

**Turk Ekonomi Bankasi
Anonim Sirketi**

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

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

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

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

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

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

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

Additional paragraph for convenience translation to English:

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

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

Aysen Topay, SMMM

November 4, 2004
Istanbul, Turkey

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

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SECTION ONE

GENERAL INFORMATION

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

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

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

The controlling group of the Bank: Turk Ekonomi Bankasi Anonim Sirketi ("the Bank") is included in the Colakoglu Group. 84.25% of the shares of the Bank belongs to TEB Mali Yatirimlar Anonim Sirketi (TEB Mali Yatirimlar).

III. Explanations on The Interim Financial Statements

- a) Accounting principles and basis of valuation used in the preparation of year-end financial statements are also used for the preparation of interim financial statements except the changes made according to Communiqué No: 18 "Deferred Taxation" of Accounting Application Regulations effective from July 1, 2004, and are summarized in Section Three below.
- b) There are no transactions realized in the interim period that display a seasonal or a periodical nature.
- c) There are no non-recurring transactions or fundamental errors.
- d) There are no extraordinary items in terms of nature or amount that effect the assets, liabilities, equity, net income or the cash flow of the Bank.
- e) Prior period interim financial statements, do not contain any changes with respect to the estimated values related with the current period. There are no items in the prior period financial statements that are recorded with their estimated values.
- f) There are no convertible bonds or any other debt securities issued during the current period.
- g) In the General Assembly meeting of the Bank, dated March 26, 2004, it was decided to distribute the profit for the year 2003 after providing the legal reserves. The amounts distributed to the shareholders who are subject to and not subject to withholding tax are TL229 and TL 254 (Nominal full TL) respectively, for every 1,000 TL nominal shares.
- h) There are no material subsequent events that occurred after the preparation date of the interim financial statements and not reflected in the interim financial statements.
- i) There are no transactions that may cause a structural change for the Bank such as restructuring, mergers and acquisitions, or discontinuation of any operations.
- j) There are no subsequent changes in the commitments and contingencies of the Bank that have arisen after the year-end balance sheet date.

**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS)
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SECTION TWO

UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

I- BALANCE SHEETS – ASSETS

	Note Ref. (Section 5)	Reviewed			Audited		
		Current Period 30.09.2004			Prior Period 31.12.2003		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY		39,724	726,740	766,464	68,312	565,692	634,004
1.1 Cash		12,168	-	12,168	9,259	-	9,259
1.2 Foreign currency		-	69,461	69,461	-	62,528	62,528
1.3 Balances with the Central Bank of Turkey	I-1	27,556	655,398	682,954	59,053	502,841	561,894
1.4 Other		-	1,881	1,881	-	323	323
II. TRADING SECURITIES (Net)		88,834	10,205	99,039	27,091	2,916	30,007
2.1 Public sector debt securities	I-2	88,834	9,831	98,665	27,091	2,459	29,550
2.1.1 Government bonds	I-2	52,782	303	53,085	26,141	864	27,005
2.1.2 Treasury bills	I-2	36,051	-	36,051	949	-	949
2.1.3 Other public sector debt securities	I-2	1	9,528	9,529	1	1,595	1,596
2.2 Share certificates		-	-	-	-	-	-
2.3 Other marketable securities		-	374	374	-	457	457
III. BANKS AND OTHER FINANCIAL INSTITUTIONS		48,026	113,878	161,904	43,208	148,852	192,060
3.1 Due from banks		48,026	113,878	161,904	43,208	148,852	192,060
3.1.1 Domestic banks		48,026	7,555	55,581	43,208	61,251	104,459
3.1.2 Foreign banks		-	106,323	106,323	-	87,601	87,601
3.1.3 Branches and head office abroad		-	-	-	-	-	-
3.2 Other financial institutions		-	-	-	-	-	-
IV. MONEY MARKET PLACEMENTS		250,000	68,878	318,878	401,184	70,061	471,245
4.1 Interbank money market placements		250,000	68,878	318,878	401,184	70,061	471,245
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. SECURITIES AVAILABLE FOR SALE (Net)		170,110	54,640	224,750	10	-	10
5.1 Share certificates	I-3	9	-	9	10	-	10
5.2 Other marketable securities	I-3	170,101	54,640	224,741	-	-	-
VI. LOANS		759,342	817,834	1,577,176	563,651	712,956	1,276,607
6.1 Short term	I-4	638,679	641,177	1,279,856	490,985	654,770	1,145,755
6.2 Medium and long term	I-4	110,594	176,657	287,251	63,406	58,186	121,592
6.3 Loans under follow-up	I-4	20,528	-	20,528	26,689	-	26,689
6.4 Specific provisions (-)	I-4	(10,459)	-	(10,459)	(17,429)	-	(17,429)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. SECURITIES HELD TO MATURITY (Net)		65,670	-	65,670	93,792	-	93,792
8.1 Public sector debt securities	I-5	65,670	-	65,670	93,792	-	93,792
8.1.1 Government bonds	I-5	65,670	-	65,670	93,792	-	93,792
8.1.2 Treasury bills	I-5	-	-	-	-	-	-
8.1.3 Other public sector debt securities	I-5	-	-	-	-	-	-
8.2 Other marketable securities	I-5	-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)		-	-	-	10,685	-	10,685
9.1 Financial associates	I-6	-	-	-	10,685	-	10,685
9.2 Non-Financial associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)		88,205	56,295	144,500	74,273	58,500	132,773
10.1 Financial subsidiaries	I-7	88,205	56,295	144,500	74,273	58,500	132,773
10.2 Non-Financial subsidiaries		-	-	-	-	-	-
XI. OTHER INVESTMENTS (Net)		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)		-	-	-	-	-	-
12.1 Gross finance lease receivables	I-8	-	-	-	-	-	-
12.2 Unearned income (-)	I-8	-	-	-	-	-	-
XIII. RESERVE DEPOSITS		21,021	169,158	190,179	19,683	142,023	161,706
XIV. MISCELLANEOUS RECEIVABLES		576	103	679	321	90	411
XV. ACCRUED INTEREST AND INCOME RECEIVABLES		27,673	9,334	37,007	24,373	7,782	32,155
15.1 Loans	I-9	14,959	6,078	21,037	9,540	3,889	13,429
15.2 Marketable securities	I-9	7,537	749	8,286	2,466	50	2,516
15.3 Other	I-9	5,177	2,507	7,684	12,367	3,843	16,210
XVI. PROPERTY AND EQUIPMENT (Net)		38,665	-	38,665	39,737	-	39,737
16.1 Book value		109,909	-	109,909	103,469	-	103,469
16.2 Accumulated depreciation (-)		(71,244)	-	(71,244)	(63,732)	-	(63,732)
XVII. INTANGIBLE ASSETS [Net]		3,401	-	3,401	3,712	-	3,712
17.1 Goodwill		-	-	-	-	-	-
17.2 Other		10,024	-	10,024	9,532	-	9,532
17.3 Accumulated amortization (-)		(6,623)	-	(6,623)	(5,820)	-	(5,820)
XVIII. OTHER ASSETS	I-10	24,422	1,242	25,664	35,318	121	35,439
TOTAL ASSETS		1,625,669	2,028,307	3,653,976	1,405,350	1,708,993	3,114,343

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

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

II- BALANCE SHEETS - LIABILITIES

	Note Ref. (Section 5)	Reviewed			Audited		
		Current Period 30.09.2004			Prior Period 31.12.2003		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS		707,448	1,640,922	2,348,370	718,997	1,442,720	2,161,717
1.1 Bank deposits	II-1	50,291	103,678	153,969	66,916	67,999	134,915
1.2 Saving deposits	II-1	371,704	-	371,704	304,244	-	304,244
1.3 Public sector deposits	II-1	2,590	-	2,590	114	-	114
1.4 Commercial deposits	II-1	249,746	-	249,746	301,664	-	301,664
1.5 Other institutions deposits	II-1	33,117	-	33,117	46,059	-	46,059
1.6 Foreign currency deposits	II-1	-	1,535,167	1,535,167	-	1,358,632	1,358,632
1.7 Precious metals deposit accounts	II-1	-	2,077	2,077	-	16,089	16,089
II. MONEY MARKET BORROWINGS		192,054	-	192,054	16,858	-	16,858
2.1 Interbank money market borrowings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market borrowings		-	-	-	-	-	-
2.3 Funds provided under repurchase agreements	II-2	192,054	-	192,054	16,858	-	16,858
III. FUNDS BORROWED		33,484	525,589	559,073	42,757	354,217	396,974
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed	II-3	33,484	525,589	559,073	42,757	354,217	396,974
3.2.1 Domestic banks and institutions	II-3	33,484	73,038	106,522	25,928	28,115	54,043
3.2.2 Foreign banks, institutions and funds	II-3	-	452,551	452,551	16,829	326,102	342,931
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	13,799	14,140	27,939	15,554	11,218	26,772
VII. OTHER EXTERNAL RESOURCES	II-7	52,936	6,471	59,407	35,976	6,653	42,629
VIII. TAXES AND OTHER DUTIES PAYABLE		7,960	-	7,960	8,249	-	8,249
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)		-	4,591	4,591	-	5,355	5,355
10.1 Finance Lease Payables	II-8	-	5,756	5,756	-	6,597	6,597
10.2 Deferred finance lease expenses (-)	II-8	-	(1,165)	(1,165)	-	(1,242)	(1,242)
XI. ACCRUED INTEREST AND EXPENSES PAYABLE		29,958	8,065	38,023	24,702	8,267	32,969
11.1 Deposits	II-9	23,337	2,132	25,469	12,832	1,352	14,184
11.2 Borrowings	II-9	1,558	4,485	6,043	1,915	2,513	4,428
11.3 Repurchase agreements	II-9	106	-	106	15	-	15
11.4 Other	II-9	4,957	1,448	6,405	9,940	4,402	14,342
XII. PROVISIONS		25,872	-	25,872	43,078	-	43,078
12.1 General provisions	II-10	10,213	-	10,213	8,621	-	8,621
12.2 Reserve for employee termination benefits		1,591	-	1,591	1,350	-	1,350
12.3 Provisions for income taxes		13,866	-	13,866	32,764	-	32,764
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions	II-10	202	-	202	343	-	343
XIII. SUBORDINATED LOANS	II-10	-	22,460	22,460	-	22,846	22,846
XIV. SHAREHOLDERS' EQUITY		367,754	473	368,227	356,896	-	356,896
14.1 Paid-in capital	II-11	57,800	-	57,800	55,125	-	55,125
14.2 Supplementary capital		240,209	473	240,682	240,917	-	240,917
14.2.1 Share premium	II-12	-	-	-	-	-	-
14.2.2 Share cancellation profits		-	-	-	-	-	-
14.2.3 Marketable securities value increase fund		(124)	473	349	121	-	121
14.2.4 Revaluation fund		-	-	-	638	-	638
14.2.5 Value increase in revaluation fund		-	-	-	-	-	-
14.2.6 Other capital reserves		-	-	-	-	-	-
14.2.7 Effect of inflation accounting on share capital		240,333	-	240,333	240,158	-	240,158
14.3 Profit reserves		40,524	-	40,524	2,669	-	2,669
14.3.1 Legal reserves		6,566	-	6,566	2,669	-	2,669
14.3.2 Status reserves		-	-	-	-	-	-
14.3.3 Extraordinary reserves		33,958	-	33,958	-	-	-
14.3.4 Other profit reserves		-	-	-	-	-	-
14.4 Profit or loss		29,221	-	29,221	58,185	-	58,185
14.4.1 Prior year income/loss		3,729	-	3,729	2,542	-	2,542
14.4.2 Current period income/loss		25,492	-	25,492	55,643	-	55,643
TOTAL LIABILITIES		1,431,265	2,222,711	3,653,976	1,263,067	1,851,276	3,114,343

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

**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIV)
TÜRK EKONOMİ BANKASI A.Ş.
STATEMENTS OF OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES
RESTATED FOR THE EFFECTS OF INFLATION AS OF SEPTEMBER 30, 2004 AND DECEMBER 31
2003
(Currency-Billions of Turkish lira in equivalent purchasing power at September 30, 2004)**

III- STATEMENTS OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref. (Section 5)	Reviewed			Audited		
		Current Period 30.09.2004		TOTAL	Prior Period 31.12.2003		TOTAL
		TL	FC		TL	FC	
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		931,968	1,942,264	2,874,232	842,165	1,818,065	2,660,230
I. GUARANTEES	IV-2,3	464,356	883,032	1,347,388	411,549	779,959	1,191,508
1.1 Letters of guarantee		464,356	427,669	892,025	411,470	343,496	754,966
1.1.1 Guarantees subject to State Tender Law		32,968	124	33,092	35,815	1,983	37,798
1.1.2 Guarantees given for foreign trade operations		106,023	26,170	132,193	93,415	868	94,283
1.1.3 Other letters of guarantee		325,365	401,375	726,740	282,240	340,645	622,885
1.2 Bank acceptances		-	52,420	52,420	-	53,033	53,033
1.2.1 Import acceptances		-	52,420	52,420	-	53,033	53,033
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	400,617	400,617	79	379,068	379,147
1.3.1 Documentary letters of credit		-	349,201	349,201	79	350,893	350,972
1.3.2 Other letters of credit		-	51,416	51,416	-	28,175	28,175
1.4 Guaranteed prefinancing		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	-	-	-	-	-
1.9 Other suretyships		-	2,326	2,326	-	4,362	4,362
II. COMMITMENTS		402,952	415,330	818,282	364,579	304,768	669,347
2.1 Irrevocable commitments		402,952	385,914	788,866	364,579	304,768	669,347
2.1.1 Asset purchase commitments		31,605	131,365	162,970	-	-	-
2.1.2 Deposit purchase and sales commitments		1,000	254,549	255,549	-	304,768	304,768
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		121,408	-	121,408	135,270	-	135,270
2.1.5 Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		128,034	-	128,034	112,158	-	112,158
2.1.8 Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card expenditure limits	IV-2	120,905	-	120,905	117,151	-	117,151
2.1.10 Receivables from short sale commitments		-	-	-	-	-	-
2.1.11 Payables for short sale commitments		-	-	-	-	-	-
2.1.12 Other irrevocable commitments		-	-	-	-	-	-
2.2 Revocable commitments		-	29,416	29,416	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	29,416	29,416	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		64,660	643,902	708,562	66,037	733,336	799,373
3.1 Forward foreign currency buy/sell transactions		50,725	429,953	480,678	66,037	433,547	499,584
3.1.1 Forward foreign currency transactions-buy		6,559	232,687	239,246	24,013	224,427	248,440
3.1.2 Forward foreign currency transactions-sell		44,166	197,266	241,432	42,024	209,120	251,144
3.2 Swap transactions related to f.c. and interest rates		-	192,805	192,805	-	299,789	299,789
3.2.1 Foreign currency swap-buy		-	93,049	93,049	-	148,940	148,940
3.2.2 Foreign currency swap-sell		-	92,871	92,871	-	149,896	149,896
3.2.3 Interest rate swaps-buy		-	3,414	3,414	-	448	448
3.2.4 Interest rate swaps-sell		-	3,471	3,471	-	505	505
3.3 Foreign currency and interest rate options		13,935	21,144	35,079	-	-	-
3.3.1 Foreign currency options-buy		6,180	11,320	17,500	-	-	-
3.3.2 Foreign currency options-sell		7,755	9,824	17,579	-	-	-
3.3.3 Interest rate options-buy		-	-	-	-	-	-
3.3.4 Interest rate options-sell		-	-	-	-	-	-
3.3.5 Securities options-buy		-	-	-	-	-	-
3.3.6 Securities options-sell		-	-	-	-	-	-
3.4 Foreign currency futures		-	-	-	-	-	-
3.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.5 Interest rate futures		-	-	-	-	-	-
3.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		2,446,161	1,138,129	3,584,290	1,936,539	672,412	2,608,951
IV. ITEMS HELD IN CUSTODY		2,042,860	392,960	2,435,820	1,408,437	332,277	1,740,714
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		897,436	182,437	1,079,873	539,514	158,423	697,937
4.3 Checks received for collection		1,078,472	102,518	1,180,990	816,642	77,347	893,989
4.4 Commercial notes received for collection		66,916	47,210	114,126	52,281	39,302	91,583
4.5 Other assets received for collection		36	60,795	60,831	-	57,205	57,205
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	-	-	-	-	-
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		403,301	737,083	1,140,384	528,102	340,135	868,237
5.1 Marketable securities		36,054	15,270	51,324	23,705	15,975	39,680
5.2 Guarantee notes		5,905	2,348	8,253	6,277	2,502	8,779
5.3 Commodity		18,428	263,661	282,089	205,609	16,705	222,314
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		199,895	284,389	484,284	153,200	191,457	344,657
5.6 Other pledged items		143,019	171,415	314,434	139,311	113,496	252,807
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	8,086	8,086	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		3,378,129	3,080,393	6,458,522	2,778,704	2,490,475	5,269,179

The accompanying notes are an integral part of these statements.

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

IV- STATEMENTS OF INCOME

	Note Ref. (Section 5)	Reviewed	Reviewed	Reviewed	Reviewed
		Current Period	Prior period	01.07.2004	01.07.2003
		30.09.2004	30.09.2003	- 30.09.2004	- 30.09.2003
		Total	Total	Total	Total
I. INTEREST INCOME	III-1	296,692	268,661	99,692	90,149
1.1 Interest on loans		171,527	143,011	63,445	51,109
1.1.1 Interest on TL loans		141,313	121,009	52,451	43,555
1.1.1.1 Short term loans		125,746	114,429	46,671	40,904
1.1.1.2 Medium and long term loans		15,567	6,580	5,780	2,651
1.1.2 Interest on foreign currency loans		29,426	21,728	10,436	7,459
1.1.2.1 Short term loans		24,602	20,410	8,442	6,859
1.1.2.2 Medium and long term loans		4,824	1,318	1,994	600
1.1.3 Interest on loans under follow-up		788	274	558	95
1.1.4 Premiums received from Resource Utilization Support Fund		-	-	-	-
1.2 Interest received from reserve deposits		5,718	5,041	2,003	1,896
1.3 Interest received from banks		10,918	24,394	4,496	9,053
1.3.1 The Central Bank of Turkey		114	-	96	-
1.3.2 Domestic banks		6,192	19,045	1,660	7,407
1.3.3 Foreign banks		4,612	5,349	2,740	1,646
1.4 Interest received from money market placements		51,630	74,515	11,509	20,663
1.5 Interest received from marketable securities portfolio		55,581	21,404	18,252	7,369
1.5.1 Trading securities		14,227	3,481	6,327	1,004
1.5.2 Available-for-sale securities		23,665	2,671	6,944	1,787
1.5.3 Held to maturity securities		17,689	15,252	4,981	4,578
1.6 Other interest income		1,318	296	(13)	59
II. INTEREST EXPENSE	III-2	162,822	142,282	56,022	50,999
2.1 Interest on deposits		138,986	110,531	47,388	40,274
2.1.1 Bank deposits		14,979	9,751	5,646	4,002
2.1.2 Saving deposits		63,309	56,217	21,673	18,525
2.1.3 Public sector deposits		47	-	-	-
2.1.4 Commercial deposits		42,185	24,978	13,562	11,122
2.1.5 Other institutions deposits		1,018	475	271	257
2.1.6 Foreign currency deposits		17,365	18,980	6,228	6,329
2.1.7 Precious metals vault accounts		83	130	8	39
2.2 Interest on money market borrowings		7,705	15,363	2,804	4,311
2.3 Interest on funds borrowed		15,930	16,089	5,820	6,141
2.3.1 The Central Bank of Turkey		-	-	-	-
2.3.2 Domestic banks		6,108	7,545	2,287	2,778
2.3.3 Foreign banks		7,088	5,670	2,567	489
2.3.4 Branches and head office abroad		-	-	-	-
2.3.5 Other financial institutions		2,734	2,874	966	2,874
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		201	299	10	273
III. NET INTEREST INCOME (I - II)		133,870	126,379	43,670	39,150
IV. NET FEES AND COMMISSIONS INCOME		20,739	15,583	7,546	5,267
4.1 Fees and commissions received		31,001	28,178	11,148	9,565
4.1.1 Cash loans		2,800	2,888	1,180	796
4.1.2 Non-cash loans		10,081	7,904	3,754	2,874
4.1.3 Other		18,120	17,386	6,214	5,895
4.2 Fees and commissions paid		10,262	12,595	3,602	4,298
4.2.1 Cash loans		2,065	2,121	761	638
4.2.2 Non-cash loans		16	30	5	11
4.2.3 Other		8,181	10,444	2,836	3,649
V. DIVIDEND INCOME		-	-	-	-
5.1 Trading securities		-	-	-	-
5.2 Available-for-sale securities		-	-	-	-
VI. NET TRADING INCOME/LOSS		7,917	40,734	5,439	17,430
6.1 Profit/losses on trading transactions (Net)		14,514	14,763	2,668	14,643
6.1.1 Profit on trading transactions		60,178	65,389	12,593	23,656
6.1.1.1 Profit on derivative financial instruments		38,102	22,112	5,673	859
6.1.1.2 Other		22,076	43,277	6,920	17,797
6.1.2 Losses on trading transactions (-)		(45,664)	(50,626)	(9,925)	(9,013)
6.1.2.1 Losses on derivative financial instruments		(33,230)	(36,053)	(6,945)	(5,724)
6.1.2.2 Other		(12,434)	(14,573)	(2,980)	(3,289)
6.2 Foreign exchange gains/losses (Net)		(6,597)	25,971	2,771	2,787
6.2.1 Foreign exchange gains		145,606	197,613	39,141	44,580
6.2.2 Foreign exchange losses (-)		(152,203)	(171,642)	(36,370)	(41,793)
VII. OTHER OPERATING INCOME	III-3	14,104	13,648	2,019	4,280
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		176,630	196,344	58,674	66,127
IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	III-4	22,280	19,732	9,785	4,625
X. OTHER OPERATING EXPENSES (-)		103,473	98,593	38,231	32,948
XI. NET OPERATING INCOME (IX-X-XI)		50,877	78,019	10,658	28,554
XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	III-5	6,031	13,037	-	-
XIII. NET MONETARY GAIN/(LOSS)		(20,305)	(21,243)	(2,172)	1,283
XIV. INCOME BEFORE TAXES (XII+XIII+ XIV)		36,603	69,813	8,486	29,837
XV. PROVISION FOR TAXES ON INCOME (-)		11,230	26,375	3,408	8,880
XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV-XV)		25,373	43,438	5,078	20,957
XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES		119	-	-	-
17.1 Extraordinary net income/expense before taxes		119	-	-	-
17.1.1 Extraordinary income		119	-	-	-
17.1.2 Extraordinary expense (-)		-	-	-	-
17.2 Provision for taxes on extraordinary income		-	-	-	-
XVIII. NET PROFIT/LOSSES FOR THE PERIOD (XVI+XVII+XVIII)		25,492	43,438	5,078	20,957
Earnings/Losses per share (Full amount)	III-6	220.52	393.99	43.92	190.09

The accompanying notes are an integral part of these statements.

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

SECTION THREE

ACCOUNTING PRINCIPLES

I- Basis of Presentation

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

Restatement of Financial Statements to The Current Period Purchasing Power

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

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

Other Basis of Valuation

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

Changes in Accounting Policies and Valuation Methods in the Current Period

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 except the changes made according to article 18 of AAR effective from July 1, 2004.

II- Explanations on Forward and Option Contracts and Derivative Instruments

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

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

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NOTES TO FINANCIAL STATEMENT RESTATED FOR THE EFFECTS OF INFLATION
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(Currency-Billions of Turkish lira in equivalent purchasing power at September 30, 2004)**

Foreign Currency Assets and Liabilities

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

III- Offsetting of Financial Assets and Liabilities

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

IV- Interest Income and Expense

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

V- Fees and Commission Income and Expense

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

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

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

VI- Securities Held for Trading

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

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

VII- Sales and Repurchase Agreements and Lending of Securities

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

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

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

TÜRK EKONOMİ BANKASI A.Ş.

NOTES TO FINANCIAL STATEMENT RESTATED FOR THE EFFECTS OF INFLATION

FOR THE INTERIM PERIOD ENDED AS OF SEPTEMBER 30, 2004 (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IX- Investments in Associates

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

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

X- Investments in Subsidiaries

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

XI- Originated Loans and Receivables and Provisions for Loan Losses

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

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

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

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

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

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

XII- Goodwill and Other Intangible Assets

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

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

The intangible assets of the Bank comprise mainly softwares. The requirements of the Turkish Tax Procedural Code are taken into consideration in determining the useful lives and no other specific criteria are used. The useful lives of these assets are determined as 5 years for prior period purchases and 3 years for current period purchases. Software used are mainly developed within the Bank by the Bank's personnel and the related expenses are not capitalized. Software is purchased only in emergency cases and for special projects.

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

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

XIII- Tangible Fixed Assets

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

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

	%
Buildings	2
Motor vehicles	20
Furniture, fixtures and office equipment and others	5-50
Leasehold improvements	Lease period

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

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

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

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

XIV- Leasing Transactions

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

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

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

The Bank does not have any leasing transactions as lessor.

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NOTES TO FINANCIAL STATEMENT RESTATED FOR THE EFFECTS OF INFLATION FOR THE INTERIM PERIOD ENDED AS OF SEPTEMBER 30, 2004 (Continued)
(Currency-Billions of Turkish lira in equivalent purchasing power at September 30, 2004)**

XV- Provisions and Contingent Liabilities

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

XVI- Liabilities Regarding Employee Benefits

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

The Bank has no employees contracted for determined periods.

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

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

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

XVII- Taxation

Corporate tax

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

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

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

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

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

Deferred tax

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

As of September 30, 2004, in accordance with Communiqué Number 18 of AAR published on August 12, 2004 and effective from July 1, 2004 the Bank calculated deferred tax asset on all deductible temporary differences if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis.

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

XVIII- Additional Explanations on Borrowings

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

XIX- Paid-in Capital and Share Certificates

The Bank does not have any costs related to share issue as of December 31, 2003. In the General Assembly meeting of the Bank, dated March 26, 2004, it was decided to distribute the profit for the year 2003 after providing the legal reserves. The amounts distributed to the shareholders who are subject to and not subject to withholding tax are TL 229 and TL 254 (Nominal full TL) respectively for every 1,000 TL nominal shares.

XX- Acceptances

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

XXI- Government Incentives

There are no government incentives utilized by the Bank.

XXII- Securities at Custody

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

XXIII- Impairment of Assets

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

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XXIV- Other Matters

Explanation for convenience translation to English

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

There are no other matters required to be disclosed.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I- Capital Adequacy Standard Ratio

The method used for risk measurement for capital adequacy standard ratio: Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks ", which was published on January 31, 2002 in the Official Gazette numbered 24657. As of September 30, 2004, the Bank's capital adequacy ratio is %13.29 (December 31, 2003 - %14.88).

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

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

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

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

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Information related to the capital adequacy ratio:

	Risk Weight			
	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non-Cash Loans				
Balance Sheet items (Net)	1,364,206	217,358	116,860	1,375,135
Cash	83,267	243	-	-
Due from banks	682,954	161,848	-	56
Interbank money market placements	318,878	-	-	-
Receivables from reverse repo transactions	-	-	-	-
Reserve deposits	190,179	-	-	-
Special finance houses	-	-	-	-
Loans	78,408	55,267	107,496	1,325,936
Loans under follow-up (Net)	-	-	-	10,069
Subsidiaries, associates and investments held to maturity	-	-	-	-
Miscellaneous receivables	-	-	-	679
Marketable securities held to maturity (Net)	-	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-
Financial lease receivables	-	-	-	-
Leased assets (Net)	-	-	9,364	-
Fixed assets (Net)	-	-	-	22,917
Other assets	10,520	-	-	15,478
Off balance sheet items	444,306	577,818	307,511	54,386
Guarantees and pledges	26,813	573,983	91,263	27,373
Commitments	415,330	-	216,248	-
Other off balance sheet items	-	-	-	-
Transactions related with derivative financial instruments	-	-	-	5,856
Interest and income accruals	2,163	3,835	-	21,157
Non risk weighted accounts	-	-	-	-
Total Value at Risk	1,808,512	795,176	424,371	1,429,521
Total Risk Weighted Assets	-	159,035	212,186	1,429,521

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (I)	1,800,742	1,546,783
Amount Subject to Market Risk (II)	57,363	27,007
Shareholders' Equity	246,949	234,175
Shareholders' Equity / (I+II)*100	13.29	14.88

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Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	57,800	55,125
Nominal capital	57,800	55,125
Capital commitments (-)	-	-
Effect of Inflation Accounting on Share Capital	240,333	240,158
Share Premium and Cancellation Profits	-	-
Legal Reserves	6,566	2,669
First legal reserve (Turkish Commercial Code 466/1)	3,638	1,025
Second legal reserve (Turkish Commercial Code 466/2)	2,928	1,644
Other legal reserve per special legislation	-	-
Statute Reserves	-	-
Extraordinary reserves	33,958	-
Reserves allocated by the General Assembly	33,958	-
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Profit	29,221	58,185
Current period profit	25,492	55,643
Prior years' profit	3,729	2,542
Loss (-)	-	-
Current period loss	-	-
Prior years' loss	-	-
Total Main Capital	367,878	356,137
SUPPLEMENTARY CAPITAL		
Revaluation Fund	-	638
Furniture, fixture and vehicles	-	-
Buildings	-	-
Profit on sale of associates, subsidiaries and buildings to be transferred to share capital	-	638
Revaluation fund of leasehold improvements	-	-
Increase in the Value of Revaluation Fund	-	-
Foreign Exchange Differences	-	-
General Reserves	10,213	8,621
Provisions for Possible Losses	-	-
Subordinated Loans	22,460	22,846
Marketable Securities Value Increase Fund	349	121
Associates and subsidiaries	-	121
Available for sale securities	349	-
Structured positions	-	-
Total Supplementary Capital	33,022	32,226
TIER III CAPITAL		
CAPITAL	400,900	388,363
DEDUCTIONS FROM THE CAPITAL	153,951	154,188
Investments in financial companies which mainly operate in money and capital markets, or insurance sector with permissions and licenses provided in accordance with special laws	144,500	143,458
Leasehold improvements	6,384	7,284
Start-up costs	-	-
Prepaid expenses	3,067	3,446
The negative difference between the market values and the carrying amounts for investments, subsidiaries, other investments and fixed assets	-	-
Subordinated loans given to other banks which operate in Turkey	-	-
Goodwill (Net)	-	-
Capitalized expenses	-	-
Total Shareholder's Equity	246,949	234,175

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II- Market Risk

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

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

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

	Amount
Capital to be employed for interest rate risk – standard method	3,179
Capital to be employed for general market risk	3,179
Capital to be employed for specific risk	-
Capital to be employed for options subject to interest rate risk	-
Capital to be employed for common stock position risk – Standard method	-
Capital to be employed for general market risk	-
Capital to be employed for specific risk	-
Capital to be employed for options subject to common stock position risk	-
Capital to be employed for currency risk – Standard method	1,410
Capital liability	1,170
Capital to be employed for options subject to currency risk	240
Total Value-at-risk (VAR)-Internal Model	-
Total capital to be employed for market risk	4,589
Amount subject to market risk	57,363

III- Foreign Currency Risk

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

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

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

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

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As of September 30, 2004, the Bank's net short position is TL 11,425 (December 31, 2003 - TL 20,510 net short) resulting from short position amounting to TL 48,460 (December 31, 2003 - TL 34,802) on the balance sheet and long position amounting to TL 37,035 (December 31, 2003 - TL 14,292) on the off-balance sheet.

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

	23.09.2004	24.09.2004	27.09.2004	28.09.2004	29.09.2004	30.09.2004
USD	1,493,864	1,487,513	1,489,677	1,496,224	1,497,696	1,497,349
CHF	1,186,620	1,180,166	1,177,206	1,185,288	1,186,643	1,188,537
GBP	2,687,426	2,676,892	2,687,936	2,711,266	2,707,645	2,693,995
JPY	13,467	13,425	13,400	13,395	13,469	13,488
EUR	1,838,648	1,828,302	1,826,642	1,842,301	1,845,162	1,848,777

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

	Monthly Average Foreign Exchange Rate
USD	1,498,126
CHF	1,184,004
GBP	2,685,009
JPY	13,585
EUR	1,830,056

Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	YEN	OTHER FC	TOTAL
Assets					
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	53,056	834,056	2	8,784	895,898
Due from other banks and financial institutions	11,389	88,671	844	12,974	113,878
Trading securities	1,001	8,830	-	374	10,205
Money market placements	-	68,878	-	-	68,878
Investment securities available-for-sale	-	54,640	-	-	54,640
Loans (**)	251,001	695,729	-	16,575	963,305
Investments in associates and subsidiaries	56,295	-	-	-	56,295
Investment securities held-to-maturity	-	-	-	-	-
Property and equipment	-	-	-	-	-
Goodwill	-	-	-	-	-
Other assets	1,952	7,932	41	754	10,679
Total Assets	374,694	1,758,736	887	39,461	2,173,778
Liabilities					
Bank deposits	2,744	37,787	102	63,045	103,678
Foreign currency deposits (*)	341,210	1,161,496	1,230	33,308	1,537,244
Money market borrowings	-	-	-	-	-
Funds provided from other financial institutions	45,067	488,401	-	14,581	548,049
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	8,612	2,603	-	2,925	14,140
Other liabilities	4,224	13,891	39	973	19,127
Total liabilities	401,857	1,704,178	1,371	114,832	2,222,238
Net Balance Sheet Position	(27,163)	54,558	(484)	(75,371)	(48,460)
Net Off-Balance Sheet Position	29,068	(67,723)	547	75,143	37,035
Financial derivative assets	129,564	151,010	1,572	104,028	386,174
Financial derivative liabilities	100,496	218,733	1,025	28,885	349,139
Non-cash loans (***)	290,225	546,480	10,504	35,823	883,032
Prior Period					
Total Assets	415,910	1,352,963	112	46,278	1,815,263
Total Liabilities	343,631	1,403,229	1,992	101,213	1,850,065
Net Balance Sheet Position	72,279	(50,266)	(1,880)	(54,935)	(34,802)
Net Off-Balance Sheet Position	(70,388)	27,627	1,868	55,185	14,292
Non-cash loans (***)	219,603	521,060	10,881	28,415	779,959

(*) Gold account deposits amounting to TL 2,077 (2003 - TL 16,089) are included in the foreign currency deposits.

(**) Foreign currency indexed loans amounting to TL 145,471 (2003 - TL 106,528) are included in the loan portfolio.

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

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IV- Interest Rate Risk

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

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

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

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

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

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

	Up to 1 Months	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Current Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	873,376	-	-	-	-	83,267	956,643
Due from banks and other financial institutions	126,904	7,000	18,000	10,000	-	-	161,904
Trading securities	1,407	20,256	630	36,291	40,455	-	99,039
Money market placements	318,878	-	-	-	-	-	318,878
Securities available-for-sale	38,982	98,272	-	-	87,487	9	224,750
Loans	621,341	269,686	331,686	130,259	214,135	-	1,567,107
Securities held-to-maturity	-	65,570	100	-	-	-	65,670
Other assets	-	-	-	-	-	259,985	259,985
Total Assets	1,980,888	460,784	350,416	176,550	342,077	343,261	3,653,976
Liabilities							
Bank deposits	90,800	61,909	1,260	-	-	-	153,969
Other deposits	1,869,294	277,953	38,812	8,254	88	-	2,194,401
Money market borrowings	192,054	-	-	-	-	-	192,054
Miscellaneous payables	-	-	-	-	-	27,939	27,939
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	273,748	75,975	53,385	75,280	103,145	-	581,533
Other liabilities	50	-	163	279	4,098	499,490	504,080
Total Liabilities	2,425,946	415,837	93,620	83,813	107,331	527,429	3,653,976
Balance Sheet Interest Sensitivity Gap	(445,058)	44,947	256,796	92,737	234,746	(184,168)	-
Off Balance Sheet Interest Sensitivity Gap	(57)	-	-	-	-	-	(57)
Total Interest Sensitivity Gap	(445,115)	44,947	256,796	92,737	234,746	(184,168)	(57)

The other assets line at the non-interest bearing column consists of property and equipments amounting to TL 38,665 intangible assets amounting to TL 3,401, TL 37,007 of accrued interest and income receivables, subsidiaries amounting to TL 144,500 and the other liabilities line consists of shareholders' equity with a total amount of TL 368,227.

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	Up to 1 Months	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Prior Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	723,600	-	-	-	-	72,110	795,710
Due from banks and other financial institutions	175,117	3,279	8,745	4,919	-	-	192,060
Trading securities	25,297	1,075	835	603	2,197	-	30,007
Money market placements	471,245	-	-	-	-	-	471,245
Securities available-for-sale	-	-	-	-	-	10	10
Loans	476,347	302,529	230,732	157,012	100,727	-	1,267,347
Securities held-to-maturity	49,052	39,736	5,004	-	-	-	93,792
Other assets	-	-	-	-	-	264,172	264,172
Total Assets	1,920,658	346,619	245,316	162,534	102,924	336,292	3,114,343
Liabilities							
Bank deposits	76,123	46,540	7,879	4,373	-	-	134,915
Other deposits	1,673,715	186,118	81,262	81,304	4,403	-	2,026,802
Money market borrowings	16,858	-	-	-	-	-	16,858
Miscellaneous payables	-	-	-	-	-	26,772	26,772
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	236,999	39,351	107,715	35,755	-	-	419,820
Other liabilities	40	409	437	676	3,794	483,820	489,176
Total Liabilities	2,003,735	272,418	197,293	122,108	8,197	510,592	3,114,343
Balance Sheet Interest Sensitivity Gap	(83,077)	74,201	48,023	40,426	94,727	(174,300)	-
Off Balance Sheet Interest Sensitivity Gap	-	-	(57)	-	-	-	(57)
Total Interest Sensitivity Gap	(83,077)	74,201	47,966	40,426	94,727	(174,300)	(57)

The other assets line at the non-interest bearing column consists of property and equipment amounting to TL 39,737 intangible assets amounting to TL 3,712, TL 32,155 of accrued interest and income receivables, investments in associates amounting to TL 10,685 and in subsidiaries amounting to TL 132,773 and the other liabilities line consists of shareholders' equity with a total amount of TL 356,896.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	Yen %	TL %
Current Period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	0.88	0.51	-	12.00
Due from banks and other financial institutions	-	1.95	-	23.60
Trading securities	5.50	5.50	-	24.00
Money market placements	-	1.13	-	20.00
Securities available-for-sale	-	6.50	-	25.00
Loans	5.52	5.18	-	26.91
Securities held-to-maturity	-	-	-	28.00
Liabilities				
Bank deposits	2.98	2.15	-	22.70
Other deposits	2.97	2.68	-	23.32
Money market borrowings	-	-	-	19.88
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	4.02	3.03	-	17.82

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

V- Liquidity Risk

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

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

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

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

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

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Presentation of assets and liabilities according to their remaining maturities :

Current Period	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Undistributed (*)	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and Balances with the Central Bank of Turkey	111,006	845,637	-	-	-	-	-	956,643
Due from banks and other financial institutions	80,811	46,093	7,000	18,000	10,000	-	-	161,904
Trading securities	-	606	281	1,107	36,302	60,743	-	99,039
Money market placements	-	318,878	-	-	-	-	-	318,878
Securities available-for-sale	9	-	-	-	-	224,741	-	224,750
Loans	-	621,341	269,686	331,686	130,259	214,135	-	1,567,107
Securities held-to-maturity	-	-	221	-	-	65,449	-	65,670
Other assets	-	30,511	4,774	3,373	2,912	11,513	206,902	259,985
Total Assets	191,826	1,863,066	281,962	354,166	179,473	576,581	206,902	3,653,976
Liabilities								
Bank deposits	10,313	80,487	61,909	1,260	-	-	-	153,969
Other deposits	613,367	1,255,927	277,953	38,812	8,254	88	-	2,194,401
Money market borrowings	-	192,054	-	-	-	-	-	192,054
Funds provided from other financial institutions	-	223,004	75,975	53,385	80,272	148,897	-	581,533
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	27,939	-	-	-	-	-	-	27,939
Other liabilities	-	82,140	15,441	4,440	1,576	6,384	394,099	504,080
Total Liabilities	651,619	1,833,612	431,278	97,897	90,102	155,369	394,099	3,653,976
Net Liquidity Gap	(459,793)	29,454	(149,316)	256,269	89,371	421,212	(187,197)	-
Prior Period								
Total Assets	156,603	1,812,244	351,626	248,013	166,365	178,757	200,735	3,114,343
Total Liabilities	570,768	1,331,875	282,064	144,110	315,968	69,583	399,975	3,114,343
Net Liquidity Gap	(414,165)	480,369	69,562	103,903	(149,603)	109,174	(199,240)	-

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

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SECTION FIVE

FOOTNOTES AND EXPLANATIONS ON
UNCONSOLIDATED FINANCIAL STATEMENTS

I- Footnotes And Explanations Related to the Assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	27,556	-	59,053	-
Unrestricted time deposit	-	655,398	-	502,841
Total	27,556	655,398	59,053	502,841

2. Information about trading portfolio:

- a) Trading securities given as collateral or blocked: None.
b) Trading securities subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	39,636	-	16,609	-
Treasury bills	24,175	-	-	-
Other government debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	63,811	-	16,609	-

As of September 30, 2004, trading securities which are not given as collateral amount to TL 35,228 (2003- TL 13,398).

3. Information on available for sale portfolio:

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

	Current Period	Prior Period
Debt securities	227,400	-
Quoted in a stock exchange	170,101	-
Not quoted	57,299	-
Share certificates	9	10
Quoted in a stock exchange	-	-
Not quoted	9	10
Provision for impairment (-)	(2,659)	-
Total	224,750	10

- 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 21,045 (2003-None) given as collateral for regulatory requirements.

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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	21,045	-	-	-
Others	-	-	-	-
Total	21,045	-	-	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	128,478	-	-	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	128,478	-	-	-

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	479	1,303	771	1,471
Corporate shareholders	479	1,303	771	1,471
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	1,275	-	1,036	-
Total	1,754	1,303	1,807	1,471

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Cash Loans	Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	1,554,403	-	1,891	10,813
Discount notes	29,233	-	-	-
Export loans	603,712	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	72,084	-	-	-
International loans	19,856	-	-	-
Consumer loans	66,752	-	-	-
Credit cards	20,618	-	-	-
Precious metals loans	12,963	-	439	-
Other	729,185	-	1,452	10,813
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	1,554,403	-	1,891	10,813

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c) Information on consumer loans :

	Short Term	Medium and Long Term	Total	Interest Income Accrual
Consumer loans-TL	15,665	33,606	49,271	1,159
Real estate loans	385	5,589	5,974	89
Automotive loans	2,068	15,925	17,993	251
Consumer loans	-	-	-	-
Personnel loans	641	634	1,275	32
Other consumer loans	12,571	11,458	24,029	787
Consumer loans- Indexed to FC	1,174	16,307	17,481	94
Real estate loans	327	5,415	5,742	32
Automotive loans	800	9,367	10,167	56
Consumer loans	47	1,525	1,572	6
Personnel loan	-	-	-	-
Other consumer loans	-	-	-	-
Credit cards	20,618	-	20,618	142
Total Consumer Loans	37,457	49,913	87,370	1,395

d) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	1,547,251	1,235,042
Foreign loans	19,856	32,305
Total	1,567,107	1,267,347

e) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	966	128
Indirect loans granted to subsidiaries and investments	-	-
Total	966	128

f) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	116	140
Loans and receivables with doubtful collectibility	1,198	1,615
Uncollectible loans and receivables	9,145	15,674
Total	10,459	17,429

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	-	-	-
Prior Period			
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	-	8,449

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period end balance	2,501	3,612	20,576
Additions (+)	7,662	213	56
Transfers from other categories of loans under follow-up (+)	-	8,136	3,097
Transfers to other categories of loans under follow-up (-)	8,136	3,097	-
Collections (-)	755	2,468	8,672(*)
Write-offs (-)	-	-	122
Index difference (-)	201	267	1,607
Current period end balance	1,071	6,129	13,328
Specific provision (-)	116	1,198	9,145
Net Balances on Balance Sheet	955	4,931	4,183

(*) A restructured loan risk, that was followed in the doubtful receivables in the prior periods, has been transferred to the loans and other receivables under close monitoring since the conditions in the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" were fulfilled. Accordingly, the specific provision amounting to TL 6,956 is reversed in the current period.

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

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

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

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

a) Information on held to maturity portfolio:

	Current Period	Prior Period
Debt securities	65,670	93,792
Quoted in a stock exchange	65,670	93,792
Not quoted	-	-
Provision for impairment (-)	-	-
Total	65,670	93,792

b) Movement of held to maturity portfolio :

	Current Period	Prior Period
Beginning balance	93,792	45,535
Effect of inflation (-)	(7,041)	(5,748)
Foreign currency differences on monetary assets	-	-
Purchases during year	24,795	54,780
Disposals through sales and redemptions	(45,876)	(775)
Impairment provision	-	-
Closing Balances	65,670	93,792

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

	Current Period				Prior Period			
	Historical Cost		Valuation		Historical Cost		Valuation	
	TL	FC	TL	FC	TL	FC	TL	FC
Held to Maturity Portfolio								
Given as collateral or blocked	65,670	-	68,588	-	91,886	-	92,198	-
Subject to repo transactions	-	-	-	-	-	-	-	-
Held for structural position	-	-	-	-	-	-	-	-
Receivables from securities lending	-	-	-	-	-	-	-	-
Collaterals on securities lending	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Closing Balances	65,670	-	68,588	-	91,886	-	92,198	-

As of December 31, 2003 cost of held to maturity securities which are not given as collateral is TL 1,906, with an amortized cost of TL 1,974.

c.2) Marketable securities held to maturity given as collateral consist of public sector debt securities of TL 65,670 (2003-TL 91,886), given as collateral for regulatory requirements.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	221	-	-	-
Bills and similar investment securities	65,449	-	91,886	-
Other	-	-	-	-
Total	65,670	-	91,886	-

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

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

6. Information on participations (Net):

a.1) Information on participations :

	Current Period	Prior Period
Balance at the beginning of the period	10,685	7,028
Movements during the period	(10,685)	3,657
Purchases	-	3,671
Free shares obtained profit from current year's share	-	137
Dividends from current year income	-	-
Sales (*)	(10,834)	-
Revaluation increase	149	(151)
Provision for impairment	-	-
Balance at the end of the period	-	10,685
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) TL 10,834 of the amount which has been disclosed in "Sales, is the reclassification of Teb Sigorta A.Ş. as "subsidiaries" due to increase in the effective shareholding percentage of the Bank in relation with the change in its share capital structure and TL 537 is due to the disposal of Varlık Yatırım Ortaklığı A.Ş.

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a.2) Valuation of participations:

	Current Period	Prior Period
Valuation with cost	-	10,297
Valuation with fair value	-	388
Valuation with equity method	-	-
Total	-	10,685

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

	Current Period	Prior Period
Other financial participation / Varlık Yatirim Ortakligi A.S.	-	388

a.4) Information related to participations: None.

a.5) Information on investments which are sold in current period :

Description	Sale price	Market or stock price at sale date	Information on cash and/or term sales
Varlık Yatirim Ortakligi A.S.	537	537	Cash

In the Board of Directors Meeting of the Bank dated August 12, 2004 numbered 3653/48, it has been decided to sell the shares of Varlık Yatirim Ortakligi A.S. amounting to TL 244 (nominal) to Teb Yatirim Menkul Degerler A.S. with a sale price of TL2,200 (full) per share at the Istanbul Stock Exchange Wholesale Market. On August 13, 2004, 24.40% shares of the Varlık Yatirim Ortakligi A.S. owned by the Bank is sold on ISE.

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

7. Information on subsidiaries (Net):

a) Information on subsidiaries:

a.1) Information on subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	132,773	126,017
Movements during the period	11,727	6,756
Purchases (*)	23,728	311
Free shares obtained profit from current year's share	-	12,051
Dividends from current year income	-	-
Sales	-	-
Revaluation increase (**)	(2,204)	(5,606)
Provision for impairment (***)	(9,797)	-
Balance at the end of the period	144,500	132,773
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) TL 10,301 is the reclassification of Teb Sigorta A.S. as a subsidiary and TL 13,427 is due to the increase in the shareholding percentage of the subsidiaries.

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

(***) Provision for impairment comprises the difference between carrying value and sale value of TL 500 that is determined in the Board of Directors meeting dated November 2, 2004 and numbered 3673/68 for sale of 50% share participation in TEB Sigorta to TEB Mali Yatirimlar A.S.

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a.2) Valuation of subsidiaries:

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

	Current Period	Prior Period
Valuation with cost	144,500	132,773
Valuation with fair value	-	-
Valuation with equity method	-	-

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

a.4) Information on subsidiaries:

Description	Address(City/ Country)	Bank's share percentage-If different voting percentage(%)	Bank's risk group share percentage (%)
The Economy Bank N.V.	Netherlands	100.00	100.00
Petek International Holdings B.V.	Netherlands	100.00	100.00
TEB Yatirim Menkul Degerler A.S.	Istanbul/Turkey	74.94	100.00
TEB Finansal Kiralama A.S.	Istanbul/Turkey	100.00	100.00
TEB Factoring A.S.	Istanbul/Turkey	100.00	100.00
TEB Portfoy Yonetimi A.S.	Istanbul/Turkey	46.77	82.50
TEB Kiyametli Madenler A.S.	Istanbul/Turkey	66.00	74.25
TEB Sigorta A.S.	Istanbul/Turkey	50.00	75.00

Information on subsidiaries as presented in table a.4 :

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (*)	Fair Value
(i) 1,228,804	95,968	8,099	37,475	1,000	7,330	6,397	-
(i) 1,827	1,796	-	-	-	(49)	(54)	-
(iv) 26,286	21,859	592	1,702	-	1,174	1,088	-
(iv) 313,988	87,066	119,697	3,161	-	6,726	24,839	-
(iv) 119,363	12,433	216	156	-	1,375	1,550	-
(ii) 8,891	7,921	581	375	762	3,091	846	-
(iii) 190	187	-	-	-	(17)	(68)	-
(iii) 30,473	(1,314)	4,246	375	27	(10,718)	(2,951)	-

(*) Represents December 31, 2003 figures.

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

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

a.6) Information on the subsidiaries purchased in current period:

In the Board of Directors meeting dated July 16, 2004 , it was decided to increase shareholding percentage of TEB Finansal Kiralama A.S. and TEB Factoring A.S. to 100 % which were formerly 68.76 % and 69.40 % respectively.

In the Board of Directors meeting dated July 16, 2004, it was decided to increase shareholding percentage of TEB Yatirim Menkul Degerler A.S. to 74.94 % which was formerly 74.80 %.

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

9. Explanations related to interest and income accruals :

a) Information about accrued interest and income receivables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Accrued interest and income receivables				
Interest accruals - due	145	2	372	-
Interest accruals - not due	14,795	6,071	9,146	3,882
Loan commissions and other income accruals - due	-	-	-	-
Loan commissions and other income accruals - not due	19	5	22	7
Total	14,959	6,078	9,540	3,889

b) Information on other interest and income accruals :

	Current Period		Prior Period	
	TL	FC	TL	FC
Other interest and income accruals				
Trading securities	774	44	721	50
Securities available for sale	2,965	705	-	-
Securities held to maturity	3,798	-	1,745	-
Interest accruals of reserve deposits	1,698	274	1,657	173
Income accruals of financial derivative instruments	174	1,392	1,244	3,611
Interest and income accruals	-	87	-	13
Income accrual of foreign exchange gains	174	1,305	1,244	3,598
Others	3,305	841	9,466	59
Total	12,714	3,256	14,833	3,893

10. Information on other assets:

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

	Current Period	Prior Period
Prepaid taxes	10,520	24,928
Deferred tax	6,086	3,277
Receivables from fund participation certificates	3,552	1,714
Transaction cost related to financial liabilities	983	2,304
Prepaid rent expenses	589	406
Advances given	26	9
Assets held for sale (*)	-	341
Others	3,908	2,460
Total	25,664	35,439

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

b) The deferred tax asset computed within the prevailing regulations amounting to TL 9,119 is netted off against deferred tax liability amounting to TL 3,033 and reflected in the accompanying financial statements as a deferred tax asset of TL 6,086, net. Deferred tax asset is calculated mainly on temporary differences such as retirement pay liability, general loan loss reserve and valuation of marketable securities. There are no carried forward tax losses or tax exemptions or deductions over which deferred tax asset is computed. As of September 30, 2004 TL 3,382 of deferred tax income is reflected under tax provision in the accompanying income statement.

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

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II- Footnotes And Explanations Related to the Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period :

	7 day Call		Up to 1 month	1-3 Month	3-6 Month	6 Month-1	
	Demand	Accounts				Year	1 Year and over
Saving deposits	26,567	-	104,460	133,943	80,859	4,635	21,240
Foreign currency deposits	467,893	-	578,125	415,940	53,089	13,054	7,066
Residents in Turkey	439,715	-	567,645	407,411	52,144	13,007	7,066
Residents abroad	28,178	-	10,480	8,529	945	47	-
Public sector deposits	2,590	-	-	-	-	-	-
Commercial deposits	86,679	-	69,146	36,884	1,512	53,505	2,020
Other institutions deposits	27,561	-	1,768	3,759	27	2	-
Precious metals deposits	2,077	-	-	-	-	-	-
Interbank deposits	10,313	-	44,083	77,963	18,567	3,043	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	52	-	14	-	-	1,000	-
Foreign Banks	6,630	-	44,069	77,963	18,567	2,043	-
Special finance houses	3,631	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	623,680	-	797,582	668,489	154,054	74,239	30,326

a.2) Prior period :

	7 day Call		Up to 1 month	1-3 Month	3-6 Month	6 Month-1	
	Demand	Accounts				Year	1 Year and over
Saving deposits	27,676	-	96,475	69,798	69,599	23,594	17,102
Foreign currency deposits	420,148	-	549,558	355,812	22,810	8,888	1,416
Residents in Turkey	399,283	-	534,030	347,668	21,217	8,367	1,416
Residents abroad	20,865	-	15,528	8,144	1,593	521	-
Public sector deposits	114	-	-	-	-	-	-
Commercial deposits	77,861	-	67,855	41,884	49,793	63,834	437
Other institutions deposits	39,942	-	1,653	2,872	1,591	1	-
Precious metals deposits	4,888	-	-	11,201	-	-	-
Interbank deposits	18,699	-	17,466	59,100	28,927	10,723	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	49	-	-	-	-	-	-
Foreign Banks	3,769	-	17,466	59,100	28,927	10,723	-
Special finance houses	14,881	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	589,328	-	733,007	540,667	172,720	107,040	18,955

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

Saving Deposits	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	108,095	294,021	255,713	-
Foreign currency saving deposits	236,088	877,670	664,343	-
Other deposits in the form of saving deposits	211	1,242	1,067	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	344,394	1,172,933	921,123	-

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

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

	Current Period	Prior Period
Foreign branches' saving deposits	-	-
Off-shore banking regions' saving deposits	15,871	27,575
Total	15,871	27,575

2. Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic transactions	192,046	-	16,856	-
Financial institutions and organizations	180,000	-	-	-
Other institutions and organizations	4,130	-	10,541	-
Real persons	7,916	-	6,315	-
From foreign transactions	8	-	2	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	8	-	2	-
Total	192,054	-	16,858	-

3. a) Information on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	33,484	374,336	42,757	317,393
Medium and long-term	-	151,253	-	36,824
Total	33,484	525,589	42,757	354,217

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	166	211

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

- 7.a) Deferred tax liability computed within prevailing regulations: As of September 30, 2004, according to communiqué 18 of AAR, deferred tax liability amounting to TL 3,033 is calculated on differences between the applications of AAR and Turkish Tax Procedural Code mainly related with the valuation of fixed assets. Deferred tax liability is netted with deferred tax asset.

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

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8. Explanation on financial lease obligations:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	463	446	2,270	1,537
1-4 years	3,639	2,540	4,327	3,818
More than 4 years	1,654	1,605	-	-
Total	5,756	4,591	6,597	5,355

9. Information on interest and expense accruals:

	Current Period		Prior Period	
	TL	FC	TL	FC
Accrued interest on deposits	23,337	2,132	12,832	1,352
Accrued interest on funds borrowed	1,558	4,485	1,915	2,513
Accrued interest on repurchase agreement transactions	106	-	15	-
Accrued interest on derivative financial instruments	747	1,420	3,387	4,389
Accrued interest and expense	-	212	-	37
Foreign exchange losses accrued	747	1,208	3,387	4,352
Other interest and expense accruals	4,210	28	6,553	13
Total	29,958	8,065	24,702	8,267

10. Provisions and subordinated loans :

a) Information on general provisions::

	Current Period	Prior Period
General provisions	10,213	8,621
Provisions for First Group Loans and Receivables	8,651	7,231
Provisions for Second Group Loans and Receivables	54	22
Provisions for Non Cash Loans	1,508	1,368
Total	10,213	8,621

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

c) Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Other Foreign Institutions	-	22,460	-	22,846
Total	-	22,460	-	22,846

d) The foreign exchange losses on the foreign currency indexed loans amounting to TL 1,815 is netted of from loans at the balance sheet.

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

f) The specific provisions provided for unindemnified non cash loans amount to TL 87.

11. Information of Shareholders' Equity:

a) Presentation of paid-in capital:

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

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

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

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

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

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

Bank has sold 50% of its Head office building to TEB Sigorta A.S. at December 25, 2003. The gain on sale of this building which amounts to TL 638 (nominal value of TL 2,675) has been classified under the revaluation fund to be added to share capital. This amount has been added into share capital in January 27 2004.

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

- f) Information on privileged shares :

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

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

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

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

Name/Commercial title	Amounts	Share Percentage	Paid-in capital	Unpaid portion
Teb Mali Yatirimlar A.S.	48,694	%84.25	48,694	-

On June 28, 2004 the shares of Colakoglu Metalurji A.S. and Denak Depoculuk A.S. was acquired by TEB Mali Yatirimlar. Accordingly, the shareholding percentage of TEB Mali Yatirimlar increased to 84.25 % from 70.17%.

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III- Footnotes And Explanations Related To the Income Statement

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

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

Other fees and commission income amounting to TL 18,120 (September 30, 2003-17,386) includes fees and commissions on credit cards amounting to TL 4,103 (September 30, 2003-5,691), and other fee and commission expense amounting to TL 8,181 (September 30, 2003-10,444) includes fees and commissions on credit cards amounting to TL 5,343 (September 30, 2003-5,637).

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

	Current Period	Prior Period
Interest received from investments and subsidiaries	69	16

b) Information on financial lease income: None.

c) Interest received from reverse repurchase agreement transactions:

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

	Current Period	Prior Period
Interest expense to investments and subsidiaries	175	209

b) Information on financial lease expenses :

	Current Period	Prior Period
Financial lease expense	53	188

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	1	13,278	-	-	-	-	13,279
Saving deposits	6	18,448	18,843	16,335	5,174	4,503	63,309
Public sector deposits	-	-	47	-	-	-	47
Commercial deposits	52	13,302	7,543	4,512	16,461	315	42,185
Other deposits	-	779	132	107	-	-	1,018
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	59	45,807	26,565	20,954	21,635	4,818	119,838
Foreign Currency							
Foreign currency deposits (*)	7	8,312	7,689	1,001	255	101	17,365
Bank deposits	-	1,700	-	-	-	-	1,700
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	4	79	-	-	-	83
Total	7	10,016	7,768	1,001	255	101	19,148
Total	66	55,823	34,333	21,955	21,890	4,919	138,986

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- d) Interest expense on repurchase agreements :

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on repurchase agreements	7,705	-	15,363	-

3. Information on other operating income :

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

Other operating income amounting to TL 14,104 includes reversal of a provision amounting to TL 6,956 which was provided for a restructured loan risk, that was followed under doubtful receivables in the prior periods and has been transferred to the loans and other receivables under close monitoring since the conditions in the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" were fulfilled.

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	3,217	1,800
III. Group	134	658
IV. Group	1,231	354
V. Group	1,852	788
General provision expenses	2,902	2,225
Provision expenses for possible losses	-	-
Foreign exchange differences on foreign currency losses	3,168	13,956
Marketable securities impairment expense	2,866	941
Trading securities	3	16
Investment securities available for sale	2,863	925
Impairment provision expense	10,127	-
Investment and Associates	-	-
Subsidiaries	10,127	-
Joint ventures	-	-
Investment securities held to maturity	-	-
Other	-	810
Total	22,280	19,732

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

	Current Period	Prior Period
Income and loss from subsidiaries (+/-)	6,031	12,900
Income and loss from investments (+/-)	-	137
Total	6,031	13,037

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

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

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

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

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

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

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

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

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

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

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

2. Information on off-balance sheet liabilities :

- a) Nature and amount of irrevocable loan commitments : Credit card expenditure limit commitments are TL 120,905 and TL 117,151 as of September 30, 2004 and December 31, 2003 respectively.
- b) Nature and amount of contingent loss and commitments from off-balance sheet items including below statements:

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

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

As of September 30, 2004 total guarantees and commitments consist of letter of guarantees amounting to TL 892,025, (December 31, 2003 - TL 754,966) acceptances amounting to TL 52,420 (December 31, 2003 - TL 53,053) and letters of credit amounting to TL 400,617 (December 31, 2003 - TL 379,147).

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

3.a) Non-cash loans:

	Current Period	Prior Period
Guarantees given against cash loans	92,493	82,297
With maturity of 1 year or less than 1 year	17,497	18,630
With maturity of more than 1 year	74,996	63,667
Other non-cash loans	1,254,895	1,109,211
Total	1,347,388	1,191,508

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

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

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

Moody's Investor Services: October 2004

Bank Financial Strength	D+
Long Term Deposits	B2

Fitch Ratings: November 2004

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

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V. Footnotes And Explanations Related To Statement Of Cash Flows

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

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

	Current Period (30.09.2004)	Prior Period (30.09.2003)
Beginning of the period		
Cash	71,787	107,970
Cash equivalents	1,194,043	1,175,034
End of the period		
Cash	81,629	82,487
Cash equivalents	1,135,736	647,857

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

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

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

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

Prior period balances represent December 31, 2003 balance sheet and September 30 ,2003 income statement figures.

a) Current Period :

Related Parties (*)	Investments and subsidiaries		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	128	8,313	771	1,471	678	4,658
Balance at end of period	966	6,255	479	1,303	-	1,852
Interest and commission income	41	35	358	10	1	12

b) Prior Period :

Related Parties (*)	Investments and subsidiaries		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	230	18,288	741	8,382	12,648	3,102
Balance at end of period	128	8,313	771	1,471	678	4,658
Interest and commission income received	561	42	468	4	1,957	16

c.1) Information on related party deposits balances:

Related parties (*)	Investments and subsidiaries		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposits						
Balance at beginning of period	15,232	7,431	181,189	226,743	1,588	17,348
Balance at end of period	17,297	15,232	249,215	181,189	48,691	1,588
Interest on deposits	86	210	5,304	3,391	1,682	175

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

Related Parties (*)	Investments and subsidiaries		Direct and indirect shareholders of the Bank		Other entities included In the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Trading transactions						
Beginning of period	93,416	65,335	24,636	53,947	36,993	30,498
End of period	161,110	93,416	22,073	24,636	-	36,993
Total income/loss	668	1,808	60	(1,740)	-	(333)
Hedging transactions purposes						
Beginning of period	-	-	-	-	-	-
End of period	-	-	-	-	-	-

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

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2. Disclosures for related parties

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

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

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

	Amount	% According to the Amounts at the Financial Statements
Cash loans	1,445	0.09%
Non-cash loans	9,410	0.70%
Deposits	315,203	13.42%
Forward transactions and option agreements	183,183	25.85%

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

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

The Bank enters into lease agreements with TEB Finansal Kiralama A.Ş. As of September 30, 2004 the total leasing obligations related to these agreements amounted to TL 4,591. Additionally, the Bank provides agency services for TEB Sigorta A.Ş. and TEB Yatırım Menkul Değerler A.Ş.

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

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank’s total cash and non-cash loan portfolio is 0.37 %. Amounts of these loans are explained in the note VI- 1a.

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

Explanations on sale and purchase of investment in associates and subsidiaries to group companies are stated on Section V, Part 1, Note 6 and 7.

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VII- Footnotes And Explanations on Inflation Accounting

Inflation Accounting

The accompanying financial statements are prepared by applying inflation accounting to the financial statements, in accordance with the provisions of Communiqué No : 14 "Accounting Standard Related to the Preparation of Financial Statements in Hyperinflationary Periods" related to ARR. Communiqué No:14 requires banks to restate their financials in the equivalent purchasing power of Turkish Lira at the balance sheet date. One characteristic that necessitates the application of inflation accounting under the provisions of Communiqué No : 14 is a cumulative three-year inflation rate approaching or exceeding 100%. As of September 30, 2004 based on the wholesale price indices announced by the State Institute of Statistics, the cumulative three-year inflation rate in Turkey is 89%.

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

The main guidelines for inflation accounting are as follows:

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

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

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

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

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

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

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

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

Dates	Indexed	Conversion Factors
December 31, 2003	7,382.1	1.093
December 31, 2002	6,478.8	1.246
December 31, 2001	4,951.7	1.630
September 30, 2004	8,069.7	1.000
September 30, 2003	7,173.3	1.125

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

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

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

As of September 30, 2004 the restated amount of legal reserves for the effects of inflation, is TL 6,566.

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

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

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VIII- Explanations Related To Subsequent Events

- a) Disclosure related to subsequent events and their impact on the financial statements as required by the related standard:
- a.1) The syndication loan which is included in the accompanying financial statements amounting to USD125,000,000 has been repaid at October 25, 2004 and in accordance with the decision of the Board of Directors of the Bank dated November 1, 2004, an agreement for a one- year syndication loan amounting to USD 200,000,000 will be signed on November 9, 2004.
- a.2) Teb Mali Yatirimlar, main shareholder of the Bank, has announced that the negotiation process stated in the memorandum of understanding with BNP Paribas signed on July 12, 2004, foreseeing a partnership to November 30, 2004.
- a.3) In the Board of Directors meeting dated November 2, 2004, it was decided to sell the shares of TEB Sigorta A.S. held by the Bank with a shareholding percentage of 50 % to TEB Mali Yatirimlar with the amount of 500 TL, and to conclude this transaction within 30 working days.
- b) The impact of significant changes in foreign exchange rates subsequent to the balance sheet date on the foreign currency transactions, items and on the financial statements of the Bank together with on the transactions hold abroad : There are no significant changes.

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SECTION SIX

INDEPENDENT LIMITED REVIEW REPORT

I- Explanations on The Independent Limited Review Report

The unconsolidated interim financial statements of the Bank were reviewed by Guney Serbest Muhasebeci Mali Musavirlik A.S. (An Affiliated Firm of Ernst &Young International) and the review report dated November 4, 2004 is presented preceding the interim financial statements.