHER DUTIES PAYABLE		8,298	-	8,298	9,691	-	9,691
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)		-	3,829	3,829	-	3,950	3,950
10.1 Finance Lease Payables	II-8	-	4,863	4,863	-	4,982	4,982
10.2 Deferred finance lease expenses (-)	II-8	-	(1,034)	(1,034)	-	(1,032)	(1,032)
XI. ACCRUED INTEREST AND EXPENSES PAYABLE		19,187	8,898	28,085	20,121	9,062	29,183
11.1 Deposits	II-9	7,900	1,594	9,494	9,374	1,856	11,230
11.2 Borrowings	II-9	1,333	5,268	6,601	1,307	4,254	5,561
11.3 Repurchase agreements	II-9	134	-	134	78	-	78
11.4 Other	II-9	9,820	2,036	11,856	9,362	2,952	12,314
XII. PROVISIONS		43,275	-	43,275	31,510	-	31,510
12.1 General provisions	II-10	12,044	-	12,044	10,235	-	10,235
12.2 Reserve for employee termination benefits		1,781	-	1,781	1,657	-	1,657
12.3 Provisions for income taxes		29,055	-	29,055	19,295	-	19,295
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions	II-10	395	-	395	323	-	323
XIII. SUBORDINATED LOANS	II-10	-	20,193	20,193	-	20,045	20,045
XIV. SHAREHOLDERS' EQUITY		410,840	(1,528)	409,312	393,944	253	394,197
14.1 Paid-in capital	II-11	57,800	-	57,800	57,800	-	57,800
14.2 Supplementary capital		256,038	(1,528)	254,510	256,259	253	256,512
14.2.1 Share premium	II-12	-	-	-	-	-	-
14.2.2 Share cancellation profits		-	-	-	-	-	-
14.2.3 Marketable securities value increase fund		3,362	(1,528)	1,834	3,583	253	3,836
14.2.4 Revaluation fund		-	-	-	-	-	-
14.2.5 Value increase in revaluation fund		-	-	-	-	-	-
14.2.6 Other capital reserves		252,676	-	252,676	252,676	-	252,676
14.3 Profit reserves		70,471	-	70,471	46,085	-	46,085
14.3.1 Legal reserves		9,253	-	9,253	6,838	-	6,838
14.3.2 Status reserves		-	-	-	-	-	-
14.3.3 Extraordinary reserves		61,218	-	61,218	39,247	-	39,247
14.3.4 Other profit reserves		-	-	-	-	-	-
14.4 Profit or loss		26,531	-	26,531	33,800	-	33,800
14.4.1 Prior year income/loss		-	-	-	-	-	-
14.4.2 Current period net income/loss		26,531	-	26,531	33,800	-	33,800
TOTAL LIABILITIES		1,543,823	2,304,145	3,847,968	1,394,163	2,171,433	3,565,596

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 XXIII)

TURK EKONOMI BANKASI A.S.
STATEMENTS OF OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES
AS OF MARCH 31, 2005 AND DECEMBER 31, 2004
(Currency-Thousands of New Turkish lira)

III-STATEMENTS OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref. (Section 5)	Reviewed			Audited		
		Current Period 31.03..2005			Prior Period 31.12.2004		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		1,243,922	1,790,154	3,034,076	1,073,061	1,776,026	2,849,087
I. GUARANTEES	IV-2,3	531,893	847,387	1,379,280	510,828	845,913	1,356,741
1.1 Letters of guarantee		522,822	419,841	942,663	502,232	402,647	904,879
1.1.1 Guarantees subject to State Tender Law		29,940	23,419	53,359	31,235	2,206	33,441
1.1.2 Guarantees given for foreign trade operations		124,898	23,592	148,490	124,129	19,962	144,091
1.1.3 Other letters of guarantee		367,984	372,830	740,814	346,868	380,479	727,347
1.2 Bank acceptances		75	44,667	44,742	-	45,697	45,697
1.2.1 Import acceptances		75	44,667	44,742	-	45,697	45,697
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	373,901	373,901	-	387,810	387,810
1.3.1 Documentary letters of credit		-	307,706	307,706	-	311,083	311,083
1.3.2 Other letters of credit		-	66,195	66,195	-	76,727	76,727
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		8,990	-	8,990	8,589	-	8,589
1.9 Other suretyships		6	8,978	8,984	7	9,759	9,766
II. COMMITMENTS		413,618	100,720	514,338	367,447	249,924	617,371
2.1 Irrevocable commitments		413,618	85,384	499,002	367,447	229,558	597,005
2.1.1 Asset purchase commitments		-	85,384	85,384	10,400	149,380	159,780
2.1.2 Deposit purchase and sales commitments		-	-	-	-	80,178	80,178
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		91,259	-	91,259	69,803	-	69,803
2.1.5 Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks	IV-2	152,717	-	152,717	131,835	-	131,835
2.1.8 Tax and fund liabilities from export commitments		28,363	-	28,363	30,008	-	30,008
2.1.9 Commitments for credit card expenditure limits	IV-2	139,467	-	139,467	123,660	-	123,660
2.1.10 Receivables from short sale commitments		-	-	-	-	-	-
2.1.11 Payables for short sale commitments		-	-	-	-	-	-
2.1.12 Other irrevocable commitments		1,812	-	1,812	1,741	-	1,741
2.2 Revocable commitments		-	15,336	15,336	-	20,366	20,366
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	15,336	15,336	-	20,366	20,366
III. DERIVATIVE FINANCIAL INSTRUMENTS		298,411	842,047	1,140,458	194,786	680,189	874,975
3.1 Forward foreign currency buy/sell transactions		112,453	318,569	431,022	94,055	344,120	438,175
3.1.1 Forward foreign currency transactions-buy		37,387	176,136	213,523	15,551	200,620	216,171
3.1.2 Forward foreign currency transactions-sell		75,066	142,433	217,499	78,504	143,500	222,004
3.2 Swap transactions related to f.c. and interest rates		116,863	428,870	545,733	67,247	305,244	372,491
3.2.1 Foreign currency swap-buy		-	263,000	263,000	35,336	145,445	180,781
3.2.2 Foreign currency swap-sell		116,863	159,258	276,121	31,911	152,729	184,640
3.2.3 Interest rate swaps-buy		-	3,232	3,232	-	3,424	3,424
3.2.4 Interest rate swaps-sell		-	3,380	3,380	-	3,646	3,646
3.3 Foreign currency and interest rate options		68,902	88,771	157,673	33,484	30,825	64,309
3.3.1 Foreign currency options-buy		34,566	44,266	78,832	16,815	15,348	32,163
3.3.2 Foreign currency options-sell		34,336	44,505	78,841	16,669	15,477	32,146
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		193	3,058	3,251	-	-	-
3.4.1 Foreign currency futures-buy		141	2,910	3,051	-	-	-
3.4.2 Foreign currency futures-sell		52	148	200	-	-	-
3.5 Interest rate futures		-	-	-	-	-	-
3.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.6 Other		-	2,779	2,779	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		9,924,455	1,128,775	11,053,230	2,427,590	1,056,303	3,483,893
IV. ITEMS HELD IN CUSTODY		9,308,484	411,903	9,720,387	1,867,392	368,300	2,235,692
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		8,097,653	204,429	8,302,082	650,139	165,413	815,552
4.3 Checks received for collection		1,130,360	100,482	1,230,842	1,148,048	101,209	1,249,257
4.4 Commercial notes received for collection		80,396	58,901	139,297	69,205	49,296	118,501
4.5 Other assets received for collection		75	48,091	48,166	-	52,382	52,382
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	-	-	-	-	-
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		615,971	693,745	1,309,716	560,198	676,154	1,236,352
5.1 Marketable securities		139,900	16,046	155,946	29,513	13,511	43,024
5.2 Guarantee notes		4,290	4,307	8,597	4,537	4,741	9,278
5.3 Commodity		4,580	130,203	134,783	4,717	170,992	175,709
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		289,475	349,938	639,413	355,224	302,716	657,940
5.6 Other pledged items		177,726	193,251	370,977	166,207	184,194	350,401
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	23,127	23,127	-	11,849	11,849
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		11,168,377	2,918,929	14,087,306	3,500,651	2,832,329	6,332,980

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 XXIII)

TURK EKONOMI BANKASI A.S.
INCOME STATEMENTS FOR THE INTERIM PERIOD ENDED MARCH 31, 2005 AND 2004
(Currency-Thousands of New Turkish Lira)

IV- STATEMENTS OF INCOME

	Note Ref.	Reviewed	Reviewed
		Current Period 31.12.2004	Prior period 31.12.2003
	(Section 5)	Total	Total
I. INTEREST INCOME	III-1	104,804	99,686
1.1 Interest on loans		66,845	49,824
1.1.1 Interest on YTL loans		55,879	40,435
1.1.1.1 Short term loans		48,809	36,929
1.1.1.2 Medium and long term loans		7,070	3,506
1.1.2 Interest on foreign currency loans		10,800	9,280
1.1.2.1 Short term loans		8,280	8,055
1.1.2.2 Medium and long term loans		2,520	1,225
1.1.3 Interest on loans under follow-up		166	109
1.1.4 Premiums received from Resource Utilization Support Fund		-	-
1.2 Interest received from reserve deposits		1,680	1,920
1.3 Interest received from banks		8,718	3,582
1.3.1 The Central Bank of Turkey		1,483	22
1.3.2 Domestic banks		5,705	2,797
1.3.3 Foreign banks		1,530	763
1.4 Interest received from money market placements		2,293	19,806
1.5 Interest received from marketable securities portfolio		25,234	24,548
1.5.1 Trading securities		3,118	4,813
1.5.2 Available-for-sale securities		18,053	12,516
1.5.3 Held to maturity securities		4,063	7,219
1.6 Other interest income		34	6
II. INTEREST EXPENSE	III-2	49,383	57,261
2.1 Interest on deposits		32,541	47,765
2.1.1 Bank deposits		2,316	4,743
2.1.2 Saving deposits		15,461	20,875
2.1.3 Public sector deposits		-	17
2.1.4 Commercial deposits		6,998	15,688
2.1.5 Other institutions deposits		1,028	469
2.1.6 Foreign currency deposits		6,738	5,932
2.1.7 Precious metals vault accounts		-	41
2.2 Interest on money market borrowings		9,987	4,134
2.3 Interest on funds borrowed		6,512	5,302
2.3.1 The Central Bank of Turkey		-	-
2.3.2 Domestic banks		2,320	2,034
2.3.3 Foreign banks		3,162	2,400
2.3.4 Branches and head office abroad		-	-
2.3.5 Other financial institutions		1,030	868
2.4 Interest on securities issued		-	-
2.5 Other interest expense		343	60
III. NET INTEREST INCOME (I - II)		55,421	42,425
IV. NET FEES AND COMMISSIONS INCOME		7,866	6,874
4.1 Fees and commissions received		12,580	10,387
4.1.1 Cash loans		1,393	874
4.1.2 Non-cash loans		3,951	3,227
4.1.3 Other		7,236	6,286
4.2 Fees and commissions paid		4,714	3,513
4.2.1 Cash loans		2,440	633
4.2.2 Non-cash loans		8	5
4.2.3 Other		2,266	2,875
V. DIVIDEND INCOME		-	-
5.1 Trading securities		-	-
5.2 Available-for-sale securities		-	-
VI. NET TRADING INCOME/LOSS		9,086	18,536
6.1 Profit/losses on trading transactions (Net)		14,746	7,068
6.1.1 Profit on trading transactions		37,962	26,561
6.1.1.1 Profit on derivative financial instruments		27,192	17,275
6.1.1.2 Other		10,770	9,286
6.1.2 Losses on trading transactions (-)		(23,216)	(19,493)
6.1.2.1 Losses on derivative financial instruments		(19,375)	(15,534)
6.1.2.2 Other		(3,841)	(3,959)
6.2 Foreign exchange gains/losses (Net)		(5,660)	11,468
6.2.1 Foreign exchange gains		72,475	43,724
6.2.2 Foreign exchange losses (-)		(78,135)	(32,256)
VII. OTHER OPERATING INCOME	III-3	2,252	2,767
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		74,625	70,602
IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	III-4	8,738	11,569
X. OTHER OPERATING EXPENSES (-)		36,926	32,185
XI. NET OPERATING INCOME (IX-X-XI)		28,961	26,848
XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	III-5	7,942	6,279
XIII. NET MONETARY GAIN/(LOSS)		-	(15,419)
XIV. INCOME BEFORE TAXES (XII+XIII+ XIV)		36,903	17,708
XV. PROVISION FOR TAXES ON INCOME (-)		10,372	10,696
XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV-XV)		26,531	7,012
XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES		-	124
17.1 Extraordinary net income/expense before taxes		-	124
17.1.1 Extraordinary income		-	124
17.1.2 Extraordinary expense (-)		-	-
17.2 Provision for taxes on extraordinary income		-	-
XVIII. NET PROFIT/LOSSES FOR THE PERIOD (XVI+XVII+XVIII)	III-6	26,531	7,136
Earnings/Losses per share (Full amount)		0.00023	0.00006

The accompanying notes are an integral part of these statement

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

**TURK EKONOMI BANKASI A.S.
NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005
(Currency-Thousands of New Turkish lira)**

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

In accordance with the declaration of the Banking Regulation and Supervision Agency (BRSA) numbered 1623 and dated April 21, 2005 and the circular dated April 28, 2005, banks are not required to apply in their financial statements The “Accounting Standard on Financial Statements at Hyperinflation Periods” since the indicators defined in Article 5 of the Communiqué are not deemed to be applicable. Accordingly, starting from January 1, 2005 inflation accounting has not been applied and, prior period financials are expressed in purchasing power of December 31, 2004 for comparative presentation purposes.

As a result of a long period of high inflation, the TL has ended up in large denominations, creating difficulty in expressing and recording transactions. A new law was enacted in January 31, 2004 to introduce Yeni Turk Lirasi (New Turkish Lira, YTL), as the new currency unit for the Republic of Turkey effective January 1, 2005. Conversion rate for TL against YTL is fixed at YTL 1 to TL 1,000,000 through out the one year period until complete phase-out of TL. Effective January 1, 2005 the Bank’s functional and presentation currency is YTL and current period financial statements together with prior period/year comparative figures is presented in thousands of YTL, in accordance with BRSA’s circular dated January 5, 2005.

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

Accounting policies that are applied in the preparation of year-end financials except for the application of inflation accounting with respect to Communiqué No:14 of AAR for interim financial statements, are used without any change and summarized in III. Section.

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

**TURK EKONOMI BANKASI A.S.
NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (Continued)
(Currency-Thousands of New Turkish lira)**

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, 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 values of interest rate swaps, discounted values calculated using the fixed and floating interest rates between the transaction date and repricing date are used. Fair value of option transactions are determined by comparing the option rates discounted to balance sheet with the period end foreign exchange rates of the Bank and the resulting gain or loss is reflected to the income statement taken into account of exercisability of the option. Premiums, received and paid for the option transactions, are calculated on accrual basis using IRR method. Also the Bank has entered into future agreements. Future transactions are valued daily by the primary market prices and related gains or losses are reflected in income statement.

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

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 gain or loss. 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".

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

**TURK EKONOMI BANKASI A.S.
NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (Continued)
(Currency-Thousands of New Turkish lira)**

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 in the financial statements, the government bonds and treasury bills sold to clients under repurchase agreements are classified under securities held for trading, available for sale and held to maturity depending on the portfolio they are originally included in 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.

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 income statements.

As of March 31, 2005, the Bank does not have any reverse repo transactions (December 31, 2004 - None).

As of March 31, 2005, the Bank does not have any lent marketable securities (December 31, 2004 - None).

VIII- Securities Held to Maturity, Securities Available for Sale and Bank Originated Loans and 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. 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. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices. In the absence of prices formed in an active market the fair values of these securities are determined using other valuation methods 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 related security.

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

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

**TURK EKONOMI BANKASI A.S.
NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (Continued)
(Currency-Thousands of New Turkish lira)**

IX- Investments in Associates

Turkish Lira Investments in associates which are quoted at the stock exchange are remeasured at fair 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 until December 31, 2004, 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.

X- Investments in Subsidiaries

Turkish lira investments in subsidiaries are reflected at restated costs until December 31, 2004, computed by using relevant conversion factors considering purchase and capital contribution dates excluding share capital increases from internally generated amounts 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 Impairment

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.

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, 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.

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

**TURK EKONOMI BANKASI A.S.
NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (Continued)
(Currency-Thousands of New Turkish lira)**

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 until December 31, 2004 in accordance with inflation accounting and are depreciated with straight-line method. 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. Useful lives of such assets acquired prior to 2004 are determined as 5 years and for the year 2004 and forthcoming years, as 3 years. Software used are mainly developed within the Bank by the Bank's personnel and the related expenses are not capitalized. Software is purchased only in emergency cases and for special projects.

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 until December 31, 2004 , less reserve for impairment, if any. 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 until December 31, 2004 and depreciated by straight-line method. 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 and others	5-50
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.

Repairment costs of the tangible fixed assets are capitalized if they extend the economic useful life of the related asset. Other repairment 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.

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

**TURK EKONOMI BANKASI A.S.
NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
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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.

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 March 31, 2005 and December 31, 2004, 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 Tebtiler Foundation. The Bank does not have any other liability to this foundation other than paying 20 % of the first monthly contribution fee of the employee.

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

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

**TURK EKONOMI BANKASI A.S.
NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (Continued)
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XVII- Taxation

Corporate tax

Beginning with 2003, the effective corporation tax rate is 30% in accordance with Law No. 4842, published on April 24, 2003. However, with Law No. 5035 published at January 2, 2004, only for the year 2004 the corporation tax was calculated at 33%. The corporate tax rate for 2005 is 30%

The tax legislation, provides for a temporary tax of 30% (2004-33 %) 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.

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 2004 corporation tax was computed on the statutory income tax based on inflation adjusted statutory financial statements prepared in accordance with Law No. 5024 related with changes in Procedural Tax Code, Income Tax Law and Corporation Tax Law and reflected in the accompanying financial. In the Tax Procedural Code Circular number 18, dated April 19, 2005; Republic of Turkey Ministry of Finance General Directorate of Revenues announced that inflation accounting will not be applied in the first quarterly temporary tax period of 2005, the wholesale price indices announced for March 2005 did not increase more than 10 % compared to April 2004 and three year cumulative inflation rate from April 1, 2002 did not exceed 100 %.

Current tax related with items that are credited or charged directly to equity are charged or credited to equity. YTL 1,441 of current tax liability, relating to items classified under equity is charged to "Marketable securities value increase fund"

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

As of June 30, 2004 and prior periods, the Bank calculated and reflected deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

As of March 31, 2005 and December 31, 2004, in accordance with Communiqué Number 18 of AAR published on August 12, 2004 and effective from July 1, 2004 and the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004 the Bank calculated deferred tax asset on all deductible temporary differences except for general loan reserve, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis.

The deferred tax asset net is included in other assets and deferred tax liability net is reflected under other external resources on the balance sheets. YTL 519 of deferred tax provision credit is stated under the tax provision in the income statement. YTL 655 of deferred tax asset resulting from differences related to items that are credited or charged directly to equity is netted with these accounts.

Furthermore, as per the above mentioned circular of BRSA, deferred tax income balance resulting from netting of deferred tax assets and liabilities should not be subjected to dividend distribution and capital increase.

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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.

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. As of 31 March, 2005, securities at custody in the off-balance sheet includes investment funds as thousand shares.

XXIII- 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) issued by the International Accounting Standards Board. 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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(Currency-Thousands of New Turkish lira)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 December 31, 2004, the Bank's capital adequacy ratio is 12.88 %(December 31, 2004 - 14.29 %).

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.

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)	973,443	334,543	201,458	1,615,524
Cash	71,196	263	-	-
Due from banks	422,933	268,405	-	183
Interbank money market placements	142,000	-	-	-
Receivables from reverse repo transactions	-	-	-	-
Reserve deposits	202,238	-	-	-
Special finance houses	-	-	-	-
Loans	114,911	63,830	193,235	1,569,528
Loans under follow-up (Net)	-	-	-	10,938
Subsidiaries, associates and investments held to maturity	-	-	-	-
Miscellaneous receivables	-	-	-	510
Marketable securities held to maturity (Net)	-	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-
Financial lease receivables	-	-	-	-
Leased assets (Net)	-	-	8,223	-
Fixed assets (Net)	-	-	-	25,019
Other assets	20,165	2,045	-	9,346
Off balance sheet items	56,903	568,613	339,322	59,226
Guarantees and pledges	28,043	563,577	109,976	31,358
Commitments	25,652	-	229,346	-
Other off balance sheet items	-	-	-	-
Transactions related with derivative financial instruments	-	-	-	9,128
Interest and income accruals	3,208	5,036	-	18,740
Non risk weighted accounts	-	-	-	-
Total Value at Risk	1,030,346	903,156	540,780	1,674,750
Total Risk Weighted Assets	-	180,631	270,390	1,674,750

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Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets	2,125,771	1,784,135
Amount Subject to Market Risk	59,259	48,009
Shareholders' Equity	281,492	261,749
Shareholders' Equity / (TRWA + ASMR) *100	12.88	14.29
TRWA: Total Risk Weighted Assets		
ASMR: Amount subject to market risk		

Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	57,800	57,800
Nominal capital	57,800	57,800
Capital commitments (-)	-	-
Other Capital Reserves	252,676	252,676
Share Premium and Cancellation Profits	-	-
Legal Reserves	9,253	6,838
First legal reserve (Turkish Commercial Code 466/1)	5,479	3,789
Second legal reserve (Turkish Commercial Code 466/2)	3,774	3,049
Other legal reserve per special legislation	-	-
Statute Reserves	-	-
Extraordinary reserves	61,218	39,247
Reserves allocated by the General Assembly	61,218	39,247
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Profit	26,531	33,800
Current period profit	26,531	33,800
Prior years' profit	-	-
Loss (-)	-	-
Current period loss	-	-
Prior years' loss	-	-
Total Main Capital	407,478	390,361
SUPPLEMENTARY CAPITAL		
Revaluation Fund	-	-
Furniture, fixture and vehicles	-	-
Buildings	-	-
Profit on sale of associates, subsidiaries and buildings to be transferred to share capital	-	-
Revaluation fund of leasehold improvements	-	-
Increase in the Value of Revaluation Fund	-	-
Foreign Exchange Differences	-	-
General Reserves	12,044	10,235
Provisions for Possible Losses	-	-
Subordinated Loans	16,154	16,036
Marketable Securities Value Increase Fund	1,834	3,836
Associates and subsidiaries	-	-
Available for sale securities	1,834	3,836
Structured positions	-	-
Total Supplementary Capital	30,032	30,107
TIER III CAPITAL		
CAPITAL	437,510	420,468
DEDUCTIONS FROM THE CAPITAL	156,018	158,719
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	144,056	146,474
Leasehold improvements	6,141	6,846
Start-up costs	-	-
Prepaid expenses	5,821	5,399
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	281,492	261,749

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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. VAR for Market risks using international models Scenario analysis and stress tests are calculated and such tests supported by results are reported to senior management.

	Amount
Capital to be employed for interest rate risk – standard method	3,731
Capital to be employed for general market risk	3,731
Capital to be employed for specific risk	-
Capital to be employed for options subject to interest rate risk	-
Capital to be employed for common stock position risk – Standard method	-
Capital to be employed for general market risk	-
Capital to be employed for specific risk	-
Capital to be employed for options subject to common stock position risk	-
Capital to be employed for currency risk – Standard method	1,010
Capital liability	1,002
Capital to be employed for options subject to currency risk	8
Total Value-at-risk (VAR)-Internal Model	-
Total capital to be employed for market risk	4,741
Amount subject to market risk	59,259

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.

As of March 31, 2005, the Bank's net short position is YTL 10,100 (December 31, 2004 - YTL 3,006 net short) resulting from short position amounting to YTL 147,157 (December 31, 2004 - YTL 52,455) on the balance sheet and long position amounting to YTL 137,057 (December 31, 2003 - YTL 49,449) on the off-balance sheet.

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

	24.03.2005	25.03.2005	28.03.2005	29.03.2005	30.03.2005	31.03.2005
USD	1.34830	1.34570	1.35740	1.38380	1.37060	1.34620
CHF	1.12600	1.12010	1.12640	1.15140	1.14200	1.12400
GBP	2.52050	2.51640	2.52860	2.59150	2.57670	2.53120
JPY	1.26500	1.26270	1.26770	1.28900	1.27380	1.25700
EUR	1.75220	1.74390	1.75370	1.78990	1.77570	1.74390

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	1.30487
CHF	1.10768
GBP	2.48248
JPY	1.23969
EUR	1.72063

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, precious materials) and balances with the Central Bank of Turkey	49,423	594,867	1	2,741	647,032
Due from other banks and financial institutions	30,696	133,108	347	6,407	170,558
Trading securities	14	40	-	548	602
Money market placements	-	-	-	-	-
Investment securities available-for-sale	-	144,509	-	-	144,509
Loans (**)	392,624	717,180	1,133	19,151	1,130,088
Investments in associates and subsidiaries	53,102	-	-	-	53,102
Investment securities held-to-maturity	-	-	-	-	-
Property and equipment	-	-	-	-	-
Goodwill	-	-	-	-	-
Other assets	2,297	8,017	6	523	10,843
Total Assets	528,156	1,597,721	1,487	29,370	2,156,734
Liabilities					
Bank deposits	6,055	5,705	115	30,014	41,889
Foreign currency deposits (*)	351,224	1,299,358	1,486	32,635	1,684,703
Money market borrowings	-	-	-	-	-
Funds provided from other financial institutions	45,458	487,289	-	13,260	546,007
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	4,137	2,239	-	706	7,082
Other liabilities	3,914	19,748	-	548	24,210
Total liabilities	410,788	1,814,339	1,601	77,163	2,303,891
Net Balance Sheet Position	117,368	(216,618)	(114)	(47,793)	(147,157)
Net Off-Balance Sheet Position	(120,999)	209,250	(132)	48,938	137,057
Financial derivative assets	85,729	362,885	269	78,201	527,084
Financial derivative liabilities	206,728	153,635	401	29,263	390,027
Non-cash loans (***)	305,844	490,365	11,284	39,894	847,387
Prior Period					
Total Assets	395,514	1,691,316	1,453	27,877	2,116,160
Total Liabilities	431,118	1,642,826	1,700	92,971	2,168,615
Net Balance Sheet Position	(35,604)	48,490	(247)	(65,094)	(52,455)
Net Off-Balance Sheet Position	35,469	(52,882)	267	66,595	49,449
Non-cash loans (***)	324,935	475,005	11,582	34,391	845,913

(*) Gold account deposits amounting to YTL 1,593 (December 31, 2004 - YTL 1,689) are included in the foreign currency deposits.

(**) Foreign currency indexed loans amounting to YTL 196,021 (2003 - YTL 158,143) 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 this 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 Month	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, precious materials) and balances with the Central Bank of Turkey	612,420	-	-	-	-	85,080	697,500
Due from banks and other financial institutions	247,588	5,000	9,000	7,000	-	-	268,588
Trading securities	684	32,002	8,306	808	9,534	-	51,334
Money market placements	142,000	-	-	-	-	-	142,000
Securities available-for-sale	38,881	177,854	79,235	32,839	76,845	9	405,663
Loans	806,812	259,896	336,154	261,895	276,747	-	1,941,504
Securities held-to-maturity	65,351	996	-	-	-	-	66,347
Other assets	-	-	-	-	-	275,032	275,032
Total Assets	1,913,736	475,748	432,695	302,542	363,126	360,121	3,847,968
Liabilities							
Bank deposits	67,238	10,146	-	1,000	-	-	78,384
Other deposits	1,488,763	163,322	26,332	35,605	116	586,042	2,300,180
Money market borrowings	310,835	8	-	-	-	-	310,843
Miscellaneous payables	-	-	-	-	-	41,982	41,982
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	66,320	32,066	331,193	28,388	116,873	-	574,840
Other liabilities	57	99	101	-	3,695	537,787	541,739
Total Liabilities	1,933,213	205,641	357,626	64,993	120,684	1,165,811	3,847,968
Balance Sheet Interest Sensitivity Gap	(19,477)	270,107	75,069	237,549	242,442	(805,690)	-
Off Balance Sheet Interest Sensitivity Gap	(148)	-	-	-	-	-	(148)
Total Interest Sensitivity Gap	(19,625)	270,107	75,069	237,549	242,442	(805,690)	(148)

The other assets line at the non-interest bearing column consists of property and equipments amounting to YTL 39,383, intangible assets amounting to YTL 3,080, YTL 43,638 of accrued interest and income receivables, subsidiaries amounting to YTL 144,056 and the other liabilities line consists of shareholders' equity with a total amount of YTL 409,312.

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	Up to 1 Month	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, precious materials) and balances with the Central Bank of Turkey	942,255	-	-	-	-	103,498	1,045,753
Due from banks and other financial institutions	128,826	21,000	5,000	16,000	-	-	170,826
Trading securities	2,246	1,099	2,791	2,659	775	-	9,570
Money market placements	95,000	-	-	-	-	-	95,000
Securities available-for-sale	38,872	100,974	-	31,795	160,893	9	332,543
Loans	651,309	284,674	285,342	121,173	232,586	-	1,575,084
Securities held-to-maturity	65,349	100	-	-	-	-	65,449
Other assets	-	-	-	-	-	271,371	271,371
Total Assets	1,923,857	407,847	293,133	171,627	394,254	374,878	3,565,596
Liabilities							
Bank deposits	74,722	19,776	1,000	-	-	-	95,498
Other deposits	1,249,114	207,422	36,132	23,909	9,144	638,651	2,164,372
Money market borrowings	158,532	-	-	-	-	-	158,532
Miscellaneous payables	-	-	-	-	-	39,052	39,052
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	51,209	302,027	88,260	51,049	104,208	-	596,753
Other liabilities	51	99	101	-	3,699	507,439	511,389
Total Liabilities	1,533,628	529,324	125,493	74,958	117,051	1,185,142	3,565,596
Balance Sheet Interest Sensitivity Gap	390,229	(121,477)	167,640	96,669	277,203	(810,264)	-
Off Balance Sheet Interest Sensitivity Gap	(163)	-	(59)	-	-	-	(222)
Total Interest Sensitivity Gap	390,066	(121,477)	167,581	96,669	277,203	(810,264)	(222)

The other assets line at the non-interest bearing column consists of property and equipment amounting to YTL 40,312 intangible assets amounting to YTL 3,437, YTL 44,398 of accrued interest and income receivables, investments in associates amounting to YTL 146,474 and the other liabilities line consists of shareholders' equity with a total amount of YTL 394,197.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	Yen %	YTL %
Current Period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	0.72	0.84	-	8.50
Due from banks and other financial institutions	2.58	2.72	-	17.27
Trading securities	-	8.50	-	17.50
Money market placements	-	-	-	16.11
Securities available-for-sale	-	7.00	-	17.50
Loans	5.55	5.93	3.40	25.77
Securities held-to-maturity	-	-	-	20.00
Liabilities				
Bank deposits	3.25	3.43	-	17.84
Other deposits	2.13	2.47	-	19.55
Money market borrowings	-	-	-	-
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	4.32	4.17	-	16.96

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	EURO %	USD %	Yen %	YTL %
Prior Period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	0.64	0.55	-	10.00
Due from banks and other financial institutions	-	2.22	-	22.74
Trading securities	5.50	5.50	-	22.00
Money market placements	-	-	-	18.00
Securities available-for-sale	-	6.50	-	23.00
Loans	5.43	5.50	-	26.82
Securities held-to-maturity	-	-	-	26.00
Liabilities				
Bank deposits	2.02	2.38	-	21.70
Other deposits	2.78	2.55	-	22.52
Money market balances	-	-	-	19.64
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	3.59	3.39	-	17.33

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 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 YTL 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, precious materials) and Balances with the Central Bank of Turkey	85,080	612,420	-	-	-	-	-	697,500
Due from banks and other financial institutions	108,990	138,598	5,000	9,000	7,000	-	-	268,588
Trading securities	-	681	367	635	17,120	32,531	-	51,334
Money market placements	-	142,000	-	-	-	-	-	142,000
Securities available-for-sale	9	-	-	-	71,720	333,934	-	405,663
Loans	-	806,812	259,896	336,154	261,895	276,747	-	1,941,504
Securities held-to-maturity	-	-	898	-	65,449	-	-	66,347
Other assets	-	44,552	4,222	3,185	8,383	10,953	203,737	275,032
Total Assets	194,079	1,745,063	270,383	348,974	431,567	654,165	203,737	3,847,968
Liabilities								
Bank deposits	9,683	57,555	10,146	-	1,000	-	-	78,384
Other deposits	586,042	1,488,763	163,322	26,332	35,605	116	-	2,300,180
Money market borrowings	-	310,835	8	-	-	-	-	310,843
Funds provided from other financial institutions	-	28,178	32,066	61,953	297,628	155,015	-	574,840
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	41,982	-	-	-	-	-	-	41,982
Other liabilities	-	71,145	31,682	1,683	4,022	9,675	423,532	541,739
Total Liabilities	637,707	1,956,476	237,224	89,968	338,255	164,806	423,532	3,847,968
Net Liquidity Gap	(443,628)	(211,413)	33,159	259,006	93,312	489,359	(219,795)	-
Prior Period								
Total Assets	167,625	1,780,865	310,490	310,378	282,293	508,222	205,723	3,565,596
Total Liabilities	700,848	1,549,614	270,673	107,127	359,268	171,654	406,412	3,565,596
Net Liquidity Gap	(533,223)	231,251	39,817	203,251	(76,975)	336,568	(200,689)	-

(*) 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
UNCONSOLIDATED FINANCIAL STATEMENTS

I- Footnotes And Explanations Related to the Assets**1. Information related to the account of the Central Bank of Turkey:**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted demand deposit	12,751	-	21,918	-
Unrestricted time deposit	-	410,182	-	752,085
Total	12,751	410,182	21,918	752,085

2. Information about trading portfolio:

a) Trading securities given as collateral or blocked:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	453	-	866	-
Others	-	-	-	-
Total	453	-	866	-

b) Trading securities subject to repurchase agreements:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government bonds	43,682	-	3,138	-
Treasury bills	412	-	4,786	-
Other government debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	44,094	-	7,924	-

As of March 31, 2005, trading securities which are not given as collateral amount to YTL 6,787 (December 31, 2004 - YTL 780).

3. Information on available for sale portfolio:

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

b) Information on available for sale portfolio:

	Current Period	Prior Period
Debt securities	411,098	335,290
Quoted in a stock exchange	261,221	277,089
Not quoted	149,877	58,201
Share certificates	9	9
Quoted in a stock exchange	-	-
Not quoted	9	9
Provision for impairment (-)	(5,444)	(2,756)

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Total	405,663	332,543
c) Available for sale securities given as collateral or blocked: Available for sale securities, given as collateral consist of public sector debt securities of YTL 92,835 (December 31, 2004 - YTL 41,150) given as collateral for regulatory requirements.		

d) Information on investment securities available-for-sale given as collateral or blocked:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	21,013	71,822	41,150	-
Others	-	-	-	-
Total	21,013	71,822	41,150	-

e) Information on investment securities available-for-sale subject to repurchase agreements:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government bonds	201,411	-	147,941	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	201,411	-	147,941	-

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	84	3,527	31	13,024
Corporate shareholders	84	3,527	31	13,024
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	2,075	-	2,115	-
Total	2,159	3,527	2,146	13,024

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	1,933,951	-	-	7,553
Discount notes	29,008	-	-	-
Export loans	661,824	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	100,472	-	-	-
International loans	25,134	-	-	-
Consumer loans	95,231	-	-	-
Credit cards	22,389	-	-	-
Precious metals loans	15,999	-	-	-
Other	983,894	-	-	7,553
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	1,933,951	-	-	7,553

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c) Information on consumer loans :

	Short Term	Medium and Long Term	Total	Interest Income Accrual
Consumer loans-YTL	17,974	51,418	69,392	1,126
Real estate loans	367	8,014	8,381	116
Automotive loans	2,565	24,591	27,156	363
Consumer loans	11,674	18,081	29,755	459
Personnel loans	711	732	1,443	35
Other consumer loans	2,657	-	2,657	153
Consumer loans- Indexed to FC	1,749	24,090	25,839	123
Real estate loans	117	11,997	12,114	52
Automotive loans	732	10,341	11,073	56
Consumer loans	900	1,752	2,652	15
Personnel loan	-	-	-	-
Other consumer loans	-	-	-	-
Credit cards	22,389	-	22,389	167
Total Consumer Loans	42,112	75,508	117,620	1,416

d) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	1,916,370	1,558,832
Foreign loans	25,134	16,252
Total	1,941,504	1,575,084

e) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	-	17
Indirect loans granted to subsidiaries and investments	-	-
Total	-	17

f) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	577	255
Loans and receivables with doubtful collectibility	741	1,045
Uncollectible loans and receivables	10,847	9,944
Total	12,165	11,244

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: None.

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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	1,799	5,096	13,986
Additions (+)	3,924	-	-
Transfers from other categories of loans under follow-up (+)	-	1,473	4,285
Transfers to other categories of loans under follow-up (-)	1,474	4,284	-
Collections (-)	434	135	959
Write-offs (-)	-	2	172
Effect of Inflation (-)	-	-	-
Current period end balance	3,815	2,148	17,140
Specific provision (-)	577	741	10,847
Net Balances on Balance Sheet	3,238	1,407	6,293

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 June 30, 2001.

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

a) Information on held to maturity portfolio:

	Current Period	Prior Period
Debt securities	66,347	65,449
Quoted in a stock exchange	66,347	65,449
Not quoted	-	-
Provision for impairment (-)	-	-
Total	66,347	65,449

b) Movement of held to maturity portfolio :

	Current Period	Prior Period
Beginning balance	65,449	97,675
Effect of inflation (-)	-	(10,037)
Foreign currency differences on monetary assets	-	-
Purchases during year	898	25,807
Disposals through sales and redemptions	-	(47,996)
Impairment provision	-	-
Closing Balances	66,347	65,449

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

	Current Period				Prior Period			
	Cost		Amortized Cost		Cost		Amortized Cost	
	YTL	FC	YTL	FC	YTL	FC	YTL	FC
Held to Maturity Portfolio								
Given as collateral or blocked	3,472	-	3,628	-	65,449	-	67,637	-
Subject to repo transactions	62,875	-	64,280	-	-	-	-	-
Held for structural position	-	-	-	-	-	-	-	-
Receivables from securities lending	-	-	-	-	-	-	-	-
Collaterals on securities lending	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Closing Balances	66,347	-	67,908	-	65,449	-	67,637	-

c.2) Marketable securities held to maturity given as collateral consist of public sector debt securities of YTL 3,472 (December 31, 2004-YTL 65,449), given as collateral for regulatory requirements.

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Bonds	897	-	-	-
Bills and similar investment securities	2,575	-	65,449	-
Other	-	-	-	-
Total	3,472	-	65,449	-

c.3) Securities held-to-maturity subject to repurchase agreements given as collateral consist of public sector debt securities of YTL 62,875 (December 31, 2004-None), given as collateral for regulatory requirements.

Information on investment securities held to maturity subject to repurchase agreements:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government bonds	62,875	-	-	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	62,875	-	-	-

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	-	11,127
Movements during the period	-	(11,127)
Purchases	-	-
Free shares obtained profit from current year's share	-	-
Dividends from current year income	-	-
Sales (*)	-	(11,283)
Valuation increase	-	156
Provision for impairment	-	-
Balance at the end of the period	-	-

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Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) YTL 10,724 of 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 and YTL 559 is due to the disposal of Varlik Yatirim Ortakligi A.S.

- a.2) Valuation of participations: None.
- a.3) Participations which are quoted in a stock exchange: None.
- a.4) Information related to participations: None.
- a.5) Information on investments which are sold in current period : None.
- a.6) Participations 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	146,474	138,270
Movements during the period	(2,418)	8,204
Purchases (*)	-	24,712
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (**)	-	(11,105)
Revaluation increase (***)	(2,418)	(5,403)
Provision for impairment	-	-
Balance at the end of the period	144,056	146,474
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) As of December 31, 2004, YTL 10,724 was the reclassification of TEB Sigorta A.S. as a subsidiary and YTL 13,988 was due to the increase in the shareholding percentages of other subsidiaries.

(**) As of December 31, 2004, the "Sales" amount consisted of YTL 10,724 due to disposal of TEB Sigorta A.S. and YTL 381 due to disposal of TEB Kiyetli Madenler A.S.

(***) For the prior period the amount represents the effects of devaluation and inflation on foreign subsidiaries, for the current period, represents just the effects of devaluation.

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 from internally generated funds like the revaluation fund. Subsidiaries denominated in foreign currency are translated into Turkish Lira by applying the exchange rates prevailing at balance sheet dates. When there is a permanent diminution in value of the subsidiaries then a provision is set.

	Current Period	Prior Period
Valuation with cost	144,056	146,474

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Valuation with fair value	-	-
Valuation with equity method	-	-
a.3) Subsidiaries which are quoted in 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	74.94	100.00
TEB Finansal Kiralama A.S.	Istanbul/Turkey	100.00	100.00
TEB Factoring A.S.	Istanbul/Turkey	100.00	100.00
TEB Portfoy Yonetimi A.S.	Istanbul/Turkey	46.77	100.00

Information on subsidiaries as presented in the table above :

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) 1,204,219	94,096	7,663	12,767	87	2,070	8,799	-
(i) 775	785	-	-	-	10	(69)	-
(ii) 30,838	25,377	677	43	734	3,373	1,038	-
(iii) 301,127	83,576	98,375	278	-	(2,602)	9,817	-
(iii) 101,604	12,576	178	106	-	1,135	1,410	-
(ii) 9,213	7,802	462	528	142	1,992	4,272	-

(*) Represent December 31, 2004 figures.

(i) Represents financial figures of foreign currency subsidiaries translated at period end foreign exchange rates.

(ii) 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.

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

9. Explanations related to interest and income accruals :

a) Information about accrued interest and income receivables:

Accrued interest and income receivables	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest accruals - due	198	-	37	-
Interest accruals - not due	11,145	7,346	8,499	7,147
Loan commissions and other income accruals - due	-	-	-	-
Loan commissions and other income accruals - not due	37	15	19	7
Total	11,380	7,361	8,555	7,154

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b) Information on other interest and income accruals :

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Other interest and income accruals				
Trading securities	309	-	145	1
Securities available for sale	7,365	363	9,025	366
Securities held to maturity	3,130	-	3,421	-
Interest accruals of reverse repo transactions	-	-	-	-
Interest accruals of reserve deposits	1,198	480	1,455	354
Income accruals of financial derivative instruments	1,734	3,753	1,459	5,658
Interest and income accruals	-	157	-	147
Income accrual of foreign exchange gains	1,734	3,596	1,459	5,511
Income accruals on factoring receivables	-	-	-	-
Others	4,650	1,915	4,801	2,004
Total	18,386	6,511	20,306	8,383

10. Information on other assets:

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

	Current Period	Prior Period
Prepaid taxes	19,295	13,870
Deferred tax	2,045	1,800
Receivables from fund participation certificates	2,702	3,212
Transaction cost related to financial liabilities	2,329	2,874
Prepaid rent expenses	1,336	1,417
Advances given	127	161
Others	5,593	3,410
Total	33,427	26,744

- b) As of March 31, 2005 the deferred tax asset computed within the prevailing regulations amounting to YTL 6,176 is netted off against deferred tax liability amounting to YTL 4,131 and reflected in the accompanying financial statements as a deferred tax asset of YTL 2,045, net. Deferred tax asset is calculated mainly on temporary differences such as retirement pay liability and valuation of marketable securities. There are no carried forward tax losses or tax exemptions or deductions over which deferred tax asset is computed. As of March 31, 2005, in accordance with the circular of BRSA numbered 2004/3 and dated December 8, 2004 no deferred tax asset on general loan is calculated. As of December 31, 2004 deferred tax asset on general loan provision was reversed and its effect was reflected in the year end income statement.
- c) Other assets 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 :

	Demand	7 day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over
Saving deposits	31,240	-	124,805	46,187	79,540	2,458	28,547
Foreign currency deposits	407,180	-	810,716	370,918	72,398	11,181	10,717
Residents in Turkey	380,955	-	801,755	350,104	71,138	10,758	9,102
Residents abroad	26,225	-	8,961	20,814	1,260	423	1,615
Public sector deposits	14,586	-	-	-	-	-	-
Commercial deposits	97,518	-	136,359	6,314	3,547	138	-
Other institutions deposits	33,999	-	8,405	1,827	4	3	-
Precious metals deposits	1,519	-	-	-	74	-	-
Interbank deposits	9,683	-	20,763	41,423	5,515	1,000	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	29	-	28	-	1,000	-	-
Foreign Banks	5,965	-	20,735	41,423	4,515	1,000	-
Special finance houses	3,689	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	595,725	-	1,101,048	466,669	161,078	14,780	39,264

a.2) Prior period :

	Demand	7 day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over
Saving deposits	31,689	-	138,354	167,477	34,923	3,730	33,156
Foreign currency deposits	491,822	-	525,299	428,847	43,435	8,420	7,485
Residents in Turkey	467,305	-	514,878	419,701	41,899	7,928	7,485
Residents abroad	24,517	-	10,421	9,146	1,536	492	-
Public sector deposits	166	-	-	-	-	-	-
Commercial deposits	86,091	-	67,625	29,837	2,475	14,011	1,620
Other institutions deposits	27,195	-	1,935	17,087	2	2	-
Precious metals deposits	1,689	-	-	-	-	-	-
Interbank deposits	23,144	-	14,893	51,252	5,209	1,000	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	600	-	17	-	1,000	-	-
Foreign Banks	9,854	-	14,876	51,252	4,209	1,000	-
Special finance houses	12,690	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	661,796	-	748,106	694,500	86,044	27,163	42,261

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	111,448	118,980	208,023	280,872
Foreign currency saving deposits	240,275	249,931	852,389	868,477
Other deposits in the form of saving deposits	321	297	827	1,314
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	352,044	369,208	1,061,239	1,150,663

(*) According to the BRSA's circular no 1584 dated on February 23, 2005, accruals are included in the saving deposit amounts.

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

	Current Period	Prior Period
Foreign branches' saving deposits	-	-
Off-shore banking regions' saving deposits	3,646	14,294
Total	3,646	14,294

2. Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From domestic transactions	310,836	-	158,527	-
Financial institutions and organizations	300,000	-	150,000	-
Other institutions and organizations	2,082	-	2,110	-
Real persons	8,754	-	6,417	-
From foreign transactions	7	-	5	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	7	-	5	-
Total	310,843	-	158,532	-

3. a) Information on funds borrowed:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term	28,833	366,481	31,546	392,220
Medium and long-term	-	159,333	-	152,942
Total	28,833	525,814	31,546	545,162

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	292	282

The Cash Collateral obtained comprises amount blocked for import and export transactions.

7.a) Deferred tax liability computed within prevailing regulations: As of December 31, 2004, according to communiqué 18 of AAR, deferred tax liability amounting to YTL 4,131 is calculated on differences between the applications of AAR and Turkish Tax Procedural Code mainly related with the valuation of fixed assets and tangible / intangible assets. Deferred tax liability is netted with deferred tax asset.

b) Other 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. Information on financial lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	402	102	259	251
1-4 years	3,569	2,852	3,542	2,547
More than 4 years	892	875	1,181	1,152
Total	4,863	3,829	4,982	3,950

9. Information on interest and expense accruals:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Accrued interest on deposits	7,900	1,594	9,374	1,856
Accrued interest on funds borrowed	1,333	5,268	1,307	4,254
Accrued interest on funds	-	-	-	-
Accrued interest on repurchase agreement transactions	134	-	78	-
Accrued interest on derivative financial instruments	7,389	2,023	7,519	2,906
Accrued interest and expense	62	241	-	341
Foreign exchange losses accrued	7,327	1,782	7,519	2,565
Accrued interest on factoring payables	-	-	-	-
Other interest and expense accruals	2,431	13	1,843	46
Total	19,187	8,898	20,121	9,062

10. Provisions and subordinated loans :

a) Information on general provisions::

	Current Period	Prior Period
General provisions	12,044	10,235
Provisions for First Group Loans and Receivables	10,435	8,692
Provisions for Second Group Loans and Receivables	38	49
Provisions for Non Cash Loans	1,571	1,494
Total	12,044	10,235

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

c) Information on subordinated loans:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	20,193	-	20,045
Total	-	20,193	-	20,045

d) The foreign exchange losses on the foreign currency indexed loans amounting to YTL 7,391 (December 31, 2004 – YTL 9,862) is netted of from loans at the balance sheet.

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

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- f) The specific provisions provided for unindemnified non cash loans amount to YTL 100 (December 31, 2004 – YTL 88).

11. Information of Shareholders' Equity:

- a) Presentation of paid-in capital:

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

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

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: None.
- d) Information on share capital increases from revaluation funds:
- 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) Indicators of the Bank's income, profit and liquidity for the previous periods and within these indicators possible affects on capital foresighting uncertainty : Not applicable.
- g) Information on privileged shares :

7% of the Bank's remaining net income after tax after deducting legal reserves and first dividends, corresponding to the Bank's 60,000 shares of YTL 30 (in full YTL) is distributed to the founder shares. In the Board of Directors meeting dated February 10,2005 numbered 3702/11, it is decided to transfer 6 founder shares to the parent company, Teb Mali Yatirimlar.

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

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

13. Information on legal reserves:

	Current Period	Prior Period
First legal reserves	5,161	3,471
Second legal reserves	3,459	2,734
Other legal reserves per special legislation	-	-
Inflation adjustment on legal reserves	633	633
Total	9,253	6,838

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14. Information on extraordinary reserves:

	Current Period	Prior Period
Reserves allocated by the General Assembly	55,056	33,085
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment on reserves allocated by the General Assembly	6,162	6,162
Total	61,218	39,247

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

Name/Commercial title	Amounts	Share Percentage	Paid-in capital	Unpaid portion
Teb Mali Yatirimlar A.S.	48,699	%84.25	48,699	-

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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 upto 20 % subaccounts 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 YTL 7,236 (March 31, 2004 - YTL 6,286) includes fees and commissions on credit cards amounting to YTL 1,480 (March 31, 2004 –YTL 1,357) and on import letters of credit amounting to YTL 1,509 (March 31, 2004 – YTL 1,655), and other fee and commission expense amounting to YTL 2,266 (March 31, 2004 – YTL 2,875) includes fees and commissions on credit cards amounting to YTL 1,399 (March 31, 2004 –YTL 1,802).

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

	Current Period	Prior Period
Interest received from participations and subsidiaries	13	11

b) Information on financial lease income: None.

c) Interest received from reverse repurchase agreement transactions: None.

2. a) Information on interest expense to participations and subsidiaries:

	Current Period	Prior Period
Interest expense to participations and subsidiaries	42	57

b) Information on financial lease expenses :

	Current Period	Prior Period
Financial lease expense	5	25

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	
YTL							
Bank deposits	-	1,862	-	-	-	-	1,862
Saving deposits	3	5,017	4,958	3,825	142	1,519	15,461
Public sector deposits	-	-	-	-	-	-	-
Commercial deposits	3	5,114	1,379	243	181	78	6,998
Other deposits	-	188	840	-	-	-	1,028
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	6	12,181	7,177	4,068	323	1,594	25,349
Foreign Currency							
Foreign currency deposits	2	3,818	2,346	418	73	81	6,738
Bank deposits	-	454	-	-	-	-	454
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	2	4,272	2,346	418	73	81	7,192
Total	8	16,453	9,523	4,486	396	1,675	32,541

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d) Interest expense on repurchase agreements :

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest expense on repurchase agreements	9,987	-	4,134	-

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 : None.

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	1,600	867
III. Group	597	155
IV. Group	373	175
V. Group	630	537
General provision expenses	1,996	1,349
Provision expenses for possible losses	-	-
Foreign exchange differences on foreign currency losses	3,504	7,578
Marketable securities impairment expense	1,575	1,775
Trading securities	-	-
Investment securities available for sale	1,575	1,775
Impairment provision expense	-	-
Participations	-	-
Subsidiaries	-	-
Joint ventures	-	-
Investment securities held to maturity	-	-
Other	63	-
Total	8,738	11,569

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

	Current Period	Prior Period
Income and loss from subsidiaries (+/-)	7,942	6,279
Income and loss from participations (+/-)	-	-
Total	7,942	6,279

b) Income / loss from participations, 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 V.

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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 Contingencies and 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 high, then it is explained in the footnotes. As of March 31, 2005 there are no contingent assets that need to be explained.
- b.2) For contingent liabilities, if realization is probable and the amount can reliably be determined then provision is set. If realization is remote or the amount cannot be determined reliably, 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 YTL 139,467 and YTL 123,660; payment commitments for checks are 152,717 YTL and 131,835 YTL as of March 31, 2005 and December 31, 2004 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 March 31, 2005 total guarantees and commitments consist of letter of guarantees amounting to YTL 942,663, (December 31, 2004 - YTL 904,879) acceptances amounting to YTL 44,742 (December 31, 2004 - YTL 45,697) and letters of credit amounting to YTL 373,901 (December 31, 2004 -YTL 387,810).

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

3.a) Non-cash loans:

	Current Period	Prior Period
Guarantees given against cash loans	89,066	102,809
With maturity of 1 year or less than 1 year	29,100	58,639
With maturity of more than 1 year	59,966	44,170
Other non-cash loans	1,290,214	1,253,932
Total	1,379,280	1,356,741

- 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: October 2004

Bank Financial Strength	D+
Long Term Deposits	B2

Fitch Ratings: March 2005

Foreign Currency Commitments

Long Term	BB-
Short Term	B
View	Stable

Turkish Lira Commitments

Long Term	BB+
Short Term	B
View	Stable
National	AA- (tur)
View	Stable

Individual Rating	C/D
Support Points	3

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V- 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 (*)	Participations		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	17	2,549	31	13,024	547	3,352
Balance at end of period	-	2,324	84	3,527	419	4,224
Interest and commission income	-	13	113	2	34	12

b) Prior Period :

Related Parties (*)	Participations		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	133	8,657	803	1,532	706	4,851
Balance at end of period	17	2,549	31	13,024	547	3,352
Interest and commission income received	2	10	-	161	1	4

c.1) Information on related party deposits balances:

Related parties (*)	Participations		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	10,190	15,863	237,410	188,691	40,452	1,654
Balance at end of period	3,820	10,190	550,577	237,410	29,168	40,452
Interest on deposits	42	57	3,302	941	254	500

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

Related Parties (*)	Participations		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	129,693	97,284	5,282	25,656	-	38,525
End of period	84,433	129,693	2,618	5,282	24,158	-
Total income/loss	(1,483)	(554)	(127)	(123)	73	(106)
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.

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

	Amount	% According to the Amounts at the Financial Statements
Cash loans	503	0.03
Non-cash loans	10,075	0.73
Deposits	583,565	24.53
Forward transactions and option agreements	111,209	9.75

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

- c) 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).
- d) 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 March 31, 2005 the total leasing obligations related to these agreements amounted to YTL 3,829. 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 0.32 %. Amounts of these loans are explained in the note V- 1a.

As of March 31, 2005 the Bank has no purchases and sale of real estate and other assets, transfer of information as a result of research and development and management contracts with the related parties.

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VII- Footnotes And Explanations on Inflation Accounting

Inflation Accounting

In accordance with the declaration of the Banking Regulation and Supervision Agency (BRSA) numbered 1623 and dated April 21, 2005 and the circular dated April 28, 2005, banks are not required to apply The "Accounting Standard on Financial Statements at Hyperinflation Periods", Communiqué No:14 of "Accounting Application Regulations" (AAR) in their financial statements as the indicators defined in Article 5 of the Communiqué are not deemed to be applicable. Accordingly, starting from January 1, 2005 inflation accounting has not been applied, and prior period financials are expressed in purchasing power of December 31, 2004 for comparative presentation purposes.

The main guidelines for inflation accounting on prior period financials presented for comparison purposes only (balance sheet as of December 31, 2004 and income statement as of March 31, 2004) are as follows:

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

Non-monetary asset and liabilities and components of which were not expressed in terms of the measuring unit current at the balance sheet dates were restated by applying a general price index. Cash proceeds in share capital increases were restated based on collection dates whereas increases through revaluation fund were 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 were considered as cash injections made by the shareholders and were restated based on the date of transfer to the share capital.

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

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

Participations and subsidiaries denominated in Turkish Lira were 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 unappropriated profits were considered as cash contributions and were restated from the date of contribution. Participations and subsidiaries denominated in foreign currency were converted to Turkish Lira with the exchange rates prevailing and year-end.

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

The gain or loss on net monetary position was included in the income statement as gain/loss on net monetary position. Restatement effect of paid-in capital was stated as a separate line item under equity.

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Wholesale prices indices and conversion factors that were used to restate the accompanying the financial statements as of December 31, 2004, reflecting the restatement for the changes in the general purchasing power of the Turkish is as follows;

Dates	Indexed	Conversion Factors
December 31, 2004	8,403.8	1.000
March 31, 2004	7,862.2	1.069
December 31, 2003	7,382.1	1.138
December 31, 2002	6,478.8	1.297

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:

The Bank has obtained expertise reports to determine fair value of its property.

Financial statements for the period ended March 31, 2005 and 2004 are reviewed and for the year ended December 31, 2004 are audited.

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

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AS OF MARCH 31, 2005 (Continued)
(Currency-Thousands of New Turkish lira)**

VII- Explanations Related To Subsequent Events

- a) Disclosure related to subsequent events and their impact on the financial statements as required by the related standard: There are no significant events.

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

TURK EKONOMI BANKASI A.S.
NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (Continued)
(Currency-Thousands of New Turkish lira)

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 May 9, 2005 is presented preceding the financial statements.