

**Turk Ekonomi Bankasi
Anonim Sirketi**

**Consolidated Financial Statements
As of March 31, 2004
Together With Review Report**

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

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

**TURK EKONOMI BANKASI ANONIM SIRKETI
REVIEW REPORT AS OF MARCH 31, 2004**

We have reviewed the consolidated balance sheet of Turk Ekonomi Bankasi Anonim Sirketi as of March 31, 2004 and the related consolidated statement of income for the interim period then ended. These financial statements are expressed in the equivalent purchasing power of Turkish lira as of March 31, 2004. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a review report on these financial statements based on our review.

We conducted our review in accordance with the auditing standards which were determined under the provisions of Banking Law Number 4389. These standards require that the review should be planned and performed to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly we do not express an opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of Turk Ekonomi Bankasi Anonim Sirketi at March 31, 2004 are not presented fairly, in all material respects, in accordance with the accounting principles and standards that are based on the Article 13 of the Banking Law number 4389.

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 and so far as such differences apply to the financial statements of the Bank they mainly relate to the format of financial statements and disclosure requirements, accounting for deferred taxes and accounting for retirement pay liabilities. The effects of the differences between these accounting principles and accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in the countries of users of the financial statements and IFRS.

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

Esra Peri, SMMM

May 27, 2004
Istanbul, Turkiye

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

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SECTION ONE

GENERAL INFORMATION

I- Footnotes and Explanations on the Activities and Operations of the Bank

- a) Commercial name of the Bank : Turk Ekonomi Bankasi Anonim Sirketi (the Bank)
Reporting period : 1 January – 31 March 2004
Address of the head office : Meclis-i Mebusan Caddesi No:35
Findikli 34427 - ISTANBUL
Telephone number : (0212) 251 21 21
Facsimile number : (0212) 249 65 68
Web page : www.teb.com.tr
E-mail address : investorrelations@teb.com.tr
- b) The Parent Bank's service activities and operating areas: The Parent Bank's operating areas include, retail, commercial and corporate banking, fund management operations and project financing.
- c) Financial statements and relevant explanations together with the footnotes are stated in Billions of Turkish Lira.

II- Explanations and Footnotes Regarding the Including Group of the Parent Company Bank

The Group of the Parent Bank: Turk Ekonomi Bankasi Anonim Sirketi ("the Bank") is included in the Colakoglu Group. 70.17% of the shares of the Bank belongs to TEB Mali Yatirimlar Anonim Sirketi (TEB Mali Yatirimlar) and 8.60% of the shares belongs to Colakoglu Metalurji Anonim Sirketi.

III- Explanations on Consolidated Interim Financial Statements

- a) Accounting principles and basis of valuation used in the preparation of year-end financial statements are also used for the preparation of interim financial statements without any changes or exceptions, and are summarized in Section Three below.
- b) There are no transactions realized in the interim period that are of a seasonal or 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 affect 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 Parent Bank, dated March 26, 2004, it was decided to distribute the profit for the year 2003 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 TL229 and TL 254 (Nominal full TL) respectively for every 1,000 TL nominal shares.
- 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, and not reflected in the interim financial statements.
- i) There are no transactions that may cause a structural change for the Bank such as restructuring, mergers and acquisitions, or discontinue of any operations.
- j) There are no changes in the commitments and contingencies of the Bank that have arisen subsequent to the year-end balance sheet date.

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

SECTION TWO

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

(CONVENIENCE TRANSLATION OF A REVIEW REPORT AND FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)
TURK EKONOMI BANKASI A.S.
CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2004 AND DECEMBER 31, 2003
 (Currency-Billions of Turkish lira in equivalent purchasing power at March 31, 2004)

I- CONSOLIDATED BALANCE SHEET - ASSETS

	Note Ref. (Section Five)	Reviewed			Audited		
		Current Period			Prior Period		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY		19,622	170,013	189,635	66,657	550,838	617,495
1.1 Cash		9,785	10	9,795	9,123	7	9,130
1.2 Foreign currency		-	51,713	51,713	-	60,920	60,920
1.3 Balances with the Central Bank of Turkey	I-1	9,837	118,290	128,127	57,534	489,911	547,445
II. TRADING SECURITIES (Net)		75,544	20,397	95,941	40,180	14,035	54,215
2.1 Public sector debt securities	I-2	75,544	20,048	95,592	40,180	12,828	53,008
2.1.1 Government bonds	I-2	73,892	847	74,739	32,424	841	33,265
2.1.2 Treasury bills	I-2	1,651	-	1,651	7,755	-	7,755
2.1.3 Other	I-2	1	19,201	19,202	1	11,987	11,988
2.2 Share certificates		-	-	-	-	-	-
2.3 Other marketable securities		-	349	349	-	1,207	1,207
III. BANKS AND OTHER FINANCIAL INSTITUTIONS		48,757	686,715	735,472	90,519	794,444	884,963
3.1 Due from banks		48,757	686,715	735,472	90,519	794,444	884,963
3.1.1 Domestic banks		33,938	175,594	209,532	69,131	161,714	230,845
3.1.2 Foreign banks		14,819	511,121	525,940	21,388	632,730	654,118
3.2 Other financial institutions		-	-	-	-	-	-
IV. MONEY MARKET PLACEMENTS		452,279	56,339	508,618	393,538	68,259	461,797
4.1 Interbank money market placements		445,000	56,339	501,339	390,868	68,259	459,127
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		7,279	-	7,279	2,670	-	2,670
V. SECURITIES AVAILABLE FOR SALE (Net)		86,546	95,039	181,585	10	-	10
5.1 Share certificates	I-3	9	-	9	10	-	10
5.2 Other marketable securities	I-3	86,537	95,039	181,576	-	-	-
VI. LOANS		672,301	1,237,763	1,910,064	596,626	1,234,670	1,831,296
6.1 Short term	I-4	586,875	888,385	1,475,260	519,972	915,131	1,435,103
6.2 Medium and long term	I-4	76,321	349,378	425,699	67,632	319,539	387,171
6.3 Loans under follow-up	I-4	25,202	-	25,202	26,003	-	26,003
6.4 Specific provisions (-)	I-4	(16,097)	-	(16,097)	(16,981)	-	(16,981)
VII. FACTORING RECEIVABLES		77,057	21,791	98,848	95,805	26,703	122,508
VIII. SECURITIES HELD TO MATURITY (Net)		55,334	6,423	61,757	91,501	5,900	97,401
8.1 Public sector debt securities	I-5	55,334	6,423	61,757	91,501	5,900	97,401
8.1.1 Government bonds	I-5	55,221	6,423	61,644	91,380	1,389	92,769
8.1.2 Treasury bills	I-5	113	-	113	121	4,511	4,632
8.1.3 Other	I-5	-	-	-	-	-	-
8.2 Other marketable securities	I-5	-	-	-	-	-	-
IX. INVESTMENTS AND ASSOCIATES (Net)		698	-	698	542	-	542
9.1 Financial investments and associates	I-6	698	-	698	542	-	542
9.2 Non-Financial investments and associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)		407	-	407	407	-	407
10.1 Financial subsidiaries	I-7	407	-	407	407	-	407
10.2 Non-Financial subsidiaries		-	-	-	-	-	-
XI. OTHER INVESTMENTS (Net)		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)		2,761	138,850	141,611	4,508	154,985	159,493
12.1 Gross finance lease receivables	I-8	3,086	155,289	158,375	5,041	174,012	179,053
12.2 Unearned income (-)	I-8	(325)	(16,439)	(16,764)	(533)	(19,027)	(19,560)
XIII. RESERVE DEPOSITS		23,534	123,246	146,780	19,177	138,372	157,549
XIV. MISCELLANEOUS RECEIVABLES		1,272	284	1,556	1,012	1,499	2,511
XV. ACCRUED INTEREST AND INCOME RECEIVABLES		29,671	14,718	44,389	26,020	14,299	40,319
15.1 Loans	I-9	9,486	8,045	17,531	10,379	8,555	18,934
15.2 Marketable securities	I-9	10,267	491	10,758	2,903	526	3,429
15.3 Other	I-9	9,918	6,182	16,100	12,738	5,218	17,956
XVI. PROPERTY AND EQUIPMENT (Net)		42,586	6,619	49,205	44,792	6,766	51,558
16.1 Book value		116,337	7,471	123,808	118,303	7,727	126,030
16.2 Accumulated depreciation (-)		(73,751)	(852)	(74,603)	(73,511)	(961)	(74,472)
XVII. INTANGIBLE ASSETS [Net]		4,233	170	4,403	4,161	85	4,246
17.1 Goodwill		449	-	449	449	-	449
17.2 Other		11,777	1,040	12,817	11,645	1,077	12,722
17.3 Accumulated amortization (-)		(7,993)	(870)	(8,863)	(7,933)	(992)	(8,925)
XVIII. OTHER ASSETS	I-10	76,096	10,476	86,572	67,617	12,315	79,932
TOTAL ASSETS		1,668,698	2,588,843	4,257,541	1,543,072	3,023,170	4,566,242

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

(CONVENIENCE TRANSLATION OF A REVIEW REPORT AND FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)
 TURK EKONOMI BANKASI A.S.
 CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2004 AND DECEMBER 31, 2003
 (Currency-Billions of Turkish lira in equivalent purchasing power at March 31, 2004)

II- CONSOLIDATED BALANCE SHEET - LIABILITIES

	Note Ref. (Section Five)	Reviewed			Audited		
		TL	FC	Total	TL	FC	Total
				Current Period 31.03.2004		Prior Period 31.12.2003	
I. DEPOSITS		864,248	2,081,876	2,946,124	789,929	2,464,483	3,254,412
1.1 Bank deposits	II-1	79,006	86,574	165,580	83,840	77,881	161,721
1.2 Saving deposits	II-1	393,833	-	393,833	310,765	-	310,765
1.3 Public sector deposits	II-1	13,465	-	13,465	111	-	111
1.4 Commercial deposits	II-1	314,378	-	314,378	350,339	-	350,339
1.5 Other institutions deposits	II-1	63,566	-	63,566	44,874	-	44,874
1.6 Foreign currency deposits	II-1	-	1,987,874	1,987,874	-	2,370,927	2,370,927
1.7 Precious metals deposit accounts	II-1	-	7,428	7,428	-	15,675	15,675
II. MONEY MARKET BALANCES		58,885	-	58,885	16,425	-	16,425
2.1 Interbank money market takings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
2.3 Funds provided under repurchase agreements	II-2	58,885	-	58,885	16,425	-	16,425
III. FUNDS BORROWED		53,025	547,569	600,594	72,335	556,550	628,885
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed	II-3	53,025	547,569	600,594	72,335	556,550	628,885
3.2.1 Domestic banks and institutions	II-3	35,205	24,934	60,139	33,729	27,392	61,121
3.2.2 Foreign banks, institutions and funds	II-3	17,820	522,635	540,455	38,606	529,158	567,764
IV. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills	II-4	-	-	-	-	-	-
4.2 Asset backed securities	II-4	-	-	-	-	-	-
4.3 Bonds	II-4	-	-	-	-	-	-
V. FUNDS	II-5	-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES	II-6	32,656	16,545	49,201	21,902	16,959	38,861
VII. OTHER EXTERNAL RESOURCES	II-7	46,362	9,027	55,389	42,247	7,020	49,267
VIII. TAXES AND OTHER DUTIES PAYABLE		7,330	873	8,203	9,573	1,020	10,593
IX. FACTORING PAYABLES		33,022	11,972	44,994	51,170	17,633	68,803
X. FINANCE LEASE PAYABLES (Net)		-	-	-	-	-	-
10.1 Finance Lease Payables	II-8	-	-	-	-	-	-
10.2 Deferred finance lease expenses (-)	II-8	-	-	-	-	-	-
XI. ACCRUED INTEREST AND EXPENSES PAYABLE		33,571	13,969	47,540	25,801	16,227	42,028
11.1 Deposits	II-9	26,061	4,134	30,195	13,332	5,918	19,250
11.2 Borrowings	II-9	1,515	5,123	6,638	2,598	4,442	7,040
11.3 Repurchase agreements	II-9	35	-	35	15	-	15
11.4 Other	II-9	5,960	4,712	10,672	9,856	5,867	15,723
XII. PROVISIONS		71,936	1,309	73,245	59,319	7,586	66,905
12.1 General provisions	II-10	8,729	-	8,729	8,399	-	8,399
12.2 Reserve for employee termination benefits	II-10	2,469	-	2,469	2,515	-	2,515
12.3 Provisions for income taxes	II-10	45,071	1,309	46,380	36,446	7,586	44,032
12.4 Insurance technical reserves (Net)	II-10	15,312	-	15,312	11,625	-	11,625
12.5 Other provisions	II-10	355	-	355	334	-	334
XIII. SUBORDINATED LOANS	II-10	-	19,653	19,653	-	22,258	22,258
XIV. MINORITY INTEREST		22,703	-	22,703	26,494	-	26,494
XV. SHAREHOLDERS' EQUITY	II-11	298,957	32,053	331,010	296,844	44,467	341,311
15.1 Paid-in capital		57,800	-	57,800	55,125	-	55,125
15.2 Supplementary capital	II-12	233,147	-	233,147	232,739	-	232,739
15.2.1 Share premium	II-12	67	-	67	-	-	-
15.2.2 Share cancellation profits		-	-	-	-	-	-
15.2.3 Marketable securities value increase fund		1,035	-	1,035	173	-	173
15.2.4 Revaluation fund		-	-	-	-	-	-
15.2.5 Value increase in revaluation fund		-	-	-	-	-	-
15.2.6 Other capital reserves		-	-	-	-	-	-
15.2.7 Effect on inflation accounting on share capital		232,045	-	232,045	232,566	-	232,566
15.3 Profit reserves		14,056	(2,214)	11,842	8,509	2,770	11,279
15.3.1 Legal reserves		14,056	-	14,056	8,509	-	8,509
15.3.2 Status reserves		-	-	-	-	-	-
15.3.3 Extraordinary reserves		-	-	-	-	-	-
15.3.4 Other profit reserves		-	(2,214)	(2,214)	-	2,770	2,770
15.4 Profit or loss		(6,046)	34,267	28,221	471	41,697	42,168
15.4.1 Prior year income/loss		(11,209)	31,843	20,634	(44,435)	35,091	(9,344)
15.4.1.1 Group's share		17	31,843	31,860	(33,277)	35,091	1,814
15.4.1.2 Minority shares		(11,226)	-	(11,226)	(11,158)	-	(11,158)
15.4.2 Current year income/loss		5,163	2,424	7,587	44,906	6,606	51,512
15.4.2.1 Group's share		4,022	2,424	6,446	44,871	6,606	51,477
15.4.2.2 Minority shares		1,141	-	1,141	35	-	35
TOTAL LIABILITIES		1,522,695	2,734,846	4,257,541	1,412,039	3,154,203	4,566,242

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

**(CONVENIENCE TRANSLATION OF A REVIEW REPORT AND FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)
TURK EKONOMI BANKASI A.S.
CONSOLIDATED STATEMENTS OF INCOME FOR THE INTERIM PERIODS ENDED MARCH 31,
2004 AND 2003
(Currency-Billions of Turkish lira in equivalent purchasing power at March 31, 2004)**

III- CONSOLIDATED STATEMENTS OF INCOME

	Note Ref. (Section five)	Reviewed	Reviewed
		Current Period 31.03.2004	Prior Period 31.03.2003
		Total	Total
I. INTEREST INCOME		113,662	122,675
1.1 Interest on loans		55,471	56,752
1.1.1 Interest on TL loans		41,417	40,183
1.1.1.1 Short term loans		37,700	37,603
1.1.1.2 Medium and long term loans		3,717	2,580
1.1.2 Interest on foreign currency loans		13,952	16,451
1.1.2.1 Short term loans		9,584	8,905
1.1.2.2 Medium and long term loans		4,368	7,546
1.1.3 Interest on loans under follow-up		102	118
1.1.4 Premiums received from Resource Utilization Support Fund		-	-
1.2 Interest received from reserve deposits		1,876	1,641
1.3 Interest received from banks		6,425	14,010
1.3.1 The Central Bank of Turkey		21	-
1.3.2 Domestic banks		3,368	6,771
1.3.3 Foreign banks		3,036	7,239
1.4 Interest received from money market transactions		18,532	30,761
1.5 Interest received from marketable securities portfolio		23,652	7,098
1.5.1 Trading securities		5,125	1,167
1.5.2 Available-for-sale securities		11,709	808
1.5.3 Held to maturity securities		6,818	5,123
1.6 Other interest income		7,706	12,413
II. INTEREST EXPENSE	III-2	65,990	60,948
2.1 Interest on deposits		53,515	48,197
2.1.1 Bank deposits		4,866	3,666
2.1.2 Saving deposits		21,629	18,150
2.1.3 Public sector deposits		16	-
2.1.4 Commercial deposits		20,977	16,811
2.1.5 Other institutions deposits		439	105
2.1.6 Foreign currency deposits		5,550	9,396
2.1.7 Precious metals vault accounts		38	69
2.2 Interest on money market transactions		3,868	4,259
2.3 Interest on funds borrowed		8,572	8,292
2.3.1 The Central Bank of Turkey		-	-
2.3.2 Domestic banks		2,020	2,388
2.3.3 Foreign banks		5,740	5,904
2.3.4 Other financial institutions		812	-
2.4 Interest on securities issued		-	-
2.5 Other interest expense		35	200
III. NET INTEREST INCOME (I - II)		47,672	61,727
IV. NET FEES AND COMMISSIONS INCOME		14,740	10,380
4.1 Fees and commissions received		19,609	14,836
4.1.1 Cash loans		1,465	1,417
4.1.2 Non-cash loans		3,845	3,467
4.1.3 Other		14,299	9,952
4.2 Fees and commissions paid		4,869	4,456
4.2.1 Cash loans		592	714
4.2.2 Non-cash loans		11	136
4.2.3 Other		4,266	3,606
V. DIVIDEND INCOME		-	-
5.1 Trading securities		-	-
5.2 Available-for-sale securities		-	-
VI. NET TRADING INCOME		17,320	(9,193)
6.1 Profit/losses on trading account securities (Net)		7,673	(1,696)
6.2 Foreign exchange gains/losses (Net)		9,647	(7,497)
VII. PROFIT/LOSS FROM HELD TO MATURITY MARKETABLE SECURITIES	III-3	-	-
VIII. OTHER OPERATING INCOME	III-4	3,674	4,975
IX. TOTAL OPERATING INCOME (III+IV+V+VI+VII+VIII)		83,406	67,889
X. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	III-5	10,700	1,821
XI. OTHER OPERATING EXPENSES (-)		35,534	42,060
XII. NET OPERATING INCOME (IX-X-XI)		37,172	24,008
XIII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES		-	-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION	III-6	(18,306)	(28,304)
XV. INCOME BEFORE TAXES (XII+XIII)		18,866	(4,296)
XVI. PROVISION FOR TAXES ON INCOME (-)		11,395	7,927
XVII. NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV-XV)		7,471	(12,223)
XVIII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES		116	5
18.1 Extraordinary net income/expense before taxes		116	5
18.1.1 Extraordinary income		116	43
18.1.2 Extraordinary expense (-)		-	38
18.2 Provision for taxes on extraordinary income		-	-
XIX. PROFIT/LOSSES ON UNCONSOLIDATED INVESTMENTS (-)		-	-
XX. NET PROFIT/LOSSES (XVI+XVII+XVIII-XIX)		7,587	(12,218)
20.1 Group's profit/loss		6,446	(10,449)
20.2 Minority shares	III-7	1,141	(1,769)
Earnings/Losses per share		65.63	(110.82)

The accompanying notes are an integral part of these statements.

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**NOTES TO CONSOLIDATED STATEMENTS OF OFF BALANCE SHEET COMMITMENTS
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IV- CONSOLIDATED STATEMENTS OF OFF-BALANCE SHEET COMMITMENTS

	Note Ref. (Section five)	Reviewed			Audited		
		Current Period			Prior Period		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		874,422	1,831,119	2,705,541	828,123	1,846,304	2,674,427
I. GUARANTEES	IV-2,3	402,318	892,508	1,294,826	404,422	885,117	1,289,539
1.1. Letters of guarantee		400,982	332,580	733,562	404,345	373,973	778,318
1.1.1. Guarantees subject to State Tender Law		38,164	377	38,541	34,894	1,932	36,826
1.1.2. Guarantees given for foreign trade operations		90,281	12,833	103,114	91,013	4,509	95,522
1.1.3. Other letters of guarantee		272,537	319,370	591,907	278,438	367,532	645,970
1.2. Banks loans		1,264	47,104	48,368	-	51,669	51,669
1.2.1. Import letter of acceptance		-	47,104	47,104	-	51,669	51,669
1.2.2. Other bank acceptances		1,264	-	1,264	-	-	-
1.3. Letters of credit		72	503,702	503,774	77	458,626	458,703
1.3.1. Documentary letters of credit		72	458,086	458,158	77	420,604	420,681
1.3.2. Other letters of credit		-	45,616	45,616	-	38,022	38,022
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Securities issue purchase guarantees		-	-	-	-	-	-
1.7. Other guarantees		-	8,374	8,374	-	-	-
1.8. Other collaterals		-	748	748	-	849	849
II. COMMITMENTS		363,989	271,417	635,406	359,362	296,931	656,293
2.1. Irrevocable commitments		361,020	213,767	574,787	356,702	296,931	653,633
2.1.1. Asset purchase commitments		-	95,843	95,843	-	-	-
2.1.2. Deposit purchase and sales commitments		-	117,920	117,920	-	296,931	296,931
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		126,560	-	126,560	131,792	-	131,792
2.1.5. Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for credit card limits	IV-2	113,919	-	113,919	114,139	-	114,139
2.1.8. Other irrevocable commitments		120,541	4	120,545	110,771	-	110,771
2.2. Revocable commitments		2,969	57,650	60,619	2,660	-	2,660
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		2,969	57,650	60,619	2,660	-	2,660
III. DERIVATIVE FINANCIAL INSTRUMENTS		108,115	667,194	775,309	64,339	664,256	728,595
3.1. Forward foreign currency buy/sell transactions		108,115	464,839	572,954	64,339	372,173	436,512
3.1.1. Forward foreign currency transactions-buy		42,379	242,059	284,438	23,396	193,456	216,852
3.1.2. Forward foreign currency transactions-sell		65,736	222,780	288,516	40,943	178,717	219,660
3.2. Swap transactions related to f.c. and interest rates		-	202,355	202,355	-	292,083	292,083
3.2.1. Foreign currency swap-buy		-	101,510	101,510	-	145,110	145,110
3.2.2. Foreign currency swap-sell		-	100,024	100,024	-	146,042	146,042
3.2.3. Interest rate swaps-buy		-	385	385	-	437	437
3.2.4. Interest rate swaps-sell		-	436	436	-	494	494
3.3. Foreign currency and interest rate options		-	-	-	-	-	-
3.3.1. Foreign currency options-buy		-	-	-	-	-	-
3.3.2. Foreign currency options-sell		-	-	-	-	-	-
3.3.3. Interest rate options-buy		-	-	-	-	-	-
3.3.4. Interest rate options-sell		-	-	-	-	-	-
3.4. Foreign currency futures		-	-	-	-	-	-
3.4.1. Foreign currency futures-buy		-	-	-	-	-	-
3.4.2. Foreign currency futures-sell		-	-	-	-	-	-
3.5. Interest rate futures		-	-	-	-	-	-
3.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.5.2. Interest rate futures-sell		-	-	-	-	-	-
3.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V)		1,794,327	707,346	2,501,673	1,892,551	655,121	2,547,672
IV. ITEMS HELD IN CUSTODY		1,407,942	318,743	1,726,685	1,376,548	323,732	1,700,280
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		561,455	152,887	714,342	525,641	154,349	679,990
4.3. Checks received for collection		782,579	76,789	859,368	795,643	75,358	871,001
4.4. Commercial notes received for collection		60,334	37,856	98,190	50,936	38,291	89,227
4.5. Other assets received for collection		-	51,211	51,211	-	55,734	55,734
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		3,574	-	3,574	4,328	-	4,328
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		386,385	388,603	774,988	516,003	331,389	847,392
5.1. Marketable securities		39,763	13,562	53,325	23,095	15,564	38,659
5.2. Guarantee notes		5,520	2,123	7,643	6,115	2,438	8,553
5.3. Commodity		80,117	54,940	135,057	200,323	16,276	216,599
5.4. Warranty		-	-	-	-	-	-
5.5. Immovables		131,256	181,696	312,952	150,400	186,534	336,934
5.6. Other pledged items		129,729	136,282	266,011	136,070	110,577	246,647
5.7. Pledged items-depository		-	-	-	-	-	-
TOTAL COMMITMENTS (A+B)		2,668,749	2,538,465	5,207,214	2,720,674	2,501,425	5,222,099

The accompanying notes are an integral part of these statements.

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SECTION THREE

ACCOUNTING PRINCIPLES

I. Basis of Presentation

The Parent 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.

Presentation of the financial statements in accordance with the current purchasing power of money

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

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

Other valuation methods

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

Changes in Accounting Policies and Valuation Methods in the Current Period

None.

II- Presentation of the Information Regarding the Parent Bank and the Group Companies Included in the Consolidation:

Türk Ekonomi Bankası Anonim Şirketi and its financial institutions, The Economy Bank N.V. (Economy Bank), Petek International Holdings B.V. (Petek International), TEB Yatırım Menkul Değerler A.Ş. (TEB Yatırım), TEB Portföy Yönetimi A.Ş. (TEB Portföy), TEB Finansal Kiralama A.Ş. (TEB Leasing), TEB Faktoring A.Ş. (TEB Faktoring) and TEB Sigorta A.Ş. (TEB Sigorta) are included in the accompanying consolidated financial statements by full consolidation method. The provisions of the Communiqué 15 “The Standard of Preparation of Consolidated Financial Statements and Accounting for the Subsidiaries, Participations and the Entities and Participations Jointly Controlled” of the AAR were considered while determining the institutions to be consolidated. The Parent Bank and the institutions included in the consolidation will be named as “the Group”.

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Certain changes were made on the financial statements of the subsidiaries, which were prepared in accordance with the principles and rules regarding financial statement and report presentation stated in the Turkish Commercial Code and/or Financial Leasing Law and/or XI/1 and XI/11 numbered communiqués of the Capital Board Market and any other communiqués which adds and changes statements at the formal communiqués, in order to present their financial statements in accordance with to AAR.

Explanations on Consolidation Method and Scope

The commercial names of the institutions included in consolidation and the locations of the head offices of these institutions:

Commercial Name:	Head Office
-----	-----
Economy Bank	Netherlands
Petek International	Netherlands
TEB Yatirim	Istanbul
TEB Portfooy	Istanbul
TEB Leasing	Istanbul
TEB Factoring	Istanbul
TEB Sigorta	Istanbul

Full consolidation method is used for all the financial institutions included in the consolidation.

The unconsolidated subsidiary TEB Kiyetli Madenler Anonim Sirketi (TEB Kiyetli Madenler) is valued at cost. The financial statements of TEB Kiyetli Madenler is not included in the consolidation as of March 31, 2004 in accordance with the AAR's materiality principle.

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the AAR principles considering the materiality. The financial statements of the subsidiaries are prepared as of March 31, 2004 and December 31, 2003 and restated in accordance with the inflation accounting principles.

The transactions and balances between the Parent Bank and the subsidiaries are netted off.

No subsidiaries were acquired during the current period. The Group does not have any goodwill related to the subsidiaries. No difference occurred while applying the fair values at the foreign entities' assets and liabilities. There are no subsidiaries disposed in at the current or previous periods.

Explanations on Foreign Currency Transactions

Gains or losses arising from foreign currency transactions are reflected in the statement of income as they are realized during the year. Foreign currency assets and liabilities at each year-end are translated into Turkish lira at the year-end foreign exchange buying rates announced by the Parent Bank and the resulting foreign exchange gains or losses are recorded in the statement of income as foreign exchange gain or loss. The USD exchange rate used for translating foreign currency transactions into Turkish Lira and reflecting these to consolidated financial statements as of March 31, 2004 is TL 1,310,219 (December 31, 2003 – TL 1,393,278 (in full TL)).

The Group's total net foreign exchange loss included in the net income of the period is TL 9,647 (2003-TL (7,497)). This amount does not consist foreign exchange gain amounting to TL 171 and loss amounting TL 7,090 related to the foreign currency indexed loans reflected in the "Interest Income" and "Provision for Loan Losses and Other Receivables" respectively in accordance with the Uniform Chart of Accounts.

There are no capitalized foreign exchange losses.

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The information regarding the principles of foreign currency risk management are stated in Section Four, Note III.

The net investment in foreign entities of the Group as of the related year-ends were translated into Turkish lira by applying the Parent Bank's exchange rates prevailing at respective dates. The resulting foreign exchange gains or losses are recorded in the statement of income.

There are no debt securities issued. Foreign exchange gains and losses arising from translating monetary financial assets are reflected to foreign exchange gains / (losses) in the statement of income.

The currency translation difference derived from the translation of shareholders' equity items amounting to TL (2,214) (2003-TL 2,770) has been reflected in "Other Profit Reserves" under shareholders' equity.

III- Explanations on Forward, Option Contracts and Derivative Instruments

In accordance with Communiqué No:1, "Accounting Standards of Financial Instruments" of AAR, derivative financial instruments that are not designated as hedging instruments are classified as held-for-trading and carried at fair value.

As of March 31, 2004, foreign currency forward and swap transactions were evaluated by comparing year-end foreign exchange rates of the Parent Bank with the forward rate amortized to the balance sheet date, since the book values approximate their fair values. The resulting gain or loss is reflected to the income statement.

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

IV- Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are off setted when the Group has a legal right and sanction regarding netting 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. There is no netting of financial assets and liabilities at the accompanying financial statements as of March 31, 2004.

V- 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 cancelled and interest income related to these loans are recorded as interest income only when collected.

VI- 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, which are a part of the transaction costs, are recorded as prepaid expenses and accordingly expensed on monthly basis.

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

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VII- 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 occurred between the cost and fair value of the marketable security is accounted as interest and income accrual. The negative difference occurred is accounted under marketable security diminution in value account.

Since the foreign currency financial assets held in the same portfolio (Eurobonds) do not hold a quoted price formed in an active market and since the fair values of these securities could not be determined reliably, they are valued at amortized cost by using relevant interest rates as stated in the articles 8 and 9 of the AAR's Communiqué No:1, "Accounting Standards of Financial Instruments."

VIII- Sales and Repurchase Agreements and Lending of Securities

The repurchase agreements made with the clients are recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly, the government bonds and treasury bills sold to clients under repurchase agreements are recorded under the securities held for trading and available for sale in the financial statements and are valued according to the valuation principles of the related accounts. Funds obtained by repurchase agreements are classified as a separate sub account under money markets account in the liabilities. The interest expense accruals are calculated using the effective interest rates 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 Money Market Transactions" accounts in the statement of income.

The interest expense accruals that are calculated using the effective interest rates for the funds lent under reverse repurchase agreements are reflected to the interest and other income accruals account in the balance sheet.

As of March 31, 2004, the Parent Bank does not have any lent marketable securities (2003 – None).

IX- 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 exist for funding ability till maturity. This portfolio excludes bank originated loans and receivables.

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

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

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Foreign currency denominated financial assets included in the available for sale securities portfolio (Eurobonds) are stated at cost by converting to Turkish lira at The Parent Bank's period end exchange rates. The differences generated from the translation is reflected to foreign currency gains and losses account at the relevant period. Since these securities do not have a quoted price formed in an active market and since the fair values of these securities could not be determined reliably, they are valued at amortized cost by using relevant interest rates as stated in the articles 8 and 9 of the AAR's Communiqué No:1, "Accounting Standards of Financial Instruments." The differences between the cost and the valued amounts are reflected to the income accrual accounts.

Loans and receivables originated by the Parent 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 the next two years due to the breaching of "tainting" rules.

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

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

X- Unconsolidated Participations and Subsidiaries

Turkish lira participations which are quoted at the stock exchange are valued at fair value 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. The others are valued by restating their costs and the capital increases after deducting the ones generated by adding revaluation funds to the capital of the participations, with the rates applicable for the relevant dates. A provision is provided when there is a permanent diminution in value.

Turkish lira subsidiaries are valued by restating their costs and the capital increases after deducting the ones generated by adding revaluation funds to the capital of the subsidiaries, with the rates applicable for the relevant dates.

There are no foreign currency unconsolidated participations or subsidiaries.

XI- Originated Loans and Receivables and Provisions for Loan Impairment

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

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

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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.

Allowances are computed for group III, group IV, group V loans and reflected in accordance with the Banking Law No.4389 as revised by Law Number 4672 and 4491, Article 3, Sub Article 11 and Article 11, Sub Article 12 published on the Official Gazette No. 24448 dated 30.06.2001 on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" amended by Communiqués dated 31.01.02 in the current period financial statements. These provisions are reflected to the statement of income under "Provision and Diminishing in Value Expenses – Special Provision Expense". The collection 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 regarding the current year provision of the above mentioned loans 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 provided 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.

Loan losses released are recorded in the "Provision and Diminishing in Value Expense – Provision Expense" account as income. Foreign currency indexed loans are recorded at the Turkish Lira equivalent values prevailing at the recording dates and the foreign currency exchange gains generated from these loans are recorded as the interest income.

XII- Goodwill and Other Intangible Fixed Assets

The positive difference which totals to TL 449 (2003 – TL 449), between the cost of TEB Factoring and the Parent Bank's share in its equity is reflected under the intangible fixed assets as goodwill in the accompanying consolidated financial statements. The goodwill has an accumulated amortization of TL 381 (2003-TL 359).

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

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

There are no expected changes in the accounting estimates about the depreciation rate and method and residual values for the current and future periods.

XIII- Tangible Fixed Assets

Buildings are reflected to the financial statements at their restated costs and reserve for impairment is provided, if any. In accordance with the Communiqué No:14, buildings are valued by real estate appraisal companies and the appraisal value approxiamte restated costs at March 31, 2004. The straight-line method for depreciation is used and economical life is accepted to be 50 years.

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Other tangible fixed assets are reflected with their restated cost in accordance with inflation accounting, and depreciated by straight-line depreciation method at the rate of 20%. A prorata basis is used for depreciating assets held less than one year as of the balance sheet date. The leasehold improvements are depreciated in accordance with the lease period by straight-line method. The annual rates used, which approximate rates based on the estimated economic lives of the related assets, are as follow:

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

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

The 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 pledge, mortgage or other restrictions on the tangible fixed assets.

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

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

XIV- Leasing Transactions

Leasing of fixed assets are recorded 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 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. Rent payments consist of financing costs generated due to leasing, and the amount of the leased asset corresponding to the relevant period. The financing cost resulting from leasing is distributed through the agreement period to form a fixed interest rate.

In addition to interest expense, the Parent 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 expenses are recognized as expense in the income statements in the periods in which they are incurred.

The gross lease receivables including interest and principal amounts regarding the Group's financial leasing activities conducted by TEB Leasing as "Lessor" are stated under the receivables from the financial leasing activities. The difference between the total of rent payments and the cost of the related fixed assets are reflected to the "unearned income" account. The interest income is calculated and recorded as prevailing a stable periodic income ratio over the lessor's investment on the leased item.

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XV- Provisions and Contingent Liabilities

The provisions and contingent liabilities are determined in accordance with the Communiqué No:8 of AAR, except for the general and specific provisions set for the loans and other receivables. Liabilities generated from previous events are recorded by the Group immediately at the estimated amounts. The Parent Bank did not provide any additional provision for contingent liabilities as of March 31, 2004 apart from the doubtful receivable provision and general provision set in accordance with the related regulations. In addition, the Group did not provide any additional provision for any contingent liabilities as well.

XVI- Liabilities Regarding Employee Benefits

In accordance with the existing social legislation, the Group 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 working year within the Group over the wage for 30 days and the notice pay is determined by the relevant notice period time calculated over the years worked within the Group. In accordance with AAR, Communiqué No:10, the Group sets provision for retirement and notice pay liabilities by taking the actual payment rates for the previous 5 years into consideration.

The Group has no employees contracted for determined periods.

As of March 31, 2004 the arithmetical average of the actual payments realized for the previous five years are 8.54% (2003-8.35%) respectively and this forms the base of the provision amount that is set for the retirement and notice pay liabilities. The Parent Bank's consolidated participations and subsidiaries provided full reserve for retirement pay for the eligible personnel as of March 31, 2004 and December 31, 2003.

The employees of the Group are members of Tebliler Foundation. The Parent Bank does not have any liability to this foundation.

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

XVII- Taxation

Corporate Tax

The tax legislation effective from April 24, 2003, provides for a temporary tax of 30% (25% before April 24, 2003) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year. However, in accordance with Law No. 5035, effective from January 2, 2004, temporary taxes for the year 2004 will be calculated and paid at the rate of 33%.

Effective from April 24, 2003, investment incentive certificates will not be required to utilise an investment deduction in calculating the corporate income tax base. No withholding taxes will apply to the investment deduction; however the deduction will be limited to 40%.

The tax legislation provides for a temporary tax of 30% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year. However, in accordance with Law No. 5035, effective from January 2, 2004, temporary taxes for the year 2004 will be calculated and paid at the rate of 33%.

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

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In 2003 and prior years corporation tax is computed on the statutory income tax base determined in accordance with the Procedural Tax Code without any adjustment for inflation accounting. With Law No. 5024 published on December 30, 2003 related with changes in Procedural Tax Code, Income Tax Law and Corporation Tax Law, starting from January 1, 2004, taxable income will be derived from the financial statements which are adjusted for inflation accounting. Accumulated earnings arising from the first application of inflation accounting on December 31, 2003 balance sheet will not be subject to corporation tax, and similarly accumulated deficits arising from such application will not be deductible for tax purposes. Moreover, accumulated tax loss carry forwards related with 2003 and prior periods will be utilized at their historical (nominal) values in 2004 and future years. The law has granted the right for all tax payers for the first temporary tax period not to apply the inflation accounting principles with a temporary article. The Bank has utilized this right for the period ending March 31, 2004.

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

Deferred tax

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

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

XVIII- Additional Explanations on Borrowings

There are no debt securities issued by the Parent Bank.

The Group has not issued convertible bonds .

XIX- Paid-in Capital and Share Certificates

The Parent Bank does not have any costs related to share issue as of March 31, 2004. In the General Assembly meeting of the Bank, dated March 26, 2004, it was decided to distribute the profit for the year 2003 after providing the legal reserves. The amounts that will be distributed to the shareholders who are subject to and not subject to withholding tax are TL229 and TL 254 (Nominal full TL) respectively for every 1,000 TL nominal shares. The payment of dividends to the shareholders were started in 2004.

XX- Acceptances

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

There are no acceptances of the Group presented as liabilities against any assets.

XXI- Government Incentives

There are no government incentives utilized by the Group.

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XXII- Securities at Custody

Securities at custody held by the Parent Bank on behalf of clients are not reflected to the financial statements since they are not the Bank's assets.

XXIII- Impairment of Assets

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

XXIV- Other Matters

Explanation for convenience translation to English:

The accounting principles used in the preparation of the accompanying consolidated financial statements differ from International Financial Reporting Standards (IFRS) and so far as such differences apply to the consolidated financial statements of the Group they relate mainly, but not limited, to the format of consolidated financial statements and disclosure requirements, accounting for deferred taxes and reserve for retirement pay liabilities. 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 accompanying financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and results of its consolidated operations in accordance with accounting principles generally accepted in the countries of users of the financial statements and IFRS.

There are no other issues required need to be disclosed.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP

I- Consolidated Capital Adequacy Standard Ratio

The method used for risk measurement for capital adequacy standard ratio is performed in accordance with the Communiqué on "Measurement and Assessment of Banks Capital Adequacies ", which was published on January 31, 2002 in the Official Gazette numbered 24657. The consolidated capital adequacy ratio of the Parent Company Bank, calculated in accordance with the Communiqué on "Measurement and Assessment of Banks Capital Adequacies " is 15.09% (2003 – 15.21%).

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 in to 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 the relative depreciations and provisions are deducted.

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

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

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Information related to the capital adequacy ratio:

	Consolidated				Parent Bank			
	Risk Weight				Risk Weight			
	0%	20%	50%	100%	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non Cash Loans								
Balance Sheet items (Net)	1,183,195	690,838	217,467	1,773,751	940,556	249,258	75,316	1,231,052
Cash	61,508	-	-	-	61,492	-	-	-
Due from banks	128,127	690,787	-	44,685	128,127	249,207	-	126
Interbank money market placements	501,339	-	-	-	501,339	-	-	-
Receivables from reverse repo transactions	7,279	-	-	-	-	-	-	-
Reserve deposits	146,780	-	-	-	146,780	-	-	-
Special finance houses	-	-	-	-	-	-	-	-
Loans	296,268	-	64,347	1,639,192	73,775	-	64,347	1,190,238
Loans under follow-up (Net)	-	-	-	9,105	-	-	-	9,105
Subsidiaries, associates and investments held to maturity	-	-	-	-	-	-	-	-
Miscellaneous receivables	-	-	-	1,556	-	-	-	433
Marketable securities held to maturity (Net)	6,423	-	-	-	-	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-	-	-	-	-
Financial lease receivables	-	-	141,611	-	-	-	-	-
Leased assets (Net)	-	-	11,509	-	-	-	10,969	-
Fixed assets (Net)	-	-	-	30,260	-	-	-	19,461
Other assets	35,471	51	-	48,953	29,043	51	-	11,689
Off balance sheet items	243,377	555,932	317,776	49,680	293,341	473,992	253,714	44,692
Guarantees and pledges	22,644	551,072	70,077	28,745	18,525	469,132	70,077	25,428
Commitments	213,767	-	245,791	-	271,413	-	183,637	-
Other off balance sheet items	-	-	-	-	-	-	-	-
Transactions related with derivative financial instruments	-	-	-	5,402	-	-	-	5,566
Interest and income accruals	6,966	4,860	1,908	15,533	3,403	4,860	-	13,698
Non risk weighted accounts	-	-	-	-	-	-	-	-
Total Assets Subject to Risk	1,426,572	1,246,770	535,243	1,823,431	1,233,897	723,250	329,030	1,275,744
Total Risk Weighted Assets	-	249,354	267,622	1,823,431	-	144,650	164,515	1,275,744

Summary information related to the capital adequacy ratio:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
Total Risk Weighted Assets (*)	2,432,506	2,356,129	1,667,422	1,533,322
Shareholders' Equity	366,987	358,337	226,241	228,155
Shareholders' Equity / Total risk weighted assets (CAR (%))	15.09	15.21	13.57	14.88

(*) The above mentioned amounts consist of base amounts of the market risk which are TL 92,099 and TL 82,513 as consolidated and as for the Parent Bank basis, respectively, for the current period and TL 27,783 and TL 26,313 for the previous period.

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Information related to the shareholders' equity components :

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
MAIN CAPITAL				
Paid-in Capital	69,618	55,125	57,800	55,125
Nominal capital	69,618	55,125	57,800	55,125
Capital commitments (-)	-	-	-	-
Effect on Inflation Accounting on Share Capital	240,948	232,566	232,667	232,566
Share Premium	-	-	-	-
Legal Reserves	13,824	11,279	6,398	2,601
First legal reserve (Turkish Commercial Code 466/1)	16,038	8,509	3,545	999
Second legal reserve (Turkish Commercial Code 466/2)	-	-	2,853	1,602
Other legal reserve per special legislation	(2,214)	2,770	-	-
Statute Reserves	-	-	-	-
Extraordinary reserves	-	-	-	-
Reserves allocated by the General Assembly	-	-	-	-
Retained earnings	-	-	-	-
Accumulated loss	-	-	-	-
Foreign currency share capital exchange difference	-	-	-	-
Profit	28,221	51,512	43,393	56,688
Current period profit	7,587	51,512	6,676	54,212
Prior period profit	20,634	-	36,717	2,476
Loss (-)	-	(9,344)	-	-
Current period loss	-	-	-	-
Prior period loss	-	(9,344)	-	-
Total Main Capital	352,611	341,138	340,258	346,980
SUPPLEMENTARY CAPITAL				
Revaluation Fund	-	-	-	622
Furniture, fixture and vehicles	-	-	-	-
Buildings	-	-	-	-
Profit on sale of associates, subsidiaries and buildings to be transferred to share capital	-	-	-	622
Revaluation fund of leasehold improvement	-	-	-	-
Increase in the Value of Revaluation Fund	-	-	-	-
Foreign Exchange Differences	-	-	-	-
General Reserves	8,729	8,399	8,729	8,399
Provisions for Possible Losses	-	-	-	-
Subordinated Loans	19,653	22,258	19,653	22,258
Marketable Securities and Investment Securities Value Increase Fund	1,035	173	924	118
Associates and subsidiaries	533	173	533	118
Available for sale securities	502	-	391	-
Structured positions	-	-	-	-
Total Supplementary Capital	29,417	30,830	29,306	31,397
TIER III CAPITAL				
CAPITAL	382,028	371,968	369,564	378,377
DEDUCTIONS FROM THE CAPITAL	15,041	13,631	143,323	150,222
Investments in unconsolidated financial companies whose main activities are money and capital markets, insurance and that operate with licenses provided in accordance with special laws	1,105	950	131,673	139,769
Leasehold improvements	7,436	8,412	6,498	7,096
Start-up costs	-	-	-	-
Prepaid expenses	6,432	4,180	5,152	3,357
The negative difference between the market values and the carrying amounts for unconsolidated investments, subsidiaries, other investments and fixed assets	-	-	-	-
Subordinated loans given to other banks which operate in Turkey	-	-	-	-
Goodwill (Net)	68	89	-	-
Capitalized expenses	-	-	-	-
Total Shareholder's Equity	366,987	358,337	226,241	228,155

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II- Consolidated Market Risk

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

The Board of Directors evaluates basic risks than can be exposed to and determines limits accordingly. Those limits are revised periodically in line with the strategies of the Group. 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 Group.

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

	Consolidated	Parent Bank
Capital to be employed for interest rate risk – standard method	4,838	4,453
Capital to be employed for general market risk	4,838	4,453
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	2,530	2,148
Capital liability	2,530	2,148
Capital to be employed for options subject to currency risk	-	-
Total Value-at-risk (VAR)-Internal Model	-	-
Total capital to be employed for market risk	7,368	6,601
Amount subject to market risk	92,099	82,513

III- Consolidated Foreign Currency Risk

Foreign currency risk indicates the possibility of the potential losses 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 Parent Bank are taken into consideration and is calculated by using the standart metod.

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

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

The Board of Directors of the Parent Bank determines the short position limits that the Bank can hold in accordance with the current legal limitations. The Treasury Department of the Parent 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. The monitoring of risk and risk related transactions occurring in the money markets is performed daily and reported to the Parent Bank's Asset-Liability Committee.

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As of March 31, 2004, the Group's net long position is TL 14,348 (2003 - TL 38,084 net long) resulting from short position amounting to TL 6,379 (2003- TL 24,334 long position) on the balance sheet and long position amounting to 20,727 (2003 – TL 13,750) from off-balance sheet position.

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

	24/03/2004	25/03/2004	26/03/2004	29/03/2004	30/03/2004	31/03/2004
USD	1,312,463	1,319,127	1,315,613	1,313,257	1,311,286	1,310,219
CHF	1,033,809	1,031,166	1,025,849	1,018,761	1,023,835	1,025,729
GBP	2,414,486	2,384,550	2,384,905	2,380,634	2,390,300	2,402,368
JPY	12,329	12,404	12,428	12,401	12,361	12,591
EUR	1,608,292	1,600,628	1,598,864	1,590,223	1,599,769	1,602,266

The simple arithmetical average of the major current foreign exchange buying rates of the Parent Bank for the thirty days before March 31, 2004, is as follows:

	Monthly Average FX rates
USD	1,315,376
CHF	1,028,162
GBP	2,402,848
JPY	12,099
EUR	1,613,828

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Information on the foreign currency risk of the Group:

Current Period	EUR	USD	YEN	OTHER FC	TOTAL
Assets					
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	37,015	254,239	31	2,025	293,310
Due from other Banks and financial institutions	102,681	627,357	2,076	10,940	743,054
Trading securities	511	19,537	-	349	20,397
Investment securities available-for-sale	-	95,039	-	-	95,039
Loans (**)	268,949	1,062,275	-	11,054	1,342,278
Investments in subsidiaries and participations	-	-	-	-	-
Investment securities held-to-maturity	-	6,423	-	-	6,423
Property and equipment	6,619	-	-	-	6,619
Goodwill	-	-	-	-	-
Other assets (**)	69,776	110,826	-	8,903	189,505
Total Assets	485,551	2,175,696	2,107	33,271	2,696,625
Liabilities					
Bank deposits	10,719	26,448	9	49,398	86,574
Foreign currency deposits (*)	339,040	1,616,283	2,440	37,539	1,995,302
Funds provided from other financial institutions	95,016	454,189	-	18,017	567,222
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	13,804	2,107	-	634	16,545
Other liabilities	18,730	15,052	-	3,579	37,361
Total liabilities	477,309	2,114,079	2,449	109,167	2,703,004
Net Balance Sheet Position	8,242	61,617	(342)	(75,896)	(6,379)
Net Off-Balance Sheet Position	(18,190)	(35,612)	404	74,125	20,727
Financial derivative assets	119,278	161,697	2,051	92,730	375,756
Financial derivative liabilities	137,468	197,309	1,647	18,605	355,029
Non-cash loans (***)	242,540	598,051	13,653	38,264	892,508
Prior Period					
Total Assets	607,506	2,458,639	245	69,935	3,136,325
Total Liabilities	450,544	2,532,367	1,947	127,133	3,111,991
Net Balance Sheet Position	156,962	(73,728)	(1,702)	(57,198)	24,334
Net Off-Balance Sheet Position	(105,353)	63,517	1,820	53,766	13,750
Non-cash loans (***)	231,266	607,397	10,707	35,747	885,117

(*) Gold account deposits amounting to TL 7,428 (2003 – TL 15,675) are included in the foreign currency deposits.

(**) FX-indexed loans amounting to TL 104,515 (2003– TL 103,789) are included in loans, FX-indexed factoring receivables amounting to TL 4,688 (2003– TL 9,617) are included in other assets and FX-indexed factoring payables amounting to TL 218 (2003– TL 3,439) are included in other liabilities in the currency risk table of the Group.

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

IV- Consolidated Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Parent 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.

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

The estimations on interest income are performed in connection with economic indicators used in the budget of the Group. 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 Parent Bank management follows the market interest rates daily and revises the interest rates of the Bank when necessary.

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Since the Parent 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 reprising 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) and balances with the Central Bank of Turkey	274,907	-	-	-	-	61,559	336,466
Due from Banks and other financial institutions	1,218,385	14,868	3,287	7,550	-	-	1,244,090
Trading securities	6,882	18,854	910	6,930	62,365	-	95,941
Securities available-for-sale	53,690	-	-	-	127,886	9	181,585
Loans	664,842	355,610	390,558	268,254	221,695	-	1,900,959
Securities held-to-maturity	55,221	-	113	-	6,423	-	61,757
Other assets	15,163	126,434	32,575	39,251	57,647	165,673	436,743
Total Assets	2,289,090	515,766	427,443	321,985	476,016	227,241	4,257,541
Liabilities							
Bank deposits	62,142	67,672	5,776	1,000	-	28,990	165,580
Other deposits	1,941,144	356,333	96,914	182,839	71,012	132,302	2,780,544
Miscellaneous payables	-	-	-	-	-	49,201	49,201
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	96,630	105,581	316,603	46,137	55,296	-	620,247
Other liabilities	61,082	43,482	-	-	-	537,405	641,969
Total Liabilities	2,160,998	573,068	419,293	229,976	126,308	747,898	4,257,541
Balance Sheet Interest Sensitivity Gap	128,092	(57,302)	8,150	92,009	349,708	(520,657)	-
Off Balance Sheet Interest Sensitivity Gap	(51)	-	-	-	-	-	(51)
Total Interest Sensitivity Gap	128,041	(57,302)	8,150	92,009	349,708	(520,657)	(51)

The other asset line at the non-interest bearing column consists of TL 49,205 amount tangible fixed assets, TL 4,403 of intangible fixed assets, TL 44,389 of accrued interest and income receivables, TL 407 of participations and TL 698 of subsidiaries and the other liability line consists of equity with a total amounting of TL 331,010 and minority interest amounting to TL 22,703.

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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) and balances with the Central Bank of Turkey	705,094	-	-	-	-	70,127	775,221
Due from Banks and other financial institutions	971,373	3,786	9,056	6,688	-	355,857	1,346,760
Trading securities	25,407	3,243	4,649	3,714	17,202	-	54,215
Securities available-for-sale	-	-	-	-	-	10	10
Loans	602,940	384,141	330,171	263,898	185,805	55,319	1,822,274
Securities held-to-maturity	47,790	40,103	4,876	121	4,511	-	97,401
Other assets	28,612	128,328	42,427	51,305	70,220	149,469	470,361
Total Assets	2,381,216	559,601	391,179	325,726	277,738	630,782	4,566,242
Liabilities							
Bank deposits	85,597	45,343	7,677	4,260	-	18,844	161,721
Other deposits	2,206,539	369,060	123,618	160,484	88,190	144,800	3,092,691
Miscellaneous payables	2,935	-	-	-	-	35,926	38,861
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	294,624	78,195	187,953	84,955	5,416	-	651,143
Other liabilities	19,745	71,798	7,057	1,772	621	520,833	621,826
Total Liabilities	2,609,440	564,396	326,305	251,471	94,227	720,403	4,566,242
Balance Sheet Interest Sensitivity Gap	(228,224)	(4,795)	64,874	74,255	183,511	(89,621)	-
Off Balance Sheet Interest Sensitivity Gap	-	-	(58)	-	-	-	(58)
Total Interest Sensitivity Gap	(228,224)	(4,795)	64,816	74,255	183,511	(89,621)	(58)

The other assets line at the non-interest bearing column consists tangible fixed assets amounting to TL 51,558, intangible fixed assets amounting to TL 4,246, accrued interest and income receivables amounting to TL 40,319, participations amounting to TL 407 and subsidiaries amounting to TL 542 and the other liability line consists of equity amounting to TL 341,311 and minority interest amounting to TL 26,494.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	GBP %	TL %
Current Period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	0.97	0.41	-	14.00
Due from Banks and other financial institutions	2.05	1.02	-	22.83
Trading securities	6.50	6.00	-	23.00
Securities available-for-sale	-	6.00	-	26.00
Leasing receivables	11.17	10.78	-	48.80
Factoring receivables	7.27	6.29	-	31.17
Loans	4.83	4.69	-	30.69
Securities held-to-maturity	-	4.31	-	30.85
Liabilities				
Bank deposits	2.51	2.10	-	25.10
Other deposits	2.96	2.22	4.04	25.26
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	4.06	2.18	-	21.05

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V- Consolidated Liquidity Risk

Liquidity risk occurs when there is not sufficient amount of cash or cash flows to fulfill the cash outflows completely and on time, resulting from the unstable cash inflows.

Liquidity risk may occur when the market penetration is not adequate, when the open positions cannot be closed urgently with a suitable price and sufficient amount due to barriers and break-ups at the markets.

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

According to the general policies of the Group, the matching of the maturity and interest rate structure of assets, and liabilities is always established within the asset liability management strategies. A positive difference is tried to be established between the yields of TL and foreign currency assets and liabilities at the balance sheet and their costs. According to this strategy, the Group 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 Parent 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 Parent Bank does not prefer to utilize liquidity from interbank money markets and keeps its position as a net lender position in interbank money markets.

Presentation of assets and liabilities according to their remaining maturities :

Current Period	Demand (*)	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Total
Assets						
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and Balances with the Central Bank of Turkey	336,466	-	-	-	-	336,466
Due from Banks and other financial institutions	1,218,385	14,868	3,287	7,550	-	1,244,090
Trading securities	641	391	1,513	7,406	85,990	95,941
Securities available-for-sale	-	-	-	-	181,585	181,585
Loans	664,842	355,610	390,558	268,254	221,695	1,900,959
Securities held-to-maturity	4,579	-	113	-	57,065	61,757
Other assets(**)	67,341	139,584	35,068	46,161	70,558	436,743
Total Assets	2,292,254	510,453	430,539	329,371	616,893	4,257,541
Liabilities						
Bank deposits	88,580	70,224	5,776	1,000	-	165,580
Other deposits	2,073,446	356,333	96,914	182,839	71,012	2,780,544
Funds provided from other financial institutions	27,657	80,069	126,568	263,394	122,559	620,247
Marketable securities issued	-	-	-	-	-	-
Miscellaneous payables	41,095	2,909	-	5,197	-	49,201
Other liabilities(**)	133,130	53,013	5,536	9,856	13,476	641,969
Total Liabilities	2,363,907	562,458	234,794	462,286	207,047	4,257,541
Net Liquidity Gap	(71,654)	(52,095)	195,745	(132,915)	409,846	-
Prior Period						
Total Assets	2,848,980	572,521	393,803	330,489	349,571	4,566,242
Total Liabilities	2,620,322	610,735	222,166	481,258	204,635	4,566,242
Net Liquidity Gap	228,658	(38,214)	171,637	(150,769)	144,936	-

(*) The maturity of up to 1 month of interbank funds sold amounting to TL 501,339 (2003-TL 459,127), loans amounting to TL 639,051 (2003-TL 464,101), and domestic and foreign Banks placements amounting to TL 234,533 (2003-TL 87,920), are shown in the demand column. Furthermore, deposits with maturities up to one month amounting to TL 987,410 (2003-TL 1,630,680), is included in the other deposits and shown at the demand columns.

(**) Total column includes other assets amounting to TL 78,031 which consists of TL 1,105 of subsidiaries and participations, TL 49,205 of tangible assets, TL 4,403 of intangible fixed assets, TL 6,432 of prepaid expenses, TL 9,105 of net loans in arrears, TL 7,134 of deferred tax asset and TL 647 of office supply inventory that are not taken in to consideration at the maturity distribution. Other liabilities which matures up to 1 year and over includes shareholders' equity amounting to TL 331,010, minority interest amounting TL 22,703 and provisions amounting to TL 73,245.

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SECTION FIVE

FOOTNOTES AND EXPLANATIONS ON CONSOLIDATED FINANCIAL STATEMENTS

I. Footnotes and Explanations Related to the Consolidated Assets

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

	Current Period	Prior Period
Demand Unrestricted Amount	9,837	57,534
Time Unrestricted Amount	118,290	489,911
Total	128,127	547,445

2. Additional information of trading portfolio (stated at net values) :

a) Trading securities given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bond, Treasury Bill and Similar Investment Securities	133	-	-	-
Other	-	-	-	-
Total	133	-	-	-

b) Trading securities subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	13,258	-	16,181	-
Treasury Bills	687	-	-	-
Other Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	13,945	-	16,181	-

As of March 31, 2004, trading securities which are not given as collateral amount to TL 81,863 (2003 - TL 38,034).

3. Information on available for sale portfolio:

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

b) Information on available for sale portfolio:

	Current Period	Prior Period
Debt Securities	181,576	-
Quoted in a Stock Exchange	86,537	-
Not Quoted	95,039	-
Share Certificates	9	10
Quoted in a Stock Exchange	-	-
Not Quoted	9	10
Provision for Impairment (-)	-	-
Total	181,585	10

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bond, Treasury Bill and Similar Investment Securities	11,550	-	-	-
Other	-	-	-	-
Total	11,550	-	-	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	44,199	-	-	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	44,199	-	-	-

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	96,775	1,541	69,128	1,434
Corporate Shareholders (*)	96,775	1,541	69,128	1,434
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	1,058	13	1,074	15
Total	97,833	1,554	70,202	1,449

(*) Loans granted to shareholding entities amounting to TL 96,009 (2003-TL 68,376) are cash collateral loans.

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- b) Information about the first and second group loans and other receivables including loans that have been restructured or rescheduled:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-Specialized Loans	1,897,055	-	509	3,395
Discount Notes	52,183	-	-	-
Export Loans	604,756	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	179,784	-	-	-
Foreign Loans	137,040	-	-	-
Consumer Loans	50,146	-	-	-
Credit Cards	17,671	-	-	-
Precious Metals Loans	6,446	-	464	-
Other	849,029	-	45	3,395
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	1,897,055	-	509	3,395

- c) Information on consumer loans:

	Short Term	Medium and Long Term	Total	Interest Income Accrual
Consumer loans-TL	15,509	18,441	33,950	826
Real estate Loans	306	2,343	2,649	47
Automotive Loans	2,072	10,124	12,196	186
Consumer Loans	-	-	-	-
Personnel Loans	615	409	1,024	29
Other Consumer Loans	12,516	5,565	18,081	564
Consumer Loans- Indexed to FC	16,196	-	16,196	73
Real Estate Loans	3,503	-	3,503	15
Automotive Loans	10,310	-	10,310	55
Consumer Loans	497	-	497	3
Personnel Loan	34	-	34	-
Other Consumer Loans	1,852	-	1,852	-
Credit Cards	17,671	-	17,671	144
Total Consumer Loans	49,376	18,441	67,817	1,043

- d) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	1,763,919	1,638,288
Foreign Loans	137,040	183,986
Total	1,900,959	1,822,274

- e) Loans granted to subsidiaries and investments: None.

- f) Specific provisions provided against loans:

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables With Limited Collectibility	98	136
Loans and Receivables With Doubtful Collectibility	1,492	1,574
Uncollectible Loans and Receivables	14,507	15,271
Total	16,097	16,981

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period			
(Gross Amounts Before The Specific Reserves)	-	-	-
Loans and Other Receivables Which are Restructured	-	-	-
Rescheduled Loans and Other Receivables	-	-	7,430
Prior Period			
(Gross amounts Before The Specific Reserves)	-	-	-
Loans and Other Receivables Which are Restructured	-	-	-
Rescheduled Loans and Other Receivables	-	-	8,232

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

	III. Group	IV. Group	V. Group
	Loans and Receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior Period end Balance	2,437	3,519	20,047
Additions (+)	1,981	-	56
Transfers from Other Categories of Loans Under Follow-up			
(+)	-	1,881	331
Transfers to Other Categories of Loans Under Follow-up (-)	1,881	331	-
Collections (-)	488	251	552
Write-offs (-)	-	-	-
Index Differences (-)	134	207	1,206
Current Period end Balance	1,915	4,611	18,676
Specific Provisions (-)	98	1,492	14,507
Net Balances on Balance Sheet	1,817	3,119	4,169

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	61,757	97,401
Quoted in a Stock Exchange	57,795	92,890
Not Quoted	3,962	4,511
Provision for Impairment (-)	-	-
Total	61,757	97,401

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b) Movement of held to maturity portfolio:

	Current Period	Prior Period
Beginning Balance	97,401	48,081
Effect of Inflation (-)	5,240	6,055
Foreign Currency Differences on Monetary Assets	(549)	-
Purchases During Year	11,977	59,393
Disposals Through Sales and Redemptions	(41,832)	(4,018)
Impairment Provision	-	-
Closing Balances	61,757	97,401

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

	Current Period				Prior Period			
	Historical Cost		Valuation		Historical Cost		Valuation	
	TL	FC	TL	FC	TL	FC	TL	FC
Held to Maturity Portfolio								
Given as Collateral or Blocked	55,334	-	59,701	-	89,645	1,389	89,955	1,473
Subject to Repo Transactions	-	-	-	-	-	-	-	-
Held for Structural Position	-	-	-	-	-	-	-	-
Receivables From Securities Lending	-	-	-	-	-	-	-	-
Other (*)	-	6,423	-	6,526	1,856	4,511	1,923	4,554
Collaterals on Securities Lending	-	-	-	-	-	-	-	-
Closing Balances	55,334	6,423	59,071	6,526	91,501	5,900	91,878	6,027

(*) The free marketable securities held by the Group is stated at the Other line.

c.2) Marketable securities held to maturity given as collateral consist of public sector debt securities of TL 55,334 (2003 - TL 91,034), given as collateral for statutory requirements.

Securities held-to-maturity given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bonds and Similar Investment Securities	55,334	-	89,645	1,389
Other	-	-	-	-
Total	55,334	-	89,645	1,389

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

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

6. Information on investments (Net):

a.1) Information on unconsolidated participations :

Description	Address (City/ Country)	Group's share percentage-	
		If different voting percentage(%)	Group's risk group share percentage (%)
Varlık Yatırım Ortaklığı A.Ş.	Istanbul /Turkey	24.40	33.32

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a.2) Information on investments as presented in table a.1 (*):

Total Assets	Total Equity	Total Fixed Assets	Interest Income	Marketable Securities Income	Current Period Income/Loss	Prior Period Income/Loss	Fair Value
2,299	1,867	8	-	8	(74)	(95)	2,000

(*) The financial statements of Varlik Yatirim Ortakligi A.S. are prepared in accordance with the Capital Market Board Regulations. The current period data is presented as of March 31, 2004 and the prior period income / loss amounts are presented with their nominal values as of March 31, 2003.

a.3) Out of Group members / shareholders who has the control power with the parent company and/or other members of the financial group are explained: 66% shares of the unconsolidated participation Varlik Yatirim Ortakligi A.S. is publicly traded.

a.4) The reason for not consolidating the unconsolidated participations and the method of recording the unconsolidated participations at the Parent Bank's financials: The participation is not consolidated due to materiality principle, is quoted at the stock exchange and is valued by fair value.

b) Information on the consolidated participations:

b.1) Information on the consolidated participations:

	Current Period	Prior Period
Balance at the Beginning of the Period	10,033	6,456
Movements During the Period	(10,033)	3,577
Purchases	-	3,577
Free Shares Obtained Profit from Current Year's Share	-	-
Dividends from Current Year Income	-	-
Sales (*)	(10,033)	-
Revaluation Increase	-	-
Provision for Impairment	-	-
Balance at the end of the Period	-	10,033
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	50

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

b.2) Valuation of investments made to the consolidated participations:

	Current Period	Prior Period
Valuation With Cost	-	10,033
Valuation With Fair Value	-	-
Valuation With Equity Method	-	-
Total	-	10,033

The above mentioned participation is stated at cost at the unconsolidated financial statement of the Parent Company Bank.

b.3) Sectoral information and the related carrying amounts on consolidated investments:

Participations	Current Period	Prior Period
Insurance Companies/TEB Sigorta	-	10,033
Total	-	10,033

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- b.4) Investments which are quoted to a stock exchange: None.
- b.5) Information related to investments that are included in consolidation: None.
- b.6) Information on consolidated investments which are sold in current period : None.
- b.7) Consolidated investments purchased in the current period: None.

7. Information on Subsidiaries (Net):

- a) Information on unconsolidated subsidiaries:

TEB Kıymetli Madenler is not included in the consolidation in accordance with AAR's materiality principle.

- a.1) Information on unconsolidated subsidiaries:

Description	Address(City/ Country)	Group's share percentage-If different voting percentage(%)	Group's risk group share percentage (%)
TEB Kıymetli Madenler	Istanbul/Turkey	66.00	73.09

- a.2) Information on subsidiaries as presented in table a.1 (*):

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
175	168	-	-	-	(35)	(1)	-

(*):The current period data is presented as of March 31, 2004 and the prior period income / loss amounts are presented with their nominal values as of March 31, 2003.

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b) Information on the consolidated subsidiaries.

b.1) Information on the consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	142,299	135,339
Movements During the Period	4,273	6,960
Purchases	12,530	151
Free Shares Obtained Profit from Current Year's Share	-	12,541
Dividends from Current Year Income	-	-
Sales	(52)	-
Revaluation Increase (*)	(8,205)	(5,732)
Provision for Impairment	-	-
Balance at the end of the Period	146,572	142,299
Capital Commitments	-	-
Share Percentage at the end of the Period (%)		

(*) The foreign exchange (gains)/losses generated from the difference between the devaluation and inflation of the foreign subsidiaries.

b.2) Valuation of investments made to the consolidated subsidiaries:

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

	Current Period	Prior Period
Valuation With Cost	146,572	142,299
Valuation With Fair Value	-	-
Valuation With Equity Method	-	-

b.3) Sectoral information on consolidated subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks / Economy Bank	48,068	56,154
Other Financial Sub. / Petek International	721	841
TEB Yatirim	32,501	32,501
TEB Portfoy Yonetimi	3,460	3,511
Leasing Companies / TEB Leasing	30,428	30,428
Factoring Companies / TEB Factoring	18,864	18,864
Insurance Companies / TEB Sigorta	12,530	-
Total	146,572	142,299

b.4) Consolidated subsidiaries which are quoted to a stock exchange: None.

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b.5) Information related to subsidiaries that are included in consolidation:

Description	Address (City / Country))	Group's share percentage- If different voting percentage(%)	Group's risk group share percentage (%)	Method of Consolidation
Economy Bank	Netherlands	100.00	100.00	Full
Petek International	Netherlands	100.00	100.00	Full
TEB Yatirim	Istanbul/Turkey	74.80	92.87	Full
TEB Leasing	Istanbul/Turkey	68.76	73.29	Full
TEB Factoring	Istanbul/Turkey	69.40	73.51	Full
TEB Sigorta	Istanbul/Turkey	50.00	73.27	Full
TEB Portfoy	Istanbul/Turkey	46.77	79.68	Full

Information on subsidiaries as presented in table 10. b.5:

Total Assets (*)	Shareholders' Equity (*)	Total Fixed Assets (*)	Interest Income (*)	Income from Marketable Securities Portfolio (*)	Current Period Profit / Loss (*)	Prior Period Profit / Loss (*)	Fair Value
1,066,178	79,253	6,789	11,219	484	2,434	1,020	-
1,599	1,590	-	-	-	(15)	1,414	-
25,355	19,529	366	809	-	2,205	318	-
238,266	62,608	134,591	803	-	14,392	6,546	-
72,417	8,258	165	288	-	591	1,274	-
35,551	10,437	3,915	117	-	1,035	(2,780)	-
6,218	4,908	305	148	108	770	365	-

(*) The current period data is presented as of March 31, 2004 and the prior period income / loss amounts are presented with their nominal values as of March 31, 2003.

b.6) Information on the consolidated subsidiaries that were disposed in current period: None.

b.7) Information on the consolidated subsidiaries purchased in current period: None.

8. Information on financial lease receivables (Net):

a) Aging of leasing receivables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	97,681	86,239	108,042	94,650
Between 1-4 years	58,625	53,424	70,992	64,843
Over 4 years	2,069	1,948	19	-
Total	158,375	141,611	179,053	159,493

9. Explanations related to interest and income accruals:

a) Information about accrued interest and income receivables of loans:

Accrued Interest and Income Receivables	Current Period		Prior Period	
	TP	YP	TP	YP
Interest Accruals - Due	191	-	362	-
Interest Accruals - Not Due	9,279	8,039	9,995	8,549
Loan Commissions and Other Income Accruals - Due	-	-	-	-
Loan Commissions and Other Income Accruals - Not Due	16	6	22	6
Total	9,486	8,045	10,379	8,555

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b) Information on other interest and income accruals:

	Current Period		Prior Period	
	TL	FC	TL	FC
Other Interest and Income Accruals				
Trading Securities	1,402	235	1,195	399
Securities Available for Sale	4,756	153	-	-
Securities Held to Maturity	4,105	103	1,707	127
Interest Accruals of Reverse Repo Transactions	4	-	1	-
Interest Accruals of Reserve Deposits	1,590	152	1,615	167
Income Accruals of Financial Derivative Instruments	1,375	4,512	1,219	3,462
Interest and Income Accruals	-	24	7	17
Income Accrual of Foreign Exchange Gains	1,375	4,488	1,212	3,445
Income Accruals of Financial Lease Income	186	1,130	27	1,365
Other	6,767	388	9,877	224
Total	20,185	6,673	15,641	5,744

10. Information on other assets:

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

	Current Period	Prior Period
Deferred Tax	7,134	5,358
Advances Given	-	332
Prepaid Rent Expenses	2,448	19
Transaction Cost Related to Financial Liabilities	498	548
Prepaid Taxes	2,262	2,245
Financial Lease Agreements in Progress	35,435	35,122
Leasing Premium Receivable	-	4,943
Insurance Premium Receivables	12,896	20,564
Other	25,899	10,801
Total	86,572	79,932

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

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II- Footnotes and Explanations Related to the Consolidated 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	35,258	-	83,974	116,413	95,382	41,545	21,261
Foreign Currency Deposits	457,359	-	812,562	483,540	93,564	73,787	67,062
Residents in Turkey	414,009	-	789,690	477,044	90,349	72,670	65,042
Residents Abroad	43,350	-	22,872	6,496	3,215	1,117	2,020
Public Sector Deposits	12,692	-	-	773	-	-	-
Commercial Deposits	65,612	-	81,518	19,438	39,342	104,368	4,100
Other Institutions Deposits	44,555	-	16,749	205	2,056	1	-
Precious Metals Deposits	2,161	-	-	5,267	-	-	-
Interbank Deposits	40,732	-	31,706	47,000	37,229	8,913	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	4,977	-	604	-	3,066	1,000	-
Foreign Banks	29,771	-	30,972	47,000	34,163	7,913	-
Special Finance Houses	5,984	-	130	-	-	-	-
Other	-	-	-	-	-	-	-
Total	658,369	-	1,026,509	672,636	267,573	228,614	92,423

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	34,409	-	94,862	68,135	67,810	28,887	16,662
Foreign Currency Deposits	421,163	-	1,506,575	362,459	43,289	21,238	16,203
Residents in Turkey	398,314	-	576,574	354,401	41,737	20,320	15,420
Residents Abroad	22,849	-	930,001	8,058	1,552	918	783
Public Sector Deposits	111	-	-	-	-	-	-
Commercial Deposits	75,639	-	122,763	40,807	48,512	62,193	425
Other Institutions Deposits	38,915	-	1,610	2,798	1,550	1	-
Precious Metals Deposits	4,762	-	-	10,913	-	-	-
Interbank Deposits	29,611	-	35,902	57,580	28,183	10,445	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	96	-	-	-	-	-	-
Foreign Banks	15,016	-	35,902	57,580	28,183	10,445	-
Special Finance Houses	14,499	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	604,610	-	1,761,712	542,692	189,344	122,764	33,290

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	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit	Exceeding the limit of saving deposit
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	373,685	286,461	-	-
Foreign Currency Saving Deposits	723,100	855,102	-	-
Other Deposits in the form of Saving Deposits	1,446	1,210	-	-
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Total	1,098,231	1,142,773	-	-

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In accordance with the BRSA legislation published in the Official Gazette No. 25157 at July 3, 2003, all saving deposits are taken under the guarantee of Saving Deposits Insurance Fund until July 5, 2004.

b.2) The Group which has settled abroad should disclose, the total amount of savings deposit in Turkey branch, and insured in the country of head office : None

b.3) 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	2,584	26,866
Total	2,584	26,866

(*) In addition to the disclosed amount above, there are also saving deposits amounting to TL 153,383 (2003-14,343) in Economy Bank, one of the consolidated subsidiaries of the Parent Bank that is incorporated in Netherlands, that are not subject to the guarantee of deposit insurance fund.

2. Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	58,878	-	16,423	-
Financial Institutions and Organizations	45,000	-	-	-
Other Institutions and Organizations	6,335	-	10,270	-
Real Persons	7,543	-	6,153	-
From Foreign Transactions	7	-	2	-
Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Real Persons	7	-	2	-
Total	58,885	-	16,425	-

3. a) Information on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	53,025	439,477	72,335	468,177
Medium and Long-term	-	108,092	-	88,373
Total	53,025	547,569	72,335	556,550

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	194	209

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

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7. Other assets and liabilities which exceed 10 % of the balance sheet total (excluding off-balance sheet commitments) and breakdown of these which constitute at least 20% of grand total: None
8. Explanations on liabilities generated from financial lease payables: None.
9. Information on interest and expense accruals:

	Current Period		Prior Period	
	TL	FC	TL	FC
Accrued Interest on Deposits	26,061	4,134	13,332	5,918
Accrued Interest on Funds Borrowed	1,515	5,123	2,598	4,442
Accrued Interest on Bonds	-	-	-	-
Accrued Interest on Repurchase Agreement Transactions	35	-	15	-
Accrued Interest on Derivative Financial Instruments	3,432	3,031	3,299	4,276
Accrued Interest and Expense	-	69	-	36
Foreign Exchange Losses Accrued	3,432	2,962	3,299	4,240
Other Interest and Expense Accruals	2,528	1,681	6,557	1,591
Total	33,571	13,969	25,801	16,227

10. Provisions and subordinated loans:

- a) Information on general provisions:

	Current Period	Prior Period
General provisions	8,729	8,399
Provisions for First Group Loans and Receivables	7,422	7,046
Provisions for Second Group Loans and Receivables	17	21
Provisions for Non Cash Loans	1,290	1,332
Others	-	-
Total	8,729	8,399

- b) Information on free reserves for possible losses : None.
- c) Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	19,653	-	22,258
Total	-	19,653	-	22,258

11. Information of Shareholders' Equity:

- a) Presentation of paid-in capital:

	Current Period	Prior Period
Common Stock	57,800	100,000
Preferred Stock	-	-

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

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

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

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

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

The Parent Bank has sold 50% of its Head office building to TEB Sigorta A.S. at December 25, 2003. The gain on sale of this building which amounts to TL 622 (nominal value of TL 2,675) has been classified in the revaluation fund to be added to share capital. This amount has been added to share capital in the current period.

- 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 Group's income, profit and liquidity for the previous periods and within these indicators possible affects on capital fore sighting uncertainty : None.

- g) Information on privileged shares:

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

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

	Current Period	Prior Period
Number of Shares (Thousand)	115,600,000	110,250,000
Preferred Stock	-	-
Common Stock Issue Premium	67	-
Common Stock Canceling Profit	-	-
Other Equity Instruments	-	-
Total Common Stock Issue	115,600,000	110,250,000

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

Name/Commercial title	Amounts	Share Percentage	Paid-in capital	Unpaid portion
TEB Mali Yatirimlar	40,558	%70.17	40,558	-

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III. Footnotes and Explanations Related to the Consolidated Income Statement

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

The breakdown of other interest and non-interest income and expense accounts total to 20% of the items that exceed 10% of the related totals are shown below.

Other interest income amounting to TL 7,706 (31 March 2003 - TL 12,413) includes financial lease interest income amounting to TL 4,581 (31 March 2003 - TL 8,221) and factoring interest income amounting to TL 2,870 (31 March 2003 - TL 3,902).

The total other fees and commissions received amounting to TL 14,299 (31 March 2003 - TL 9,952) majorly consists of credit card fees and commissions amounting to TL 1,269 (31 March 2003 - TL 2,145) and brokerage commissions amounting to TL 4,589 (31 March 2003 - TL 2,346). Other fees and commission expense totaling to TL 4,266 (31 March 2003 - TL 3,606) majorly consists of fees and commissions paid for the credit cards amount to TL 1,686 (31 March 2003 - TL 1,793).

1. a) Information on interest income received from investments and subsidiaries: None.

b) Information on financial lease income :

	Current Period	Prior Period
Financial Lease Income	4,581	8,221

c) Interest received from reverse repurchase agreement transactions: None

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Received from Reverse Repurchase Agreement Transactions	524	-	575	-

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

b) Information on financial lease expenses : None.

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

Account name	Time Deposits						Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	
TL							
Bank Deposits	254	4,577	-	-	-	-	4,831
Saving Deposits	625	5,228	4,997	5,253	2,646	1,851	20,600
Public Sector Deposits	-	-	16	-	-	-	16
Commercial Deposits	933	4,397	2,958	3,680	5,371	57	17,396
Other Deposits	9	322	8	100	-	-	439
7 days Call Accounts	-	-	-	-	-	-	-
Total	1,821	14,524	7,979	9,033	8,017	1,908	43,282
FC							
Foreign Currency Deposits(*)	153	3,894	2,782	689	72	2,605	10,195
7 days Call Accounts	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	38	-	-	-	38
Total	153	3,894	2,820	689	72	2,605	10,233
Total	1,974	18,418	10,799	9,722	8,089	4,513	53,515

(*) Interest expense on foreign currency deposits includes TL 35 of foreign currency bank deposits, TL 1,029 foreign currency saving deposits and TL 3,581 commercial deposits.

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- d) Interest expense on repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Repurchase Agreements	3,868	-	4,259	-

3. Net income/losses from marketable securities for investment purposes: None

4. Information on other operating income :

The information on the factors affecting the Group's income including extraordinary items and new developments, and the explanation on nature and amount of income earned from extraordinary items : None.

5. Provision expenses of Groups for loans and other receivables:

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	688	262
Unsecured	-	-
Other Groups	688	262
General Provision Expenses	1,262	1,365
Marketable Securities Impairment Expense	1,660	43
Provision for Impairment	-	-
Other (*)	7,090	151
Total	10,700	1,821

(*) Effective from January 1,2004, the foreign exchange losses on the foreign currency indexed loans are reflected in " Other Provision Expenses". The amount of this expense is TL 7,090 as of March 31,2004.

- 6.a) Income and expenses relating to investments and subsidiaries: None.

- b) The income or expense share resulting from the investments at the participations at The information on income and expense from related party transactions: None.

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

The Group 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.

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

- a) Income/loss related to minority shares:

	Current Period	Prior Period
Income and Loss Related to Minority Shares	1,141	(1,769)

8. 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 Consolidated Off-balance Sheet Commitments

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

- a.1) The Group'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 Group's contingent liabilities resulting obligations of other ventures in joint ventures : None.

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

- b.1) For contingent assets, if realization probability is close to certain, then it is accounted. If realization probability is low, then it is explained in the footnotes. As of March 31, 2004 there are no contingent assets needed to be explained.
 b.2) For contingent liabilities, if realization probability is close to certain, then provision is set. If there is low or no realization probability, then it is explained in the footnotes : None.

2. Information on off-balance sheet commitments:

- a) Nature and amount of irrevocable loan commitments: As of As of March 31, 2004 and December 31, 2003, credit card spending limit commitments are TL 113,919 and TL 114,139, respectively.
 b) Nature and amount of contingent loss and commitments from off-balance sheet items including below statements:

The Group, 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, 2004 total guarantees and commitments consist of letter of guarantees amounting to TL 733,562 (2003 – TL 778,318), acceptances amounting to TL 48,368 (2003 – TL 51,669), and letters of credit amounting to TL 503,774 (2003 – TL 458,703).

b.2) Guarantees, surety ships and similar transactions : The Group has other commitments and contingencies amounting TL 9,122 (2003 – TL 849) other than the ones explained in article b.1).

3.a) Non-cash loans:

	Current Period	Prior Period
Guarantees Given Against Cash Loans	51,481	80,179
With Maturity of 1 Year or Less than 1 Year	8,281	18,151
With Maturity of More than 1 Year	43,200	62,028
Other Non-Cash Loans	1,243,345	1,209,360
Total	1,294,826	1,289,539

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

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

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

Moody's Investor Services: March 2004

Bank Financial Strength	D+
Long Term FX Deposits	B3

Fitch Ratings: February 2004

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

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V- Footnotes and Explanations Related to the Risk Group of the Parent Bank

1. Volume of The Banks's risk group transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) Current Period:

Bank's Risk Group (*)	Investments and subsidiaries		Direct and indirect shareholders of the Group		Other entities included in related parties	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	-	-	69,128	1,434	2,894	4,911
Balance at end of Period	-	-	96,775	1,541	109	1,912
Interest and Commission Income	-	-	1,059	150	8	4

b) Prior Period:

Bank's Risk Group (*)	Investments and subsidiaries		Direct and indirect shareholders of the Group		Other entities included in related parties	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	-	-	122,540	8,167	12,322	5,307
Balance at end of Period	-	-	69,128	1,434	2,894	4,911
Interest and Commission Income	-	-	2,643	4	2,195	32

c.1) Information on Bank's Risk Group deposits balances:

Bank's Risk Group (*)	Investments and subsidiaries		Direct and indirect shareholders of the Group		Other entities included in related parties	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposits						
Balance at Beginning of Period	-	-	176,530	227,082	723,218	937,972
Balance at end of Period	-	-	163,557	176,530	643,964	723,218
Interest on Deposits	-	-	880	45	3,019	6,621

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

Bank's Risk Group (*)	Investments and subsidiaries		Direct and indirect shareholders of the Group		Other entities included in related parties	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Trading Transactions						
Beginning of Period	-	-	24,003	52,560	36,042	29,713
End of Period	-	-	8,059	24,003	15,134	36,042
Total Income/Loss	-	-	(115)	(135)	(100)	816
Hedging Transactions Purposes						
Beginning of Period	-	-	-	-	-	-
End of Period	-	-	-	-	-	-
Total Income/Loss	-	-	(115)	(135)	(100)	816

(*) 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 Group with the entities controlled by the Group and its related parties, regardless of whether there are any transactions or not:

The Parent Bank enters into banking transactions with group companies in accordance with the Banking Law. These are commercial transactions and realized on an arms-length basis.

- 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
Noncash Loans	3,453	0.27
Forward Transactions and Option Agreements	23,193	2.99
Cash Loans	96,884	5.10
Deposits	807,521	27.41

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

- c) In the case that disclosing items separately, total of similar items is disclosed in order to present the total impact on financial statements : Explained in the article b.
- d) Investments accounted for under the equity method : None.
- e) Disclosures related to purchase and sale of real estate and other assets, trading of services, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (loans and cash or real capital supports included), guarantees, and management contracts :

The Group has financial lease agreements with TEB Leasing. The total leasing obligations related to these agreements amounted to TL 4,390. Additionally, the Group provides agency services for TEB Sigorta and TEB Yatirim.

Within the limits of the Banking Law, the Group renders cash and non-cash loans to its related parties and the ratio of these to the Group's total cash and non-cash loan portfolio is 3.14 %. Amounts of these loans are explained in the note V-1a.

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

As of March 31, 2004 the Group has no purchases and sale of real estate and other assets, transfer of information as a result of research and development, license and management contracts with the related parties.

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VI- Footnotes and Explanations Related to Inflation Accounting

Inflation Accounting

The accompanying financial statements are prepared by applying inflation accounting to the financial statements, which are prepared on a historical cost basis, except for the revaluation of fixed assets in line with Turkish Tax Legislation, in accordance with the provisions of Communiqué No : 14 "Accounting Standard Related to the Preparation of Financial Statements in Hyperinflationary Periods" related to ARR. Communiqué No:14 requires Groups to restate their financials in the equivalent purchasing power of Turkish Lira at the balance sheet date. One characteristic that necessitates the application of inflation accounting under the provisions of Communiqué No : 14 is a cumulative three-year inflation rate approaching or exceeding 100%. As of March 31, 2004 based on the wholesale price indices announced by the State Institute of Statistics, the cumulative three-year inflation rate in Turkey is 159 %.

Communiqué No:14 requires that the financial statements should be restated in the equivalent purchasing power at the balance sheet date and the financial statements of prior year should be restated in their entirety to the measuring unit current at the balance sheet date.

The main guidelines for inflation accounting are as follows:

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

Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date and other components of shareholders' equity (except for the revaluation surplus which is eliminated) are restated by applying the relevant conversion factors; being the change in the general price index from the date of acquisition to the closing date. The inflation adjusted share capital amount has been derived by indexing each capital increase other than bonus shares from statutory revaluation fund from the date they were contributed. Transfers to share capital from general reserves, gain on sale of property and investments and inappropriate profits are considered as cash contributions and are restated from the date of contribution.

Fixed assets subject to depreciation are restated from their historical acquisition costs after eliminating the statutory revaluation increments. Depreciation is not separately restated in the income statement since it is computed over restated amounts.

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

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

All items in the statements of income are restated by applying the appropriate conversion factors.

The effect of inflation on the Group's net monetary position is included in the statements of income and separately disclosed as a net monetary gain or loss. The effect of inflation accounting on prior year financial statements is included in retained earnings and the effect of restatement is disclosed separately under shareholders' equity.

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Indices and conversion factors that are used to restate the accompanying the financial statements as of March 31, 2004, reflecting the restatement for the changes in the general purchasing power of the Turkish is as follows:

	Index	Conversion Factors
December 31, 2003	7,382.1	1.065
December 31, 2002	6,478.8	1.214
December 31, 2001	4,951.7	1.588
March 31, 2004	7,862.2	1.000
March 31, 2003	7,281.8	1.080

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 Group 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 Group could return or settle the same values of equity to its shareholders.

Explanations regarding the economical life of assets subject to depreciation, depreciation calculation made in accordance with the regulations and indexed amounts, and whether expertise values are used to determine the fair values of these assets:

In accordance with Communiqué No :14, the Group obtains expertise reports for its buildings.

As of March 31, 2004 the total amount of legal reserves and general reserves are TL 11,351 and TL 61,854, respectively, in the Bank's statutory books of account.

Balance sheet and income statement for the interim period ended March 31, 2004 and 2003 are reviewed. Balance sheet as of December 31, 2003, is audited.

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

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VIII- Explanations Related to Subsequent Events

Disclosure related to subsequent events and their impact on the financial statements as required by the related standard:

- a) In accordance with the decision related with the distribution of profit, declared at the Annual General Meeting of the Bank dated March 26, 2004, the Bank has started to pay dividends to its shareholders who are subject to and not subject to withholding tax with a rate of 22.89% and 25.43% respectively on April 5, 2004.
- b) The impact of significant changes in foreign exchange rates subsequent to the balance sheet date on the foreign currency transactions, items and on the financial statements of the Group : The foreign exchange buying rate of USD announced by Central Bank of Turkey is TL 1,501,106 (in full TL) as of May 27, 2004, and is 14.6% higher than the announced USD foreign exchange buying rate of the Parent Bank at the balance sheet date.

SECTION SIX

REVIEW REPORT OF INDEPENDENT AUDITORS

I. Explanations on the Review Report of Independent Auditors:

The consolidated interim financial statements of the Group were reviewed by Guney Serbest Muhasebeci Mali Musavirlik A.S. (An Affiliated Firm of Ernst & Young International) and the review report of independent auditors, dated May 27, 2004, is presented preceding the consolidated interim financial statements.