

**Turk Ekonomi Bankasi
Anonim Sirketi**

**Consolidated Financial Statements
As of December 31, 2004
Together With Auditors' Report**

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

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

**TURK EKONOMI BANKASI ANONIM SIRKETI
AUDIT REPORT AS OF DECEMBER 31, 2004**

To Board of Directors of Turk Ekonomi Bankasi Anonim Sirketi:

We have audited the consolidated balance sheet of Turk Ekonomi Bankasi Anonim Sirketi (the Parent Bank) and its subsidiaries as of December 31, 2004 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are expressed in the equivalent purchasing power of Turkish lira as of December 31, 2004. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards which were determined under the provisions of Banking Law Number 4389. These standards require that the audit should be planned and performed to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Turk Ekonomi Bankasi Anonim Sirketi and its subsidiaries at December 31, 2004 and the consolidated results of their operations and cash flows for the year then ended in accordance with the accounting principles and standards that are based on the Article 13 of the Banking Law number 4389.

Additional paragraph for convenience translation to English:

The above mentioned accounting principles differ from International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board. 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 consolidated 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 IFRS will be issued separately.

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

Aysen Topay, SMMM

March 29, 2005
Istanbul, Turkiye

TURK EKONOMI BANKASI A.S.

THE REPRESENTATION OF THE BANKS' MANAGEMENT RELATED WITH THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND THE ACCOMPANYING FOOTNOTES AND DISCLOSURES FOR THE YEAR ENDED DECEMBER 31, 2004

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

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

The consolidated subsidiaries are as follows:

Subsidiaries

1. The Economy Bank N.V.
2. Petek International Holdings B.V.
3. Stichting Custody Services TEB
4. Kronenburg Vastgoed B.V.
5. TEB Yatirim Menkul Degerler A.S.
6. TEB Finansal Kiralama A.S.
7. TEB Factoring A.S.
8. TEB Portfooy Yonetimi A.S.

Associates

1. Varlik Yatirim Ortakligi A.S.

The consolidated financial statements and the explanatory footnotes and disclosures, which are prepared in billions Turkish Lira, unless otherwise indicated are restated to the purchasing power of Turkish Lira as of December 31, 2004, have been independently audited and presented below in accordance with the Regulation on Accounting Practice, related communiqués and the Banks' records.

March 29, 2005

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

Varol Civil
General
Manager

E.Sevinc Ozsen
Assistant
General Manager

Asuman Gomuc
Accounting Director

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

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

TURK EKONOMI BANKASI A.S.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE PERIOD ENDED AS OF DECEMBER 31, 2004 AND 2003

(Currency-Billions of Turkish lira in equivalent purchasing power at December 31, 2004)

SECTION ONE

GENERAL INFORMATION

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

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

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

The Group of the Parent 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).

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

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

TURK EKONOMI BANKASI A.S.
CONSOLIDATED BALANCE SHEETS RESTATED FOR THE EFFECTS OF INFLATION
AS OF DECEMBER 31, 2004 AND 2003
(Currency-Billions of Turkish lira in equivalent purchasing power at December 31, 2004)

I- CONSOLIDATED BALANCE SHEETS - ASSETS

	Note Ref. (Section 5)	Current Period 31.12.2004			Prior Period 31.12.2003		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY		34,306	821,288	855,594	71,250	589,122	660,372
1.1 Cash		12,388	-	12,388	9,752	-	9,752
1.2 Foreign currency		-	67,672	67,672	-	65,126	65,126
1.3 Balances with the Central Bank of Turkey	I-1	21,918	752,085	774,003	61,498	523,660	585,158
1.4 Other		-	1,531	1,531	-	336	336
II. TRADING SECURITIES (Net)	I-2	10,584	6,821	17,405	42,948	15,002	57,950
2.1 Public sector debt securities		10,584	6,266	16,850	42,948	13,712	56,660
2.1.1 Government bonds		5,680	89	5,769	34,658	900	35,558
2.1.2 Treasury bills		4,904	-	4,904	8,289	-	8,289
2.1.3 Other public sector debt securities		-	6,177	6,177	1	12,812	12,813
2.2 Share certificates		-	-	-	-	-	-
2.3 Other marketable securities		-	555	555	-	1,290	1,290
III. BANKS AND OTHER FINANCIAL INSTITUTIONS		100,499	738,283	838,782	96,756	849,171	945,927
3.1 Due from banks		100,499	738,283	838,782	96,756	849,171	945,927
3.1.1 Domestic banks		72,788	43,969	116,757	73,894	172,854	246,748
3.1.2 Foreign banks		27,711	694,314	722,025	22,862	676,317	699,179
3.1.3 Branches and head office abroad		-	-	-	-	-	-
3.2 Other financial institutions		-	-	-	-	-	-
IV. MONEY MARKET PLACEMENTS		95,617	-	95,617	420,648	72,962	493,610
4.1 Interbank money market placements		95,000	-	95,000	417,794	72,962	490,756
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		617	-	617	2,854	-	2,854
V. SECURITIES AVAILABLE FOR SALE (Net)	I-3	295,846	56,498	352,344	10	-	10
5.1 Share certificates		9	-	9	10	-	10
5.2 Other marketable securities		295,837	56,498	352,335	-	-	-
VI. LOANS	I-4	896,862	1,150,318	2,047,180	637,725	1,319,723	1,957,448
6.1 Short term		747,547	861,271	1,608,818	555,791	978,171	1,533,962
6.2 Medium and long term		139,678	289,047	428,725	72,291	341,552	413,843
6.3 Loans under follow-up		20,881	-	20,881	27,794	-	27,794
6.4 Specific provisions (-)		(11,244)	-	(11,244)	(18,151)	-	(18,151)
VII. FACTORING RECEIVABLES		100,166	25,215	125,381	102,405	28,542	130,947
VIII. SECURITIES HELD TO MATURITY (Net)	I-5	65,449	7,594	73,043	97,805	6,307	104,112
8.1 Public sector debt securities		65,449	7,594	73,043	97,805	6,307	104,112
8.1.1 Government bonds		65,449	7,594	73,043	97,675	1,484	99,159
8.1.2 Treasury bills		-	-	-	130	4,823	4,953
8.1.3 Other public sector debt securities		-	-	-	-	-	-
8.2 Other marketable securities		-	-	-	-	-	-
IX. UNCONSOLIDATED INVESTMENTS IN ASSOCIATES (Net)		656	-	656	579	-	579
9.1 Financial associates	I-6	656	-	656	579	-	579
9.2 Non-Financial associates		-	-	-	-	-	-
X. UNCONSOLIDATED INVESTMENTS IN SUBSIDIARIES (Net)		-	-	-	436	-	436
10.1 Financial subsidiaries	I-7	-	-	-	436	-	436
10.2 Non-Financial subsidiaries		-	-	-	-	-	-
XI. OTHER INVESTMENTS (Net)		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)	I-8	5,141	181,875	187,016	4,818	165,661	170,479
12.1 Gross finance lease receivables		6,445	203,652	210,097	5,388	185,999	191,387
12.2 Unearned income (-)		(1,304)	(21,777)	(23,081)	(570)	(20,338)	(20,908)
XIII. RESERVE DEPOSITS		26,443	163,727	190,170	20,498	147,903	168,401
XIV. MISCELLANEOUS RECEIVABLES		4,919	1,467	6,386	1,080	1,602	2,682
XV. ACCRUED INTEREST AND INCOME RECEIVABLES	I-9	30,630	19,076	49,706	27,812	15,284	43,096
15.1 Loans		9,630	8,921	18,551	11,094	9,145	20,239
15.2 Marketable securities		13,127	509	13,636	3,103	562	3,665
15.3 Other		7,873	9,646	17,519	13,615	5,577	19,192
XVI. PROPERTY AND EQUIPMENT (Net)		42,122	7,802	49,924	47,877	7,232	55,109
16.1 Book value		124,303	8,900	133,203	126,452	8,259	134,711
16.2 Accumulated depreciation (-)		(82,181)	(1,098)	(83,279)	(78,575)	(1,027)	(79,602)
XVII. INTANGIBLE ASSETS [Net]		3,727	186	3,913	4,447	91	4,538
17.1 Goodwill		480	-	480	480	-	480
17.2 Other		12,696	1,233	13,929	12,446	1,151	13,597
17.3 Accumulated amortization (-)		(9,449)	(1,047)	(10,496)	(8,479)	(1,060)	(9,539)
XVIII. OTHER ASSETS	I-10	33,674	11,381	45,055	72,268	12,826	85,094
TOTAL ASSETS		1,746,641	3,191,531	4,938,172	1,649,362	3,231,428	4,880,790

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

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

TURK EKONOMI BANKASI A.S.

CONSOLIDATED BALANCE SHEETS RESTATED FOR THE EFFECTS OF INFLATION
AS OF DECEMBER 31, 2004 AND 2003

(Currency-Billions of Turkish lira in equivalent purchasing power at December 31, 2004)

II- CONSOLIDATED BALANCE SHEETS - LIABILITIES

	Note Ref. (Section Five)	Current Period 31.12.2004			Prior Period 31.12.2003		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS		755,532	2,507,111	3,262,643	844,344	2,634,252	3,478,596
1.1 Bank deposits	II-1	43,626	66,291	109,917	89,615	83,245	172,860
1.2 Saving deposits	II-1	457,149	-	457,149	332,172	-	332,172
1.3 Public sector deposits	II-1	166	-	166	119	-	119
1.4 Commercial deposits	II-1	208,370	-	208,370	374,472	-	374,472
1.5 Other institutions deposits	II-1	46,221	-	46,221	47,966	-	47,966
1.6 Foreign currency deposits	II-1	-	2,439,131	2,439,131	-	2,534,252	2,534,252
1.7 Precious metals deposit accounts	II-1	-	1,689	1,689	-	16,755	16,755
II. MONEY MARKET BALANCES		155,705	-	155,705	17,556	-	17,556
2.1 Interbank money market takings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
2.3 Funds provided under repurchase agreements	II-2	155,705	-	155,705	17,556	-	17,556
III. FUNDS BORROWED		75,168	764,858	840,026	77,318	594,888	672,206
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed	II-3	75,168	764,858	840,026	77,318	594,888	672,206
3.2.1 Domestic banks and institutions	II-3	48,448	72,488	120,936	36,052	29,279	65,331
3.2.2 Foreign banks, institutions and funds	II-3	26,720	692,370	719,090	41,266	565,609	606,875
IV. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills	II-4	-	-	-	-	-	-
4.2 Asset backed securities	II-4	-	-	-	-	-	-
4.3 Bonds	II-4	-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES	II-6	28,456	19,878	48,334	23,412	18,127	41,539
VII. OTHER EXTERNAL RESOURCES	II-7	36,473	8,131	44,604	45,157	7,503	52,660
VIII. TAXES AND OTHER DUTIES PAYABLE	II-8	10,368	407	10,775	10,232	1,090	11,322
IX. FACTORING PAYABLES	II-9	42,420	13,601	56,021	54,694	18,847	73,541
X. FINANCE LEASE PAYABLES (Net)		-	-	-	-	-	-
10.1 Finance Lease Payables	II-10	-	-	-	-	-	-
10.2 Deferred finance lease expenses (-)	II-10	-	-	-	-	-	-
XI. ACCRUED INTEREST AND EXPENSES PAYABLE		21,928	15,204	37,132	27,578	17,347	44,925
11.1 Deposits	II-11	10,264	3,873	14,137	14,251	6,327	20,578
11.2 Borrowings	II-11	2,103	6,956	9,059	2,776	4,749	7,525
11.3 Repurchase agreements	II-11	78	-	78	16	-	16
11.4 Other	II-11	9,483	4,375	13,858	10,535	6,271	16,806
XII. PROVISIONS		37,878	8,472	46,350	63,405	8,108	71,513
12.1 General provisions	II-12	10,235	-	10,235	8,978	-	8,978
12.2 Reserve for employee termination benefits		2,735	-	2,735	2,688	-	2,688
12.3 Provisions for income taxes		22,717	8,472	31,189	38,956	8,108	47,064
12.4 Insurance technical reserves (Net)		-	-	-	12,426	-	12,426
12.5 Other provisions	II-12	2,191	-	2,191	357	-	357
XIII. SUBORDINATED LOANS	II-12	-	20,045	20,045	-	23,792	23,792
XIV. MINORITY RIGHTS	II-20	791	-	791	28,319	-	28,319
XV. SHAREHOLDERS' EQUITY		374,000	41,746	415,746	317,290	47,531	364,821
15.1 Paid-in capital	II-13,20	57,800	-	57,800	55,125	-	55,125
15.2 Supplementary capital		256,487	253	256,740	252,567	-	252,567
15.2.1 Share premium	II-14	69	-	69	-	-	-
15.2.2 Share cancellation profits		-	-	-	-	-	-
15.2.3 Marketable securities value increase fund	II-15	3,742	253	3,995	184	-	184
15.2.4 Revaluation fund	II-16	-	-	-	-	-	-
15.2.5 Value increase in revaluation fund	II-17	-	-	-	-	-	-
15.2.6 Other capital reserves		-	-	-	-	-	-
15.2.7 Effect on inflation accounting on share capital		252,676	-	252,676	252,383	-	252,383
15.3 Profit reserves		55,950	32,718	88,668	9,095	2,961	12,056
15.3.1 Legal reserves	II-18	16,515	35,968	52,483	9,095	-	9,095
15.3.2 Status reserves		-	-	-	-	-	-
15.3.3 Extraordinary reserves	II-19	39,435	-	39,435	-	-	-
15.3.4 Other profit reserves		-	(3,250)	(3,250)	-	2,961	2,961
15.4 Profit or loss		3,763	8,775	12,538	503	44,570	45,073
15.4.1 Prior year income/loss		(41,003)	45	(40,958)	(47,496)	37,508	(9,988)
15.4.1.1 Group's share		(41,088)	45	(41,043)	(35,569)	37,508	1,939
15.4.1.2 Minority shares		85	-	85	(11,927)	-	(11,927)
15.4.2 Current year net income/loss		44,766	8,730	53,496	47,999	7,062	55,061
15.4.2.1 Group's share		44,029	8,730	52,759	47,962	7,062	55,024
15.4.2.2 Minority shares		737	-	737	37	-	37
TOTAL LIABILITIES		1,538,719	3,399,453	4,938,172	1,509,305	3,371,485	4,880,790

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

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

TURK EKONOMI BANKASI A.S.
STATEMENTS OF CONSOLIDATED OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS
RESTATE FOR THE EFFECTS OF INFLATION
AS OF DECEMBER 31, 2004 AND 2003
(Currency-Billions of Turkish lira in equivalent purchasing power at December 31, 2004)

III- CONSOLIDATED STATEMENTS OF OFF-BALANCE SHEET COMMITMENTS

	Note Ref. (Section 5)	Current Period 31.12.2004			Prior Period 31.12.2003		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		1,080,002	2,087,675	3,167,677	885,169	1,973,488	2,858,657
I. GUARANTEES	IV-2,3	514,745	1,015,817	1,530,562	432,281	946,090	1,378,371
1.1 Letters of guarantee		506,150	445,170	951,320	432,199	399,735	831,934
1.1.1 Guarantees subject to State Tender Law		31,235	3,152	34,387	37,298	2,065	39,363
1.1.2 Guarantees given for foreign trade operations		124,129	33,030	157,159	97,283	4,820	102,103
1.1.3 Other letters of guarantee		350,786	408,988	759,774	297,618	392,850	690,468
1.2 Bank acceptances		-	45,697	45,697	-	55,229	55,229
1.2.1 Import acceptances		-	45,697	45,697	-	55,229	55,229
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	515,191	515,191	82	490,219	490,301
1.3.1 Documentary letters of credit		-	446,620	446,620	82	449,578	449,660
1.3.2 Other letters of credit		-	68,571	68,571	-	40,641	40,641
1.4 Guaranteed prefinancing		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		8,589	-	8,589	-	-	-
1.9 Other suretyships		6	9,759	9,765	-	907	907
II. COMMITMENTS		370,471	249,924	620,395	384,117	317,386	701,503
2.1 Irrevocable commitments		370,471	229,558	600,029	381,273	317,386	698,659
2.1.1 Asset purchase commitments		10,400	149,380	159,780	-	-	-
2.1.2 Deposit purchase and sales commitments		-	80,178	80,178	-	317,386	317,386
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		69,803	-	69,803	140,870	-	140,870
2.1.5 Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		131,835	-	131,835	118,402	-	118,402
2.1.8 Tax and fund liabilities from export commitments		30,008	-	30,008	-	-	-
2.1.9 Commitments for credit card expenditure limits	IV-2	123,660	-	123,660	122,001	-	122,001
2.1.10 Receivables from short sale commitments		-	-	-	-	-	-
2.1.11 Payables for short sale commitments		-	-	-	-	-	-
2.1.12 Other irrevocable commitments		4,765	-	4,765	-	-	-
2.2 Revocable commitments		-	20,366	20,366	2,844	-	2,844
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	20,366	20,366	2,844	-	2,844
III. DERIVATIVE FINANCIAL INSTRUMENTS		194,786	821,934	1,016,720	68,771	710,012	778,783
3.1 Forward foreign currency buy/sell transactions		94,055	475,884	569,939	68,771	397,811	466,582
3.1.1 Forward foreign currency transactions-buy		15,551	266,659	282,210	25,007	206,783	231,790
3.1.2 Forward foreign currency transactions-sell		78,504	209,225	287,729	43,764	191,028	234,792
3.2 Swap transactions related to f.c. and interest rates		67,247	315,225	382,472	-	312,201	312,201
3.2.1 Foreign currency swap-buy		35,336	150,434	185,770	-	155,106	155,106
3.2.2 Foreign currency swap-sell		31,911	157,721	189,632	-	156,102	156,102
3.2.3 Interest rate swaps-buy		-	3,424	3,424	-	467	467
3.2.4 Interest rate swaps-sell		-	3,646	3,646	-	526	526
3.3 Foreign currency and interest rate options		33,484	30,825	64,309	-	-	-
3.3.1 Foreign currency options-buy		16,815	15,348	32,163	-	-	-
3.3.2 Foreign currency options-sell		16,669	15,477	32,146	-	-	-
3.3.3 Interest rate options-buy		-	-	-	-	-	-
3.3.4 Interest rate options-sell		-	-	-	-	-	-
3.3.5 Securities options-buy		-	-	-	-	-	-
3.3.6 Securities options-sell		-	-	-	-	-	-
3.4 Foreign currency futures		-	-	-	-	-	-
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)		2,583,502	1,056,303	3,639,805	2,022,924	700,251	2,723,175
IV. ITEMS HELD IN CUSTODY		2,023,104	368,300	2,391,404	1,471,376	346,033	1,817,409
4.1 Assets under management		153,585	-	153,585	-	-	-
4.2 Investment securities held in custody		652,266	165,413	817,679	561,851	164,982	726,833
4.3 Checks received for collection		1,148,048	101,209	1,249,257	850,452	80,549	931,001
4.4 Commercial notes received for collection		69,205	49,296	118,501	54,446	40,929	95,375
4.5 Other assets received for collection		-	52,382	52,382	-	59,573	59,573
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	-	-	4,627	-	4,627
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		560,398	676,154	1,236,552	551,548	354,218	905,766
5.1 Marketable securities		29,513	13,511	43,024	24,686	16,636	41,322
5.2 Guarantee notes		4,537	4,741	9,278	6,537	2,606	9,143
5.3 Commodity		4,717	170,992	175,709	214,122	17,397	231,519
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		355,224	302,716	657,940	160,760	199,384	360,144
5.6 Other pledged items		166,407	184,194	350,601	145,443	118,195	263,638
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	11,849	11,849	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		3,663,504	3,143,978	6,807,482	2,908,093	2,673,739	5,581,832

The accompanying notes are an integral part of these statements.

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

TURK EKONOMI BANKASI A.S.
CONSOLIDATED INCOME STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(Currency-Billions of Turkish lira in equivalent purchasing power at December 31, 2004)

IV- CONSOLIDATED STATEMENTS OF INCOME

	Note Ref. (Section 5)	Current Period 31.12.2004 Total	Prior period 31.12.2003 Total
I. INTEREST INCOME	III-1	502,471	484,168
1.1 Interest on loans		276,610	249,071
1.1.1 Interest on TL loans		213,589	185,635
1.1.1.1 Short term loans		190,649	174,310
1.1.1.2 Medium and long term loans		22,940	11,325
1.1.2 Interest on foreign currency loans		62,113	63,073
1.1.2.1 Short term loans		44,021	39,728
1.1.2.2 Medium and long term loans		18,092	23,345
1.1.3 Interest on loans under follow-up		908	363
1.1.4 Premiums received from Resource Utilization Support Fund		-	-
1.2 Interest received from reserve deposits		7,782	7,182
1.3 Interest received from banks		34,018	51,370
1.3.1 The Central Bank of Turkey		928	-
1.3.2 Domestic banks		11,663	30,478
1.3.3 Foreign banks		21,427	20,892
1.4 Interest received from money market placements		61,555	99,264
1.5 Interest received from marketable securities portfolio		83,052	28,375
1.5.1 Trading securities		20,202	3,791
1.5.2 Available-for-sale securities		39,347	3,587
1.5.3 Held to maturity securities		23,503	20,997
1.6 Other interest income		39,454	48,906
II. INTEREST EXPENSE	III-2	283,617	267,928
2.1 Interest on deposits		225,989	211,179
2.1.1 Bank deposits		19,292	16,756
2.1.2 Saving deposits		100,425	86,661
2.1.3 Public sector deposits		- 49	-
2.1.4 Commercial deposits		77,047	78,390
2.1.5 Other institutions deposits		2,267	691
2.1.6 Foreign currency deposits		26,822	28,475
2.1.7 Precious metals vault accounts		87	206
2.2 Interest on money market borrowings		16,460	18,346
2.3 Interest on funds borrowed		40,985	37,847
2.3.1 The Central Bank of Turkey		-	-
2.3.2 Domestic banks		9,184	11,184
2.3.3 Foreign banks		27,973	22,839
2.3.4 Branches and head office abroad		-	-
2.3.5 Other financial institutions		3,828	3,824
2.4 Interest on securities issued		-	-
2.5 Other interest expense		183	556
III. NET INTEREST INCOME (I - II)		218,854	216,240
IV. NET FEES AND COMMISSIONS INCOME		63,567	45,876
4.1 Fees and commissions received		83,274	67,339
4.1.1 Cash loans		6,867	5,973
4.1.2 Non-cash loans		18,985	15,146
4.1.3 Other		57,422	46,220
4.2 Fees and commissions paid		19,707	21,463
4.2.1 Cash loans		3,458	2,921
4.2.2 Non-cash loans		187	458
4.2.3 Other		16,062	18,084
V. DIVIDEND INCOME		-	-
5.1 Trading securities		-	-
5.2 Available-for-sale securities		-	-
VI. NET TRADING INCOME/LOSS		33,463	46,874
6.1 Profit/losses on trading transactions (Net)		20,057	27,201
6.1.1 Profit on trading transactions		90,895	97,023
6.1.1.1 Profit on derivative financial instruments		55,280	27,993
6.1.1.2 Other		35,615	69,030
6.1.2 Losses on trading transactions (-)		(70,838)	(69,822)
6.1.2.1 Losses on derivative financial instruments		(53,861)	(50,155)
6.1.2.2 Other		(16,977)	(19,667)
6.2 Foreign exchange gains/losses (Net)		13,406	19,673
6.2.1 Foreign exchange gains		264,037	338,126
6.2.2 Foreign exchange losses (-)		(250,631)	(318,453)
VII. OTHER OPERATING INCOME	III-3	19,041	21,771
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		334,925	330,761
IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	III-4	24,826	22,984
X. OTHER OPERATING EXPENSES (-)		190,735	178,235
XI. NET OPERATING INCOME (IX-X-IX)		119,364	129,542
XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES		65	195
XIII. NET MONETARY GAIN/(LOSS)		(39,163)	(36,767)
XIV. INCOME BEFORE TAXES		80,266	92,970
XV. PROVISION FOR TAXES ON INCOME (-)		26,894	37,909
XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES		53,372	55,061
XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES		124	-
17.1 Extraordinary net income/expense before taxes		124	-
17.1.1 Extraordinary income		124	-
17.1.2 Extraordinary expense (-)		-	-
17.2 Provision for taxes on extraordinary income		-	-
XVIII. PROFIT/LOSSES ON UNCONSOLIDATED INVESTMENTS (-)		65	-
XIX. NET PROFIT/LOSSES (XVI+XVII+XVIII)	III-6	53,496	55,061
19.1 Group's profit/loss		52,759	55,024
19.2 Minority Profit/Loss	III-7	737	37
Earnings/Losses per share (Full amount)		456.39	499.08

The accompanying notes are an integral part of these statements.

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

TURK EKONOMI BANKASI A.S.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
RESTATED FOR THE EFFECTS OF INFLATION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(Currency-Billions of Turkish lira in equivalent purchasing power at December 31, 2004)

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note Ref.	Paid-in Capital	Effect of inflation Accounting on Share Capital	Share premium	Share cancellation profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Income/(Loss)	Revaluation Fund	Value Increase In Revaluation Fund	Marketable Securities Value Increase Fund	Total
Prior Period - 31.12.2003															
(Section V)															
I. Balances at the end of prior period		55,125	252,383	-	-	5,720	-	-	7,589	33,721	(22,437)	-	-	260	332,361
II. Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance		55,125	252,383	-	-	5,720	-	-	7,589	33,721	(22,437)	-	-	260	332,361
IV. Net Profit or Loss for the Period		-	-	-	-	-	-	-	-	55,061	-	-	-	-	55,061
V. Profit Distribution		-	-	-	-	3,375	-	-	-	(33,721)	12,449	-	-	-	(17,897)
5.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(18,588)	-	-	-	(18,588)
5.2 Transfers to legal reserves		-	-	-	-	3,375	-	-	-	(33,721)	31,037	-	-	-	691
5.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Increase in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Revaluation Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.3 Value Increase in Revaluation Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.4 Marketable Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.5 Inflation Adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.6 Issuance of share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.7 Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.8 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Others (*)		-	-	-	-	-	-	-	(4,628)	-	-	-	-	(76)	(4,704)
Balances at the end of period		55,125	252,383	-	-	9,095	-	-	2,961	55,061	(9,988)	-	-	184	364,821
Current Period - 31.12.2004															
I. Balances at the end of prior period		55,125	252,383	-	-	9,095	-	-	2,961	55,061	(9,988)	-	-	184	364,821
II. Increases in the period:		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities available for sale		-	-	-	-	-	-	-	-	-	-	-	-	3,937	3,937
2.1 Net fair value gains/losses	V-1	-	-	-	-	-	-	-	-	-	-	-	-	3,937	3,937
III. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1 Net fair value gains/losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred Amounts		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Securities available for sale		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Transferred to net income	V-2	-	-	-	-	-	-	-	-	-	-	-	-	(126)	(126)
V. Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1 Transferred to net income		-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2 Transferred to assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Net Profit or Loss for the Period		-	-	-	-	-	-	-	-	53,496	-	-	-	-	53,496
VII. Profit Distribution	V-4	-	-	-	-	43,388	-	39,435	-	(55,061)	(44,919)	-	-	-	(17,157)
7.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(17,157)	-	-	-	(17,157)
7.2 Transfers to legal reserves		-	-	-	-	43,388	-	39,435	-	(55,061)	(27,762)	-	-	-	-
7.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Increase in capital		2,675	293	-	-	-	-	-	-	-	(2,968)	-	-	-	-
8.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2 Revaluation Fund		2,675	293	-	-	-	-	-	-	-	(2,968)	-	-	-	-
8.3 Value Increase in Revaluation Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.4 Marketable Securities Value Increase Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.5 Inflation Adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.6 Issuance of share certificates at end of period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.7 Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.8 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Others (*)		-	-	69	-	-	-	-	(6,211)	-	16,917	-	-	-	10,775
Balances at the end of period		57,800	252,676	69	-	52,483	-	39,435	(3,250)	53,496	(40,958)	-	-	3,995	415,746

(*) Includes changes in the consolidation structure, currency translation, minority interest and marketable securities value increase fund.

The accompanying notes are an integral part of these statements

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

TURK EKONOMI BANKASI A.S.
CONSOLIDATED STATEMENTS OF CASH FLOWS RESTATED FOR THE EFFECTS OF INFLATION
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(Currency-Billions of Turkish lira in equivalent purchasing power at December 31, 2004)

VI. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note Ref.	Current Period 31.12.2004	Prior Period 31.12.2003
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		58,813	124,525
1.1.1 Interest received		497,358	482,588
1.1.2 Interest paid		(289,134)	(268,372)
1.1.3 Dividend received		-	195
1.1.4 Fees and commissions received		82,865	67,340
1.1.5 Other income		37,845	67,028
1.1.6 Collections from previously written off loans and other receivables		6,872	6,172
1.1.7 Payments to personnel and service suppliers		(96,653)	(82,169)
1.1.8 Taxes paid		(32,596)	(119,643)
1.1.9 Other	VI-1	(147,744)	(28,614)
1.2 Changes in operating assets and liabilities		25,780	(410,477)
1.2.1 Net (increase) decrease in trading securities		33,499	(959)
1.2.2 Net (increase) decrease in due from banks and other financial institutions		(30,215)	(36,757)
1.2.3 Net (increase) decrease in loans		(328,877)	(458,191)
1.2.4 Net (increase) decrease in other assets		(32,217)	(142,619)
1.2.5 Net increase (decrease) in bank deposits	VI-1	(41,928)	52,826
1.2.6 Net increase (decrease) in other deposits		248,888	231,683
1.2.7 Net increase (decrease) in funds borrowed		248,690	220,742
1.2.8 Net increase (decrease) in matured payables		-	-
1.2.9 Net increase (decrease) in other liabilities		141,895	30,648
1.2.10 Other	VI-1	(213,955)	(307,850)
I. Net cash flows from banking operations		84,593	(285,952)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flows from investing activities		(354,484)	(56,845)
2.1 Cash paid for purchase of investments, associates and subsidiaries		-	-
2.2 Cash obtained from sale of investments, associates and subsidiaries	VI-2	(4,500)	-
2.3 Fixed assets purchases	VI-3	(17,318)	(19,331)
2.4 Fixed assets sales		1,259	2,430
2.5 Cash paid for purchase of securities available for sale		(352,335)	-
2.6 Cash obtained from sale of securities available for sale		-	21,876
2.7 Cash paid for purchase of investment securities		(33,401)	(63,484)
2.8 Cash obtained from sale of investment securities		53,825	4,295
2.9 Extraordinary items		-	-
2.10 Other	VI-1	(2,014)	(2,631)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flows from financing activities		(16,051)	(16,312)
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		(17,157)	(18,588)
3.5 Payments for finance leases		-	-
3.6 Extraordinary items		-	-
3.7 Other	VI-1	1,106	2,276
IV. Effect of changes in foreign exchange rates on cash and cash equivalents		(12,036)	4,433
V. Net increase / (decrease) in cash and cash equivalents		(297,978)	(354,676)
VI. Cash and cash equivalents at beginning of the year		2,063,548	2,418,224
VII. Cash and cash equivalents at end of the year	VI-4	1,765,570	2,063,548

The accompanying notes are an integral part of these statements.

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

SECTION THREE

ACCOUNTING PRINCIPLES

I. Basis of Presentation

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

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

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

In accordance with the communiqué No:14, the parent 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".

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

Other valuation methods

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

Changes in accounting principles due to AAR 18 effective from July 1, 2004 and BRSA's circular no. BDDK.DZM.2/13/1-a-3 dated on December 18, 2004, has been taken into account in the preparation of year-end financial statements.

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(Currency-Billions of Turkish lira in equivalent purchasing power at December 31, 2004)****II- Information about the Parent Bank and the Subsidiaries subject to Consolidation:**

Turk Ekonomi Bankasi Anonim Sirketi and its financial institutions, The Economy Bank N.V. (Economy Bank), Petek International Holdings B.V. (Petek International), Stichting Custody Services TEB (Stichting), Kronenburg Vastgoed B.V. (Kronenburg), TEB Yatirim Menkul Degerler A.S. (TEB Yatirim), TEB Finansal Kiralama A.S. (TEB Leasing), TEB Factoring A.S. (TEB Factoring) and TEB Portfoy Yonetimi A.S. (TEB Portfoy) are included in the accompanying consolidated financial statements by full consolidation method. The accompanying consolidated financial statements are prepared in accordance with AAR Communiqué No:15 "Accounting Standard on Consolidated Financial Statements, Subsidiaries, Joint Ventures and Associates". The Parent Bank and the institutions included in the consolidation will be named as "the Group".

TEB Sigorta A.S. a consolidated subsidiary of the Bank disposed on November 4, 2004 and profit and loss of the related period is consolidated.

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

Explanations on Consolidation Method and Scope

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

<u>Commercial Name</u>	<u>Head Office</u>
Economy Bank	Netherlands
Petek International	Netherlands
Stitching	Netherlands
Kronenburg	Netherlands
TEB Yatirim	Turkey
TEB Leasing	Turkey
TEB Factoring	Turkey
TEB Portfoy	Turkey

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

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

The transactions and balances between the consolidated entities belonging to the financial group are eliminated.

The investments and subsidiaries that were acquired during the period are explained in notes 9 and 10 of Section V, Part 1.

Explanations on Foreign Currency Transactions

Gains or losses arising from foreign currency transactions are reflected in the statement of income as they are realized during the year. Foreign currency assets and liabilities at each year-end are translated into Turkish lira at the year-end foreign exchange buying rates announced by the Parent Bank and the resulting foreign exchange gains or losses are recorded in the statement of income as foreign exchange gain or loss. The USD exchange rate used for translating foreign currency transactions into Turkish Lira and reflecting these to consolidated financial statements as of December 31, 2004 is TL 1,336,300 (2003 - TL 1,393,278 (in full TL)).

There are no capitalized foreign exchange losses.

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

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

The currency translation difference derived from the translation of shareholders' equity items amounting to TL (3,250) (2003 - TL 2,961) has been reflected in "Other Profit Reserves" under shareholders' equity.

III- Explanations on Forward, Option Contracts and Derivative Instruments

In the absence of forward foreign currency market rates and reliable forward rate estimations in a volatile market, values of foreign currency forward, swap transactions are determined by comparing the period end Bank foreign exchange rates with the forward rates discounted to the balance sheet date. The resulting gain or loss is reflected to the income statement. In determination of the fair values of interest rate swaps, discounted values calculated using the fixed and floating interest rates between the transaction date and repricing date are used. Fair value of option transactions are determined by comparing the option rates discounted to balance sheet with the period end foreign exchange rates of the Bank and the resulting gain or loss is reflected to the income statement taken into account of exercisability of the option. Premiums, received and paid for the option transactions, are calculated on accrual basis using IRR method.

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

Foreign Currency Assets and Liabilities

Gains or losses arising from foreign currency transactions are reflected in the statement of income as they are realized during the period. Foreign currency assets and liabilities at each period-end are translated into Turkish lira at the period-end foreign exchange buying rates announced by the Bank and the resulting foreign exchange gains or losses are recorded in the income statement as foreign exchange gain or loss. The net investments 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.

IV- Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are off setted when the Group has a legal right and sanction regarding netting off, and when the Group 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.

V- Interest Income and Expense

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

VI- Fees and Commission Income and Expense

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

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

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

VII- Securities Held for Trading

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

Trading securities are initially recognized at cost. Transaction costs of the related securities are included in the initial cost. The positive difference 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".

VIII- Sales and Repurchase Agreements and Lending of Securities

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

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

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

Securities purchased with resale commitments (reverse repo) are remeasured at amortized cost by using effective interest rate and related gain is reflected under other income accruals in the accompanying financial statements.

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

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

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

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

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

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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. In the absence of quoted prices formed in an active market the fair values of these securities are determined using other valuation methods stated in the articles of the AAR's Communiqué No:1, "Accounting Standards of Financial Instruments".

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

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

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

There are no financial assets that were previously classified as securities held to maturity but cannot be currently classified as held to maturity for the next two years due to the breaching of "tainting" rules.

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

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

X- Unconsolidated Participations and Subsidiaries

Turkish lira investment in associate that is traded in organized financial market is accounted for under the equity method in the accompanying financials. The differences are reflected in the statement of income under "profit/losses from associates and subsidiaries".

XI- Originated Loans and Receivables and Provisions for Loan Impairment

The Group 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 by using effective interest rate method.

Cash loans are recorded in accordance with the regulations stated at 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.

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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 credited 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. Foreign currency indexed loans are accounted as TL equivalent as of granting date. Any foreign exchange gain is recorded in interest income on loans, whereas any foreign exchange loss is recorded to provision for loan losses or other receivables.

XII- Goodwill and Other Intangible Fixed Assets

The positive difference which totals to TL 480 (2003 - TL 480), between the cost of TEB Factoring and the parent Bank's share in its equity is reflected under the intangible fixed assets as goodwill in the accompanying consolidated financial statements. The goodwill has an accumulated amortization of TL 480 (2003 - TL 383).

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

The intangible fixed assets of the parent Bank comprise mainly software. 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 Parent Bank by the Bank's personnel, and the expenses regarding these are not capitalized. Software is purchased only in emergency cases and for special projects.

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

XIII- Tangible Fixed Assets

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

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

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

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

The maintenance 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.

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

There are no anticipated changes in the accounting estimates, which could have a significant impact on 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 interest expense, the Parent Bank provides depreciation expense for the leased assets in each period. The depreciation rate is determined in accordance with AAR 2:"Accounting Standard for Tangible Fixed Assets" and the depreciation rate used is 20%.

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

Operating lease payments are recognized as expense in the income statements in the periods in which they are incurred.

XV- Provisions and Contingent Liabilities

In accordance with AAR, Communiqué No:8, the Bank sets provision 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. The parent Bank did not provide any additional provision for contingent liabilities as of December 31, 2004 apart from the doubtful receivable provision and general provision set in accordance with the related regulations. In addition, the Group did not provide any additional provision for any contingent liabilities as well.

XVI- Liabilities Regarding Employee Benefits

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

The Group has no employees contracted for determined periods.

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

The employees of the Group are members of Tebliler Foundation. The Parent Bank and subsidiaries does not have any other liability to this foundation other than paying 20 % of the first monthly contribution fee of the employee.

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

XVII- Taxation

Corporate Tax

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

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 instalment 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 is 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 are not subject to corporation tax, and similarly accumulated deficits arising from such application are not 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. Certain changes have been made in the application of the inflation adjustment to the statutory accounts with Law No.5228 published on July 31, 2004. The Bank has reflected current tax provision calculated in the accompanying financial statements by considering the requirements of the new law.

Current tax related with items that are credited or charged directly to equity are charged or credited to equity. The Group has TL 1,535 of current tax liability, relating to items classified under equity is charged to "Marketable securities value increase fund".

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

The tax procedural code does not allow the corporate and income taxes to be calculated on consolidated basis. Accordingly, the current and deferred taxes reflected in the accompanying financial statements are calculated separately for each entity.

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Deferred tax

As of June 30, 2004 and prior periods, the Group 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 December 31, 2004, in accordance with Communiqué Number 18 of AAR published on August 12, 2004 and effective from July 1, 2004 and the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004 the Group calculated deferred tax asset on all deductible temporary differences except for general loan reserve, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Although deferred tax assets and liabilities of the Parent Bank and the consolidated subsidiaries are shown in the accompanying financial statements on a net basis, the consolidated amounts are not netted off.

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. As of December 31, 2004 TL 810 of deferred tax provision credit is stated under the tax provision in the income statement for the Group. As of December 31, 2004 TL 136 of deferred tax provision credit resulting from differences related to items that are credited or charged directly to equity is netted with these accounts.

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

XVIII-Additional Explanations on Borrowings

There are no debt securities issued by the Parent Bank.

The Group has not issued convertible bonds.

XIX- Paid-in Capital and Share Certificates

The parent Bank does not have any costs related to share issue. In the General Assembly meeting of the Bank, held on 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 (full TL) nominal shares.

XX- Acceptances

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

XXI- Government Incentives

There are no government incentives utilized by the Group.

XXII- Segment Reporting

Apart from the corporate, commercial, retail and private banking services, the Group also provides its clients with treasury, financial leasing, factoring, insurance, asset management, and brokerage services.

Accordingly, the Parent Bank operates in private client current accounts, deposit accounts, products enabling long term investments, marketable securities transactions with fixed interest rate, exchange and custody services, credit and debit cards, consumer loans and long term housing loans and other private banking service areas, and additionally it supports its operations by products at international banking and asset management areas.

As corporate banking services, corporate banking operations include products like, automated transfer services, current accounts, deposit accounts, loan transactions, marketable securities transactions with fixed interest rate, foreign trade financing, cash management services, future and option agreements and other similar agreement services, provided to meet the needs and expectations of the domestic and foreign companies with revenues exceeding specified amounts.

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Group provides following services;

- International banking, corporate and private banking activities through the Parent Bank and Economy Bank established in the Netherlands,
- Financial leasing services to the corporate or the commercial customers through TEB Leasing,
- Capital market brokerage activities, marketable security buy and sell activities for Turkish, international companies and individual investors through TEB Yatirim,
- Domestic and international factoring activities through TEB Factoring,
- Fund management activities through TEB Portfoy.

The Group does not operate in investment banking, corporate finance and data processing sectors

XXIII- Other Matters

Explanation for convenience translation to English:

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

There is no other issues required need to be disclosed.

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SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP

I- Strategy for the Use of Financial Instruments and Explanation Regarding the Foreign Currency Transactions

The Group aims to develop and market products concerning the needs of its all kind of clients from small to medium sized companies to multinationals or private investors, in accordance with the regulations. While fulfilling the clients' needs, the Group's first priority is to maintain liquidity. Therefore, approximately 54% of the financial sources created are invested in liquid products. These investments are made with ultimate care at maturity management and aiming the maximum income possible under current conditions.

While conducting asset and liability management, the Group aims to generate a positive margin between the financing cost and product income and an optimum maturity risk.

As a part of the Parent Bank's risk management strategy, any kind of risk creating position generated from short-term exchange rate, interest and price movements is managed by the treasury according to the limits specified by the Board of Directors. The Parent Bank's asset and liability management committee, while determining the short-term, middle and long-term pricing strategies, principally aims at managing maturity mismatch and as a pricing policy, aims to work with positive balance sheet margins.

Among the operational areas of the Parent Bank, the main activities generating yields over calculated average yields are marketable securities transactions.

The Parent Bank's Board of Directors permits risks to be taken at the money, capital and commodity markets with respect to treasury transactions, and the risk taken is controlled by the product-based limits.

The strategies for hedging exchange rate risk generated from the Parent Bank's foreign currency available for sale capital instruments are explained in exchange rate risk section and the applications regarding the hedging of interest rate risk generated from deposits with fixed or floating interest rates are explained at interest rate risk section in detail.

When the asset and liability committee of the Parent Bank decides to invest in available for sale capital instruments denominated in foreign currency, which are suitable for the structure of the balance sheet, the committee also approves making swaps, foreign currency futures and similar derivative instruments in order to be able to hedge the changes in interest and exchange rates.

The hedging of foreign currency investment in foreign entities are established by spots and foreign currency forward transactions similar to other foreign currency transactions, in accordance with the Parent Bank's general strategy to hedge foreign currency positions within legal limitations

II- Consolidated Capital Adequacy Standard Ratio

The method used for risk measurement for capital adequacy standard ratio: Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks ", which was published on January 31, 2002 in the Official Gazette numbered 24657. As of December 31, 2004, the Bank's capital adequacy ratio is % 16.27 (December 31, 2003 - %15.21).

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

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

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

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

Information related to the capital adequacy ratio:

	Consolidated				Parent Bank			
	Risk Weight				Risk Weight			
	0%	20%	50%	100%	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non Cash Loans								
Balance Sheet items (Net)	1,366,331	838,890	336,344	1,896,759	1,248,366	210,462	149,056	1,347,033
Cash	81,374	217	-	-	81,363	217	-	-
Due from banks	774,003	809,947	-	28,835	774,003	170,622	-	204
Interbank money market placements	95,000	-	-	-	95,000	-	-	-
Receivables from reverse repo transactions	617	-	-	-	-	-	-	-
Reserve deposits	190,170	-	-	-	190,170	-	-	-
Special finance houses	-	-	-	-	-	-	-	-
Loans	193,343	28,726	140,106	1,800,749	93,960	37,823	140,106	1,303,195
Loans under follow-up (Net)	-	-	-	9,637	-	-	-	9,637
Subsidiaries, associates and investments held to maturity	-	-	-	-	-	-	-	-
Miscellaneous receivables	-	-	-	6,386	-	-	-	369
Marketable securities held to maturity (Net)	7,594	-	-	-	-	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-	-	-	-	-
Financial lease receivables	-	-	187,016	-	-	-	-	-
Leased assets (Net)	-	-	9,222	-	-	-	8,950	-
Fixed assets (Net)	-	-	-	33,241	-	-	-	24,516
Other assets	24,230	-	-	17,911	13,870	1,800	-	9,112
Off balance sheet items	290,549	644,000	314,710	57,048	284,535	573,337	302,329	54,650
Guarantees and pledges	36,159	638,067	103,315	32,026	31,944	567,395	95,588	32,026
Commitments	249,924	-	209,765	-	249,924	-	206,741	-
Other off balance sheet items	-	-	-	-	-	-	-	-
Transactions related with derivative Financial instruments	-	-	-	7,728	-	-	-	6,910
Interest and income accruals	4,466	5,933	1,630	17,294	2,667	5,942	-	15,714
Non risk weighted accounts	-	-	-	-	-	-	-	-
Total Assets Subject to Risk	1,656,880	1,482,890	651,054	1,953,807	1,532,901	783,799	451,385	1,401,683
Total Risk Weighted Assets	-	296,578	325,527	1,953,807	-	156,759	225,693	1,401,683

Summary information related to the capital adequacy ratio:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
Total Risk Weighted Assets	2,575,912	2,488,738	1,784,135	1,610,823
Amount Subject to Market Risk	54,288	29,696	48,009	28,125
Shareholders' Equity	427,864	383,019	261,749	243,870
Shareholders' Equity / (TRWA + ASMR) *100	16.27	15.21	14.29	14.88

TRWA: Total Risk Weighted Assets

ASMR: Amount Subject to Market Risk

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Information related to the shareholders' equity components:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
MAIN CAPITAL				
Paid-in Capital	58,222	55,125	57,800	55,125
Nominal capital	58,222	55,125	57,800	55,125
Capital commitments (-)	-	-	-	-
Effect on Inflation Accounting on Share Capital	252,975	252,383	252,676	252,383
Share Premium	69	-	-	-
Legal Reserves	49,303	12,056	6,838	2,780
First legal reserve (Turkish Commercial Code 466/1)	46,867	9,095	3,789	1,068
Second legal reserve (Turkish Commercial Code 466/2)	5,686	-	3,049	1,712
Other legal reserve per special legislation	(3,250)	2,961	-	-
Statute Reserves	-	-	-	-
Extraordinary reserves	39,435	-	39,247	-
Reserves allocated by the General Assembly	39,435	-	39,247	-
Retained earnings	-	-	-	-
Accumulated loss	-	-	-	-
Foreign currency share capital exchange difference	-	-	-	-
Profit	53,496	55,061	33,800	60,594
Current period profit	53,496	55,061	33,800	57,947
Prior period profit	-	-	-	2,647
Loss (-)	(40,958)	(9,988)	-	-
Current period loss	-	-	-	-
Prior period loss	(40,958)	(9,988)	-	-
Total Main Capital	412,542	364,637	390,361	370,882
SUPPLEMENTARY CAPITAL				
Revaluation Fund	-	-	-	664
Furniture, fixture and vehicles	-	-	-	-
Buildings	-	-	-	-
Profit on sale of associates, subsidiaries and buildings to be transferred to share capital	-	-	-	664
Revaluation fund of leasehold improvement	-	-	-	-
Increase in the Value of Revaluation Fund	-	-	-	-
Foreign Exchange Differences	-	-	-	-
General Reserves	10,235	8,978	10,235	8,978
Provisions for Possible Losses	-	-	-	-
Subordinated Loans	16,036	23,792	16,036	23,792
Marketable Securities and Investment Securities Value Increase Fund	3,995	184	3,836	126
Associates and subsidiaries	-	126	-	126
Available for sale securities	3,995	58	3,836	-
Structured positions	-	-	-	-
Total Supplementary Capital	30,266	32,954	30,107	33,560
TIER III CAPITAL	-	-	-	-
CAPITAL	442,808	397,591	420,468	404,442
DEDUCTIONS FROM THE CAPITAL	14,944	14,572	158,719	160,572
Investments in unconsolidated financial companies whose main activities are money and capital markets, insurance and that operate with licenses provided in accordance with special laws	656	1,015	146,474	149,397
Leasehold improvements	7,461	8,991	6,846	7,586
Start-up costs	-	-	-	-
Prepaid expenses	6,827	4,469	5,399	3,589
The negative difference between the market values and the carrying amounts for unconsolidated investments, subsidiaries, other investments and fixed assets	-	-	-	-
Subordinated loans given to other banks which operate in Turkey	-	-	-	-
Goodwill (Net)	-	97	-	-
Capitalized expenses	-	-	-	-
Total Shareholder's Equity	427,864	383,019	261,749	243,870

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III- Consolidated Credit Risk

Credit risk represents the risk generating from counter party's not fulfilling its responsibilities stated in the agreement either partially or totally.

Credit allocations are made within limits defined by individual borrowers or borrower groups. Various financial and non-financial criteria are taken into account in the Bank's internal rating system used in the credit approval process. Geographical and industrial segments are included in these criteria. Sectoral distribution of loans is monitored closely. In accordance with the Bank's credit policy, the ratings of the borrowers, credit limits and collateralization process are collectively considered and credit risks are monitored.

The risks and limits generated from treasury are followed up daily. Additionally, the control of the limits of the correspondent banks is determined by their ratings and the control of the acceptable maximum risk level according to the Group's equity is performed daily.

The credibility of the debtors of the Group is assessed periodically 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." Majority of the financial statements obtained from the borrowers are audited. The sole reason for accepting unaudited financials is the timing differences between the lending of the money and the audit period of the borrowers. The unaudited financials are replaced with the audited statements when they become available. The loan limits are determined based on the audited financials and the guarantees are determined by the loan committee according to the borrowers' financial structure and the quality of the transactions.

Transaction limits for the forward and other similar agreement positions held by the Parent Bank is determined by the Board of Directors and transactions are realized within these limits.

The fulfillment of liabilities in the forward agreements is only possible at the maturity of the agreement. However, in order to be able to minimize the risk, when deemed necessary, reverse positions of the present positions are taken from the market to close the risk.

Indemnified non-cash loans are weighted in the same risk group with the non-performing loans.

Since the volume of the restructured loans is not material to the financial statements, no additional follow up methodology is developed, except as stated in the regulations.

Foreign country and foreign financial institution risks of the Bank are generally taken for foreign countries and financial institutions, which are rated at the investment level by the international rating companies and thus carrying minimum level of default risk. Accordingly, the possible risks that may occur are minor risks when the financial structure of the Bank is considered.

The Parent Bank does not hold a major credit risk when compared to other financial institutions together with their financial activities as an active participant at the international banking markets.

As of December 31, 2004, the total loan balance of the top 100 cash loan clients of the Group is TL 695,586 (2003 – TL 827,754) and the percentage to the total loan portfolio is 34.14 % (2003 - 42.50 %).

As of December 31, 2004, the total balance of the top 100 non-cash loan clients of the Group is TL 543,649 (2003 – TL 499,936) and the percentage to the total non-cash loan portfolio is 35.52 % (2003 –36.27 %).

As of December 31, 2004, the percentage of the total cash and non-cash loans balances of the top 100 clients to the total of assets and off-balance sheet items is 26.21 % (2003 – 39.92 %).

As of December 31, 2004, general provision for loans set by the Parent Bank amounted to TL 10,235 (2003 - TL 8,978).

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Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Capital	
				Investments	Net Profit/Loss
Current Period					
Domestic	3,958,926	2,913,831	1,413,466	656	45,330
European Union Countries	570,344	379,610	19,644	-	8,166
OECD Countries (*)	69,327	49,554	7,767	-	-
Off-shore Banking Regions	51,798	183,678	5,386	-	-
USA, Canada	211,580	222,169	46,358	-	-
Other Countries	75,541	772,793	37,941	-	-
Unallocated Assets/liabilities(**)	-	-	-	-	-
Total	4,937,516	4,521,635	1,530,562	656	53,496
Prior Period					
Domestic	3,865,305	2,626,727	1,244,094	1,015	48,000
European Union Countries	521,502	378,842	35,749	-	7,061
OECD Countries (*)	98,263	47,465	5,564	-	-
Off-shore Banking Regions	64,796	325,804	5,550	-	-
USA, Canada	209,660	195,082	8,075	-	-
Other Countries	120,249	913,730	79,339	-	-
Unallocated Assets/liabilities(**)	-	-	-	-	-
Total	4,879,775	4,487,650	1,378,371	1,015	55,061

(*) OECD Countries other than EU countries, USA and Canada

(**) Unallocated assets / liabilities which could not be distributed according to consistent criteria.

Sectoral Breakdown of Cash Loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	23,433	2.64	44,129	3.84	15,396	2.45	76,418	5.79
Farming and raising livestock	17,962	2.02	39,799	3.46	10,840	1.72	30,697	2.33
Forestry	4,903	0.55	3,597	0.31	4,556	0.73	45,179	3.42
Fishing	568	0.07	733	0.07	-	-	542	0.04
Manufacturing	543,396	61.25	669,406	58.19	395,296	62.94	734,949	55.69
Mining	21,912	2.47	25,159	2.19	22,871	3.64	5,780	0.44
Production	519,983	58.61	644,143	55.99	366,486	58.35	729,018	55.24
Electric, gas and water	1,501	0.17	104	0.01	5,939	0.95	151	0.01
Construction	23,842	2.69	20,836	1.81	16,263	2.59	18,176	1.38
Services	195,313	22.01	389,526	33.86	122,685	19.53	445,416	33.75
Wholesale and retail trade	80,958	9.12	108,846	9.46	45,187	7.19	127,872	9.69
Hotel, food and beverage services	12,940	1.46	19,011	1.65	3,225	0.52	6,842	0.52
Transportation and telecommunication	23,356	2.63	58,297	5.07	15,067	2.40	88,092	6.68
Financial institutions	60,100	6.77	196,089	17.04	49,393	7.86	214,360	16.24
Real estate and renting services	9,761	1.1	1,715	0.15	5,100	0.82	2,187	0.17
Self-employment services	3,246	0.37	403	0.04	1,475	0.23	98	0.01
Education services	614	0.07	4,228	0.37	332	0.05	5,209	0.38
Health and social services	4,338	0.49	937	0.08	2,906	0.46	756	0.06
Other	101,241	11.41	26,421	2.30	78,442	12.49	44,764	3.39
Total	887,225	100.00	1,150,318	100.00	628,082	100.00	1,319,723	100.00

IV- Consolidated Market Risk

The Group 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 Group. Additionally, the Board of Directors has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Group.

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The interest rate and exchange rate risks of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured and while calculating the capital adequacy, the amount subject to VAR is taken into consideration by the standard method. VAR for Market risks using international models Scenario analysis and stress tests are calculated and such tests supported by results are reported to senior management.

	Consolidated	Parent Bank
Capital to be employed for interest rate risk – standard method	3,674	3,356
Capital to be employed for general market risk	3,674	3,356
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	669	485
Capital liability	508	324
Capital to be employed for options subject to currency risk	161	161
Total Value-at-risk (VAR)-Internal Model	-	-
Total capital to be employed for market risk	4,343	3,841
Amount subject to market risk	54,288	48,009

V- Consolidated 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 Group are taken into consideration and value at risk is calculated by using the standard method.

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

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

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

As of December 31, 2004, the Group's net long position is TL 40,705 (2003 - TL 40,705 net long) resulting from short position amounting to TL 9,417 (2003 - TL 26,008 long position) on the balance sheet and long position amounting to 49,760 (2003 - TL 14,697) from off-balance sheet position.

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

	24.12.2004	27.12.2004	28.12.2004	29.12.2004	30.12.2004	31.12.2004
USD	1,364,000	1,352,700	1,342,500	1,352,500	1,342,100	1,336,300
CHF	1,192,200	1,180,600	1,182,600	1,191,700	1,180,600	1,179,600
GBP	2,625,500	2,601,200	2,600,900	2,603,000	2,576,500	2,579,300
JPY	13,139	13,015	13,000	13,061	12,913	13,015
EUR	1,845,500	1,830,300	1,830,300	1,842,700	1,826,800	1,823,300

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

	Monthly Average FX rates
USD	1,389,439
CHF	1,210,801
GBP	2,679,830
JPY	13,362
EUR	1,862,902

Information on the foreign currency risk of the Group:

Current Period	EUR	USD	YEN	OTHER FC	TOTAL
Assets					
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	47,076	932,273	45	5,621	985,015
Due from other banks and financial institutions	62,816	660,340	1,503	13,624	738,283
Trading securities	31	6,235	-	555	6,821
Money market placements	-	-	-	-	-
Investment securities available-for-sale	-	56,498	-	-	56,498
Loans (**)	335,498	956,435	-	16,528	1,308,461
Investments in associates and subsidiaries	-	-	-	-	-
Investment securities held-to-maturity	-	7,594	-	-	7,594
Property and equipment	7,802	-	-	-	7,802
Goodwill	-	-	-	-	-
Other assets (**)	157,150	70,444	-	12,636	240,230
Total Assets	610,373	2,689,819	1,548	48,964	3,350,704
Liabilities					
Bank deposits	8,572	15,000	15	42,704	66,291
Foreign currency deposits (*)	395,469	2,002,482	1,692	41,177	2,440,820
Money market borrowings	-	-	-	-	-
Funds provided from other financial institutions	156,823	586,040	-	42,040	784,903
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	13,009	2,215	-	4,654	19,878
Other liabilities(**)	27,477	16,164	-	4,588	48,229
Total liabilities	601,350	2,621,901	1,707	135,163	3,360,121
Net Balance Sheet Position	9,023	67,918	(159)	(86,199)	(9,417)
Net Off-Balance Sheet Position	35,197	(68,631)	267	82,927	49,760
Financial derivative assets	177,416	210,392	267	118,208	506,283
Financial derivative liabilities	142,219	279,023	-	35,281	456,523
Non-cash loans (***)	353,422	607,839	12,099	42,457	1,015,817
Prior Period					
Total Assets	649,355	2,628,007	261	74,752	3,352,375
Total Liabilities	481,581	2,706,814	2,081	135,891	3,326,367
Net Balance Sheet Position	167,774	(78,807)	(1,820)	(61,139)	26,008
Net Off-Balance Sheet Position	(112,611)	67,892	1,945	57,471	14,697
Non-cash loans (***)	247,198	649,239	11,444	38,209	946,090

(*) Gold account deposits amounting to TL 1,689 (2003 - TL 16,755) are included in the foreign currency deposits.

(**) FX-indexed loans amounting to TL 158,143 (2003 - TL 110,938) are included in loans, FX-indexed factoring receivables amounting to TL 4,540 (2003 - TL 10,280) are included in other assets and FX-indexed factoring payables amounting to TL 3,774 (2003 - TL 3,687) are included in other liabilities in the currency risk table of the Group.

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

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IV- Consolidated Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Group's position, and it is managed by the Asset-Liability Committee of the Bank. 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 Parent Bank's risk management is to protect from interest rate volatility. Duration, maturity and all types of sensitivity analysis performed within this context is calculated by the risk management and reported to the Asset-Liability Committee.

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

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

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

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

	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Current Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	942,255	-	-	-	-	103,509	1,045,764
Due from banks and other financial institutions	785,652	23,049	6,892	16,000	-	7,189	838,782
Trading securities	2,274	1,148	2,838	2,659	8,486	-	17,405
Money market placements	95,617	-	-	-	-	-	95,617
Securities available-for-sale	38,872	100,974	7,077	36,927	168,485	9	352,344
Loans	805,677	402,493	384,252	175,819	269,302	-	2,037,543
Securities held-to-maturity	65,349	100	1,021	6,573	-	-	73,043
Other assets	59,932	87,217	49,020	47,644	78,866	154,995	477,674
Total Assets	2,795,628	614,981	451,100	285,622	525,139	265,702	4,938,172
Liabilities							
Bank deposits	87,570	19,776	1,000	-	-	1,571	109,917
Other deposits	2,366,070	509,293	70,082	60,624	50,145	96,512	3,152,726
Money market borrowings	155,705	-	-	-	-	-	155,705
Miscellaneous payables	-	44	-	-	-	48,290	48,334
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	135,629	371,553	169,970	74,678	108,241	-	860,071
Other liabilities	29,142	25,342	1,537	-	-	555,398	611,419
Total Liabilities	2,774,116	926,008	242,589	135,302	158,386	701,771	4,938,172
Balance Sheet Interest Sensitivity Gap	21,512	(311,027)	208,511	150,320	366,753	(436,069)	-
Off Balance Sheet Interest Sensitivity Gap	(163)	-	(59)	-	-	-	(222)
Total Interest Sensitivity Gap	21,349	(311,027)	208,452	150,320	366,753	(436,069)	(222)

The other asset line at the non-interest bearing column consists of TL 49,924 amount tangible fixed assets, TL 3,913 of intangible fixed assets, TL 49,706 of accrued interest and income receivables, TL 656 of participations and the other liability line consists of equity with a total amounting of TL 415,746 and minority interest amounting to TL 791.

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	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Prior Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	753,666	-	-	-	-	75,107	828,773
Due from Banks and other financial institutions	544,679	4,047	9,680	7,149	-	380,372	945,927
Trading securities	27,157	3,467	4,970	3,970	18,386	-	57,950
Money market placements	493,610	-	-	-	-	-	493,610
Securities available-for-sale	-	-	-	-	-	10	10
Loans	644,475	410,604	352,915	282,077	198,605	59,129	1,947,805
Securities held-to-maturity	51,083	42,865	5,211	130	4,823	-	104,112
Other assets	30,581	137,167	45,348	54,838	75,056	159,613	502,603
Total Assets	2,545,251	598,150	418,124	348,164	296,870	674,231	4,880,790
Liabilities							
Bank deposits	91,493	48,467	8,205	4,554	-	20,141	172,860
Other deposits	2,358,539	394,484	132,133	171,539	94,266	154,775	3,305,736
Money market borrowings	17,556	-	-	-	-	-	17,556
Miscellaneous payables	3,138	-	-	-	-	38,401	41,539
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	314,919	83,582	200,901	90,807	5,789	-	695,998
Other liabilities	3,549	76,744	7,543	1,893	662	556,710	647,101
Total Liabilities	2,789,194	603,277	348,782	268,793	100,717	770,027	4,880,790
Balance Sheet Interest Sensitivity Gap	(243,943)	(5,127)	69,342	79,371	196,153	(95,796)	-
Off Balance Sheet Interest Sensitivity Gap	-	-	(59)	-	-	-	(59)
Total Interest Sensitivity Gap	(243,943)	(5,127)	69,283	79,371	196,153	(95,796)	(59)

The other assets line at the non-interest bearing column consists tangible fixed assets amounting to TL 55,109, intangible fixed assets amounting to TL 4,538, accrued interest and income receivables amounting to TL 43,096, participations amounting to TL 579 and subsidiaries amounting to TL 436 and the other liability line consists of equity amounting to TL 364,821 and minority interest amounting to TL 28,319.

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, precious materials) and balances with the Central Bank of Turkey	0.64	0.55	-	10.00
Due from banks and other financial institutions	2.12	2.67	-	20.17
Trading securities	7.56	8.60	-	22.87
Money market placements	-	-	-	17.40
Securities available-for-sale	-	6.50	-	22.17
Leasing receivables	11.14	11.03	-	52.9
Factoring receivables	6.28	5.19	-	29.32
Loans	4.93	4.79	-	24.49
Securities held-to-maturity	-	4.81	-	26.00
Liabilities				
Bank deposits	2.06	1.83	-	20.96
Other deposits	2.88	2.46	-	21.34
Miscellaneous payables	-	-	-	19.64
Money market placements	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	4.37	3.90	-	22.73

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	EURO %	USD %	YEN %	TL %
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	0.80	0.43	-	16.00
Due from banks and other financial institutions	2.42	0.95	-	26.68
Trading securities	7.87	8.81	-	26.25
Money market placements	-	0.63	-	26.02
Securities available-for-sale	-	-	-	-
Leasing receivables	11.25	12.23	-	41.08
Factoring receivables	6.02	6.50	-	35.08
Loans	5.58	4.85	-	31.17
Securities held-to-maturity	-	5.00	-	33.36
Liabilities				
Bank deposits	2.60	2.50	-	27.25
Other deposits	3.41	2.32	-	26.93
Miscellaneous payables	-	-	-	22.34
Money market placements	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	4.99	3.42	-	26.06

VII- Consolidated Liquidity Risk

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

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

The Group'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 Group continuously determines standards for the liquidity ratios, and monitors them.

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

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

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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	103,509	942,255	-	-	-	-	-	1,045,764
Due from banks and other financial institutions	71,307	721,534	23,049	6,892	16,000	-	-	838,782
Trading securities	-	1,122	836	3,649	2,738	9,060	-	17,405
Money market placements	-	95,617	-	-	-	-	-	95,617
Securities available-for-sale	9	-	-	7,078	75,800	269,457	-	352,344
Loans	-	805,677	402,493	384,252	175,819	269,302	-	2,037,543
Securities held-to-maturity	-	-	-	1,022	71,921	100	-	73,043
Other assets	3,008	85,175	98,462	69,578	55,796	94,233	71,422	477,674
Total Assets	177,833	2,651,380	524,840	472,471	398,074	642,152	71,422	4,938,172
Liabilities								
Bank deposits	23,415	65,726	19,776	1,000	-	-	-	109,917
Other deposits	727,022	1,735,560	509,293	70,082	60,624	50,145	-	3,152,726
Money market borrowings	-	155,705	-	-	-	-	-	155,705
Funds provided from other financial institutions	-	78,657	75,625	61,505	414,541	229,743	-	860,071
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	39,590	838	7,299	-	-	607	-	48,334
Other liabilities	1,421	99,580	31,743	29,940	3,154	4,106	441,475	611,419
Total Liabilities	791,448	2,136,066	643,736	162,527	478,319	284,601	441,475	4,938,172
Net Liquidity Gap	(613,615)	515,314	(118,896)	309,944	(80,245)	357,551	(370,053)	-
Prior Period								
Total Assets	633,225	2,412,012	611,960	420,931	353,255	373,652	75,755	4,880,790
Total Liabilities	796,187	2,004,641	652,807	237,471	514,410	218,732	456,542	4,880,790
Net Liquidity Gap	(162,962)	407,371	(40,847)	183,460	(161,155)	154,920	(380,787)	-

(*) 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.

VIII- Presentation of Assets and Liabilities with Their Fair Values

The table below presents fair values and book values of financial assets and liabilities which are not reflected at their fair values in the financial statements.

Securities held for investment purposes at the current period consist of interest bearing held to maturity and available for sale assets. The fair value of the held to maturity assets are determined based on the market prices or if the market prices cannot be determined, the fair values are determined based on the quoted market prices of other marketable securities which are similar in interest rates, maturities and other conditions.

The fair values of the demand deposits, floating rate placements and overnight deposits are considered to be the carrying values due to short maturities. The approximate fair value of the deposits with fixed rates and funds collected from other financial institutions are determined by calculating discounted cash flows by making use of the money market interest rates used for other liabilities with similar quality and maturities. The fair values of loans are calculated through discounted cash flows using current market interest rates. The fair value of the other payables is approximate carrying values due to short maturity.

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	Carrying Value (*)		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	1,377,012	1,552,914	1,377,535	1,553,954
Due from banks and other financial institutions	939,368	1,448,254	939,327	1,448,254
Securities available-for-sale	362,271	10	362,271	10
Securities held-to-maturity	75,373	104,650	75,937	105,690
Financial Liabilities	4,350,027	4,261,808	4,365,511	4,258,381
Interbank money market deposits	110,961	175,290	111,108	175,062
Other deposits	3,165,819	3,323,884	3,179,316	3,320,511
Funds provided from other financial institutions (**)	1,024,913	721,095	1,026,753	721,270
Marketable securities issued	-	-	-	-
Miscellaneous payables	48,334	41,539	48,334	41,538

(*) Carrying values include interest accruals as of related period ends.

(**) Funds provided under repurchase agreements are included in funds provided from other financial institutions.

IX- Fiduciary Transactions

The Group makes purchases from auctions in the account of the clients, and provides safe keeping, management and consultancy services.

The Group has no fiduciary transactions.

X- Segment Reporting

Segment reporting is prepared on branch basis. Retail banking includes transactions of the Parent Bank's retail and private branches, while corporate banking includes the Parent Bank's corporate and commercial branches and Economy Bank's activities. Other column is showing transactions of the Parent Bank's foreign branches, treasury group, other departments in head office and other consolidated subsidiaries of the Parent Bank except Economy Bank.

Segment assets consist of earning assets; segment liabilities consist of interest bearing liabilities; undistributed assets consist of non-earning assets and undistributed liabilities consist of non-interest bearing liabilities and shareholders' equity. Inflation effect is reflected on non-monetary items according to Communiqué No: 14 "Accounting Standard Related to the Preparation of Financial Statements in Hyperinflationary Periods" related to ARR. The resulting gain or loss is booked under undistributed costs.

Operating income includes net interest income, while other line consists of non-interest income items. Undistributed costs include non-interest expense and net monetary gain/loss.

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Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operation
Operating Income	4,583	98,310	-	115,828	218,721
Other	8,493	98,885	-	348,057	455,435
Operating Income	13,076	197,195	-	463,885	674,156
Segment's Net Income	13,076	197,195	-	463,885	674,156
Undistributed Cost	(7,545)	(86,711)	-	(500,627)	(594,883)
Net Operating Income	5,531	110,484	-	(36,742)	79,273
Profits from Associates and Subsidiaries	-	-	-	67	67
Income before Taxes	5,531	110,484	-	(36,675)	79,340
Provision for Taxes on Income	-	(4,814)	-	(21,767)	(26,581)
Net Income after Taxes	5,531	105,670	-	(58,442)	52,759
Minority Interest	-	-	-	737	737
Net Income for the Period	5,531	105,670	-	(57,705)	53,496
Segment Assets	24,363	2,476,177	-	2,010,231	4,510,771
Associates and Subsidiaries	-	-	-	656	656
Undistributed Assets	4,911	72,103	-	349,731	426,745
Total Assets	29,274	2,548,280	-	2,360,618	4,938,172
Segment Liabilities	324,324	2,883,449	-	1,070,646	4,278,419
Undistributed Liabilities	4,670	160,093	-	494,990	659,753
Total Liabilities	328,994	3,043,542	-	1,565,636	4,938,172
Other Segment Items					
Capital Investment	-	-	-	34,274	34,274
Depreciation	(692)	(5,987)	-	(8,974)	(15,653)
Impairment	-	-	-	(2,967)	(2,967)
Non-cash other income/expenses	-	-	-	-	-
Restructuring Costs	-	-	-	-	-

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SECTION FIVE

FOOTNOTES AND EXPLANATIONS ON CONSOLIDATED FINANCIAL STATEMENTS

I. Footnotes and Explanations Related to the Consolidated Assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	21,918	-	61,498	-
Unrestricted time deposit	-	752,085	-	523,660
Total	21,918	752,085	61,498	523,660

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

a) Trading securities given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bond, Treasury Bill and Similar Investment Securities	866	-	-	-
Other	-	-	-	-
Total	866	-	-	-

b) Trading securities subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	3,138	-	17,297	-
Treasury Bills	4,786	-	-	-
Other Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	7,924	-	17,297	-

As of December 31, 2004, trading securities which are not given as collateral amount to TL 8,615 (2003 - TL 40,653).

3. Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union countries	455,760	401,584	-	-
USA and Canada	168,430	147,617	-	-
OECD Countries(*)	51,596	53,694	-	-
Off-shore banking regions	31,752	46,585	-	-
Other	14,487	49,699	-	-
Total	722,025	699,179	-	-

(*) OECD countries other than European Union countries, USA and Canada

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4. Information on reverse repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic transactions				
Central Bank of Turkey	-	-	-	-
Banks	195	-	2,854	-
Brokerage Firms	422	-	-	-
Other financial institutions	-	-	-	-
Other institutions	-	-	-	-
Real persons	-	-	-	-
From foreign transactions				
Central Bank of Turkey	-	-	-	-
Banks	-	-	-	-
Brokerage Firms	-	-	-	-
Other financial institutions	-	-	-	-
Other institutions	-	-	-	-
Real persons	-	-	-	-
Total	617	-	2,854	-

5. Information on available for sale portfolio:

- a) Main types of available for sale securities: public sector domestic and foreign debt securities and share certificates.
- b) Information on available for sale portfolio:

	Current Period	Prior Period
Debt Securities	355,091	-
Quoted in a Stock Exchange	296,889	-
Not Quoted	58,202	-
Share Certificates	9	10
Quoted in a Stock Exchange	-	-
Not Quoted	9	10
Provision for Impairment (-)	(2,756)	-
Total	352,344	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 54,519 (2003 - None) given as collateral for regulatory requirements.
- d) Information on investment securities available-for-sale given as collateral or blocked :

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bond, Treasury Bill and Similar Investment Securities	54,519	-	-	-
Other	-	-	-	-
Total	54,519	-	-	-

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

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

6. 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	31	13,024	73,891	1,532
Corporate Shareholders (*)	31	13,024	73,891	1,532
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	2,157	18	1,148	16
Total	2,188	13,042	75,039	1,548

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-Specialized Loans	2,026,061	-	1,655	9,827
Discount Notes	92,298	-	-	-
Export Loans	571,340	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	179,472	-	-	-
Foreign Loans	111,151	-	-	-
Consumer Loans	87,340	-	-	-
Credit Cards	22,271	-	-	-
Precious Metals Loans	12,703	-	340	-
Other	949,486	-	1,315	9,827
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	2,026,061	-	1,655	9,827

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c) Loans according to their maturity structure :

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Cash Loans	Loans and Other Receivables
Cash Loans				
Short-term loans	1,606,726	-	1,655	437
Non-specialized loans	1,606,726	-	1,655	437
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans	419,335	-	-	9,390
Non-specialized loans	419,335	-	-	9,390
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	2,026,061	-	1,655	9,827

d) Information on consumer loans:

	Short Term	Medium and Long Term	Total	Interest Income Accrual
Consumer loans-TL	17,836	41,806	59,642	968
Real estate Loans	484	7,383	7,867	110
Automotive Loans	2,395	19,952	22,347	323
Consumer Loans	10,201	13,796	23,997	377
Personnel Loans	742	675	1,417	37
Other Consumer Loans	4,014	-	4,014	121
Consumer Loans- Indexed to FC	6,632	21,066	27,698	148
Real Estate Loans	111	9,577	9,688	43
Automotive Loans	659	10,228	10,887	53
Consumer Loans	219	1,261	1,480	6
Personnel Loan	42	-	42	-
Other Consumer Loans	5,601	-	5,601	46
Credit Cards	22,271	-	22,271	165
Total Consumer Loans	46,739	62,872	109,611	1,281

e) Loans according to type of borrowers:

	Current Period	Prior Period
Public	540	8,032
Private	2,037,003	1,939,773
Total	2,037,543	1,947,805

f) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	1,865,375	1,751,144
Foreign Loans	172,168	196,660
Total	2,037,543	1,947,805

g) Loans granted to subsidiaries and investments: None.

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h) Specific provisions provided against loans:

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables With Limited Collectibility	255	146
Loans and Receivables With Doubtful Collectibility	1,045	1,682
Uncollectible Loans and Receivables	9,944	16,323
Total	11,244	18,151

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

i.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	-	-	8,799

i.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	2,604	3,762	21,428
Additions (+)	9,940	222	58
Transfers from Other Categories of Loans Under Follow-up (+)	-	9,298	4,990
Transfers to Other Categories of Loans Under Follow-up (-)	9,298	4,990	-
Collections (-)	1,194	2,662	9,871(*)
Write-offs (-)	-	-	393
Effect of inflation(-)	253	534	2,226
Current Period end Balance	1,799	5,096	13,986
Specific Provisions (-)	255	1,045	9,944
Net Balances on Balance Sheet	1,544	4,051	4,042

(*) 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 7,243 is reversed in the current period.

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

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- j) 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.

7. Information on factoring receivables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short term	100,166	25,215	102,405	27,783
Medium and Long Term	-	-	-	759
Total	100,166	25,215	102,405	28,542

The foreign currency indexed factoring receivables amounting to TL 4,540 (2003 - 10,280 TL) is classified under TL factoring receivables.

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

- a) Information on held to maturity portfolio:

	Current Period	Prior Period
Debt Securities	73,043	104,112
Quoted in a Stock Exchange	73,043	99,289
Not Quoted	-	4,823
Provision for Impairment (-)	-	-
Total	73,043	104,112

- b) Movement of held to maturity portfolio:

	Current Period	Prior Period
Beginning Balance	104,112	51,394
Effect of Inflation (-)	(10,306)	(6,472)
Foreign Currency Differences on Monetary Assets	(159)	-
Purchases During Year	33,401	63,485
Disposals Through Sales and Redemptions	(54,005)	(4,295)
Provision for Impairment (-)	-	-
Closing Balances	73,043	104,112

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

	Current Period				Prior Period			
	Cost		Amortized cost		Cost		Amortized cost	
	TL	FC	TL	FC	TL	FC	TL	FC
Held to Maturity Portfolio								
Given as Collateral or Blocked	65,449	-	67,637	-	95,820	1,483	96,152	1,575
Subject to Repo Transactions	-	-	-	-	-	-	-	-
Held for Structural Position	-	-	-	-	-	-	-	-
Receivables From Securities Lending	-	-	-	-	-	-	-	-
Collaterals on Securities Lending	-	-	-	-	-	-	-	-
Other (*)	-	7,594	-	7,736	1,985	4,824	2,056	4,867
Closing Balances	65,449	7,594	67,637	7,736	97,805	6,307	98,208	6,442

(*) The free marketable securities held by the Group.

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- c.2) Marketable securities held to maturity given as collateral consist of public sector debt securities of TL 65,449 (2003 - TL 97,303), given as collateral for regulatory requirements.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	-	-	-	-
Bills and similar investment securities	65,449	-	95,820	1,483
Other	-	-	-	-
Total	65,449	-	95,820	1,483

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

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

9. Information on participations (Net):

- a) Information on unconsolidated participations: None.

- b) Information on the consolidated participations:

- b.1) Information on the consolidated participations:

	Current Period	Prior Period
Balance at the Beginning of the Period	10,724	6,900
Movements During the Period	(10,724)	3,824
Purchases (*)	656	3,824
Free Shares Obtained Profit from Current Year's Share	-	-
Dividends from Current Year Income	-	-
Sales (**)	(10,724)	-
Revaluation Increase	-	-
Provision for Impairment	-	-
Balance at the end of the Period	656	10,724
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	-

(*) The "purchases" amount is due to valuation of Varlik Yatirim Ortakligi A.S. with equity method.

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

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

	Current Period	Prior Period
Valuation With Cost	-	10,724
Valuation With Fair Value	-	-
Valuation With Equity Method	656	-
Total	656	10,724

- b.3) Sectoral information and the related carrying amounts of participations:

Participations	Current Period	Prior Period
Other financial participations / Varlik Yatirim Ortakligi A.S.	656	-
Insurance companies / TEB Sigorta	-	10,724
Total	656	10,724

- b.4) Participations which are quoted to a stock exchange: None.

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

Description	Address (City / Country)	Group's share percentage-If different voting percentage (%)	Group's risk group share percentage (%)	Method of Consolidation
Varlik Yatirim Ortakligi A.S.	Istanbul/Turkey	-	34.00	Equity method

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) 1,951	1,922	7	15	-	(152)	230	-

(*) Represents December 31, 2003 figures.

(i) Represents financial figures of financial statements prepared based on the regulations of Capital Market Board.

b.6) Information on consolidated participation which are sold in current period : None.

b.7) Consolidated participation purchased in the current period: None.

10. Information on Subsidiaries (Net):

a) Information on unconsolidated subsidiaries: None.

b) Information on the consolidated subsidiaries.

b.1) Information on the consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	152,103	144,663
Movements During the Period	4,680	7,440
Purchases(*)	27,644	161
Bonus shares obtained	-	13,405
Share in current year income	-	-
Sales (**)	(17,561)	-
Revaluation Increase (***)	(5,403)	(6,126)
Provision for Impairment	-	-
Balance at the end of the Period	156,783	152,103
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	-

(*) TL 10,724 is the reclassification of TEB Sigorta A.S. as a subsidiary and TL 16,920 is due to the increase in the shareholding percentages of other subsidiaries.

(**) The "Sales" amount consists of TL 13,396 due to disposal of TEB Sigorta A.S.

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

The figures stated above present the restated cost of the Group's total investment in subsidiaries before the Group.

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

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

	Current Period	Prior Period
Valuation With Cost	156,783	152,103
Valuation With Fair Value	-	-
Valuation With Equity Method	-	-

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

	Current Period	Prior Period
Banks / Economy Bank	54,700	60,023
Leasing Companies / TEB Leasing	40,191	32,524
Factoring Companies / TEB Factoring	22,324	20,163
Other Financial Sub. / TEB Yatirim	34,770	34,740
	TEB Portfoy	3,718
	Petek International	819
	Stichting	228
	Kronenburg	33
Total	156,783	152,103

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

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

Description	Address (City / Country)	Group's share percentage- If different voting percentage(%)	Group's risk group share percentage (%)	Method of Consolidation
The Economy Bank N.V.	Netherlands	100.00	100.00	full
Petek International Holdings B.V.	Netherlands	100.00	100.00	full
Stichting Custody Services TEB	Netherlands	-	100.00	full
Kronenburg Vastgoed B.V.	Netherlands	-	100.00	full
TEB Yatirim Menkul Degerler A.S.	Istanbul/Turkey	74.94	100.00	full
TEB Finansal Kiralama A.S.	Istanbul/Turkey	100.00	100.00	full
TEB Factoring A.S.	Istanbul/Turkey	100.00	100.00	full
TEB Portfoy Yonetimi A.S.	Istanbul/Turkey	46.77	82.50	full

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Information on subsidiaries as presented in table above:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
(i)	1,126,597	96,216	7,988	49,196	2,446	8,799	6,397	-
(i)	811	797	-	-	-	(69)	(54)	-
(iv)	-	-	-	-	-	-	-	-
(iv)	-	-	-	-	-	-	-	-
(ii)	25,529	22,858	668	2,758	-	1,038	1,088	-
(iii)	325,252	91,588	106,429	4,323	-	9,817	24,839	-
(iii)	91,686	12,637	192	466	-	1,410	1,550	-
(ii)	10,226	9,164	342	1,774	1,339	4,272	846	-

(*) Represents December 31, 2003 figures.

- (i) Foreign currency subsidiaries are valued with period end foreign rates.
- (ii) Represents financial figures of financial statements prepared based on the regulations of Capital Market Board.
- (iii) Represents statutory financial figures based on tax procedural law.
- (iv) Related information is disclosed at The Economy Bank N.V.'s financial statements by consolidation

b.6) Information on the consolidated subsidiaries that were disposed in current period:

Description	Sale Price	Market or Stock Price at Sale Date	Information on Cash and/or Term Sales
TEB Sigorta A.S.	750	-	Cash

Group's shareholding percentage of 75% in TEB Sigorta A.S. was sold to TEB Mali Yatirimlar.

b.7) Information on the consolidated subsidiaries purchased in current period:

In the Board of Directors of the Parent Bank 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 of the Parent Bank 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 %.

11. Information on other investments: None.

- a) The obligations of the Group relating to the joint ventures, except for the other obligations, the obligations on capital or share on the capital obligations among other investors and the Group's share on capital obligations on other subsidiaries: None
- b) Information on joint ventures: None.
- c) The Group which does not prepare consolidated financial statements due to not being a parent company should disclose the information related to joint ventures in unconsolidated financials : Not applicable.
- d) The reason for not consolidating the unconsolidated joint ventures and the recording method of the joint ventures at the unconsolidated financial statements of the parent company Group is explained: Not applicable.

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12. Information on financial lease receivables (Net):

a) Aging of leasing receivables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	123,531	108,382	115,484	101,171
Between 1-4 years	86,555	78,630	75,882	69,308
Over 4 years	11	4	21	-
Total	210,097	187,016	191,387	170,479

b) Information on net lease receivables:

	Current Period	Prior Period
Gross lease receivable	210,097	191,387
Unearned finance income	(23,081)	(20,908)
Cancelled lease agreements (-)	-	-
Net Investment on Financial Lease	187,016	170,479

c) Related to lease agreements, criteria used in determining conditional lease installments, conditions for renewal or purchasing options and updating agreement quantities and restrictions on lease agreements, and some points like, event of being default or not, agreements renewed or not, if renewed the conditions of the renewal, restrictions of the renewal and general explanations about other important decisions that are included in leasing agreement: None.

13. Information on receivables arising from term sales of assets included in miscellaneous receivables: None.

14. Explanations related to interest and income accruals:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Accrued Interest and Income Receivables				
Interest Accruals - Due	37	-	387	-
Interest Accruals - Not Due	9,574	8,914	10,684	9,137
Loan Commissions and Other Income Accruals - Due	-	-	-	-
Loan Commissions and Other Income Accruals - Not Due	19	7	23	8
Total	9,630	8,921	11,094	9,145

b) Information on other interest and income accruals:

	Current Period		Prior Period	
	TL	FC	TL	FC
Other Interest and Income Accruals				
Trading Securities	145	1	1,278	427
Securities Available for Sale	9,561	366	-	-
Securities Held to Maturity	3,421	142	1,825	135
Interest Accruals of Reverse Repo Transactions	-	-	1	-
Interest Accruals of Reserve Deposits	1,455	354	1,726	179
Income Accruals of Financial Derivative Instruments	1,459	5,431	1,304	3,700
Interest and Income Accruals	-	147	8	18
Income Accrual of Foreign Exchange Gains	1,459	5,284	1,296	3,682
Income Accruals from Factoring Income	81	7	-	-
Other	4,878	3,854	10,584	1,698
Total	21,000	10,155	16,718	6,139

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15. Information on fixed assets (Net) :

	Land and buildings	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
Prior Period End :					
Cost	14,748	44,319	9,305	66,339	134,711
Accumulated depreciation(-)	2,341	30,763	6,175	40,323	79,602
Net book value	12,407	13,556	3,130	26,016	55,109
Current Period End :					
Net book value-beginning of period	12,407	13,556	3,130	26,016	55,109
Additions	5,249(**)	-	1,023	14,905	21,177
Disposals(-) (*)	2,966	6	2,581	6,528	12,081
Impairment	-	-	-	-	-
Depreciation expense (-)	333	4,328	1,007	7,973	13,641
Currency translation differences resulting from foreign investments	-	-	5	635	640
Cost-end of period	17,026	42,579	1,966	71,632	133,203
Accumulated depreciation-end of period(-)	2,669	33,357	1,406	45,847	83,279
Net book value-end of period	14,357	9,222	560	25,785	49,924

(*) Including disposals due to sale of TEB Sigorta

(**) Transfers from other tangible fixed assets

- a) If an asset impairment amount recorded or reversed in the current period is important for the general of the financial statements:

a.1) Events and conditions for recording or reversing impairment : None.

a.2) Amount of recorded or reversed impairment in the financial statements: None.

- b) The impairment provision set or cancelled in the current period according to the asset groups, that totals to an amount that effects the financial statements even though some or each of the amounts are not important individually and the reason and conditions for this: None

16. Information stated below should be explained separately for each class of intangible fixed assets.

- a) Useful life or amortization rates:

Intangible fixed assets subject to amortization are amortized over its estimated useful lives starting from the effective usage date of the asset.

- b) Depreciation method: Intangible fixed assets are amortized by using over, straight-line method over restated book values.

- f) Book value and accumulated depreciation amounts at beginning and end of period :

	Current Period	Prior Period
Gross Book Value	14,409	14,077
Accumulated Depreciation	(10,496)	(9,539)
Total	3,913	4,538

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- d) Movement of intangible assets for the current period:

	Current Period
Beginning balance	4,538
Amounts formed internally	35
Additions due to mergers, transfers and acquisitions	1,391
Not used and disposed items	31
Increases or decreases in the revaluation fund	-
Impairment charges	-
Reversal of impairment charges	-
Depreciation expenses (-)	2,012
Currency translation differences arising from foreign investments	8
Other differences in book values	-
Period end balance	3,913

- e) Disclosures for book value, description and remaining depreciation period for a specific intangible fixed asset that is material to the financial statements: None.
- f) Disclosure for intangible fixed assets acquired through government incentives and accounted at fair value: None.
- g) The method of subsequent remeasurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.
- h) The book value of intangible fixed assets that are pledged or restricted for use: None.
- i) Amount of purchase commitments for intangible fixed assets: None.
- j) Information on revalued intangible assets according to their types: None.
- k) Amount of total research and development expenses recorded in income statement within the period if any: None.
- l) Positive or negative consolidation goodwill that comes from consolidated parties is explained on related party basis:

Description	Cost	Depreciation	Goodwill
TEB Factoring	480	480	Positive

- m) Information on goodwill: None.

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- n) Reconciliation of movements on goodwill in the current period:

	Current Period
Gross value at the beginning of the period	480
Accumulated depreciation (-)	383
Impairment provision (-)	-
Movements within the period :	97
Additional goodwill	-
Corrections arising from the changes in value of assets and liabilities	-
Goodwill written off due to the end of an operation in current period or complete /partial sale of an asset (-)	-
Depreciation (-)	97
Impairment provision (-)	-
Reversal of impairment provision (-)*	-
Other differences occurred in the book value	-
Gross value at the end of the period	480
Accumulated depreciation (-)	480
Impairment provision (-)	-

- o) Reconciliation of movements on negative goodwill in the current period: None.

17. Information on other assets:

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

	Current Period	Prior Period
Prepaid Taxes	24,234	37,541
Premium Receivable	-	21,980
Deferred Tax	3,702	5,728
Financial Lease Agreements in Progress	3,578	5,283
Receivables from Fund Participation Certificates	3,212	1,785
Advances Given	1,052	21
Transaction Cost Related to Financial Liabilities	2,874	2,399
Prepaid Rent Expenses	1,455	586
Asset held for resale (*)	-	355
Other	4,948	9,416
Total	45,055	85,094

(*) 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) A deferred tax asset of TL 3,702 and a deferred tax liability of TL 41 is reflected on the financial statements separately since these deferred tax amounts related to the Bank and its subsidiaries could not be net off with each other in accordance with the related communiqué numbered AAR 18. Deferred tax asset is calculated mainly on temporary differences such as retirement pay liability and valuation of marketable securities. There are no carried forward tax losses or tax exemptions or deductions over which deferred tax asset is computed. As of December 31, 2004, in accordance with the circular of BRSA numbered 2004/3 and dated December 8, 2004, deferred tax asset on general loan provision is reversed and its effect is reflected in current period income statement.
- c) Other assets which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and breakdown of these which constitute at least 20% of grand total: None.

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II- Footnotes and Explanations Related to the Consolidated Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over
Saving Deposits	40,991	-	165,207	173,658	35,355	8,782	33,156
Foreign Currency Deposits	571,013	-	979,651	724,537	75,360	40,083	48,487
Residents in Turkey	491,698	-	570,329	442,754	63,552	23,465	22,271
Residents Abroad	79,315	-	409,322	281,783	11,808	16,618	26,216
Public Sector Deposits	166	-	-	-	-	-	-
Commercial Deposits	85,968	-	72,865	29,837	4,069	14,011	1,620
Other Institutions Deposits	27,195	-	1,935	17,087	2	2	-
Precious Metals Deposits	1,689	-	-	-	-	-	-
Interbank Deposits	23,415	-	29,041	51,252	5,209	1,000	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	600	-	12,746	-	1,000	-	-
Foreign Banks	10,125	-	16,295	51,252	4,209	1,000	-
Special Finance Houses	12,690	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	750,437	-	1,248,699	996,371	119,995	63,878	83,263

a.2) Prior period:

	Demand	7 day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over
Saving Deposits	36,779	-	101,396	72,828	72,481	30,877	17,811
Foreign Currency Deposits	450,176	-	1,610,362	387,428	46,271	22,700	17,315
Residents in Turkey	425,753	-	616,296	378,815	44,612	21,719	16,479
Residents Abroad	24,423	-	994,066	8,613	1,659	981	836
Public Sector Deposits	119	-	-	-	-	-	-
Commercial Deposits	80,848	-	131,219	43,618	51,855	66,477	455
Other Institutions Deposits	41,596	-	1,721	2,991	1,657	1	-
Precious Metals Deposits	5,089	-	-	11,666	-	-	-
Interbank Deposits	31,649	-	38,373	61,547	30,125	11,166	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	101	-	-	-	-	-	-
Foreign Banks	16,050	-	38,373	61,547	30,125	11,166	-
Special Finance Houses	15,498	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	646,256	-	1,883,071	580,078	202,389	131,221	35,581

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

Saving Deposits	Under the guarantee of saving deposit insurance	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit	Exceeding the limit of saving deposit
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	118,980	306,194	280,872	-
Foreign Currency Saving Deposits	249,931	914,007	868,477	-
Other Deposits in the form of Saving Deposits	297	1,293	1,314	-
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Total	369,208	1,221,494	1,150,663	-

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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 has been under the guarantee of Saving Deposits Insurance Fund.

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

b.3) Saving deposits which are not under the guarantee of deposit insurance fund:

	Current Period (*)	Prior Period(*)
Foreign Branches' Saving Deposits	-	-
Off-shore Banking Regions' Saving Deposits	14,294	28,717
Total	14,294	28,717

(*) In addition to the disclosed amount above, there are also saving deposits amounting to TL 205,006 (2003 - 149,465) in Economy Bank, one of the consolidated subsidiaries of the parent Bank that is incorporated in The Netherlands that are not subject to the guarantee of deposit insurance fund.

2. Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	155,700	-	17,554	-
Financial Institutions and Organizations	147,173	-	-	-
Other Institutions and Organizations	2,110	-	10,977	-
Real Persons	6,417	-	6,577	-
From Foreign Transactions	5	-	2	-
Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Real Persons	5	-	2	-
Total	155,705	-	17,556	-

3. a) Information on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	74,502	531,605	77,318	500,426
Medium and Long-term	666	233,253	-	94,462
Total	75,168	764,858	77,318	594,888

b) Additional explanations on concentration of the Parent Bank's liabilities:

The Parent Bank's funding resources include customer deposits and loans borrowed from overseas. As of December 31, 2004 the Bank's foreign funds borrowed includes USD 200 million of syndicated loan with a maturity of one year taken at November 09, 2004.

The client concentration of branches is reviewed periodically and short and long term precautions are taken for those branches that experience client concentration.

60.31 % (2003 - 48.16%) of bank deposits and 77.42 % (2003 - 77.16%) of other deposits of the Group are denominated in foreign currencies.

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.

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5. Explanation on funds: None.

6. Explanation on miscellaneous payables:

	Current Period	Prior Period
Total Amount of Cash Collateral Obtained	282	220

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

7. a) Deferred tax liability computed within prevailing regulations: A deferred tax asset of TL 3,702 and a deferred tax liability of TL 41 is reflected on the financial statements separately since these deferred tax amounts related to the Bank and its subsidiaries could not be net off with each other in accordance with the related communiqué numbered AAR 18. The deferred tax liability is calculated based on mainly the differences between the treatment of fixed assets and intangibles by the Turkish Tax Procedural Code and AAR.

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

8. Information on taxes, duties and premium payables:

a) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	-	961
Taxation of securities	3,598	2,131
Property tax	191	137
Banking Insurance Transaction Tax (BITT)	2,362	2,127
Foreign Exchange Transaction Tax	775	466
Value Added Tax Payable	242	124
Others(*)	1,976	3,741
Total	9,144	9,687

(*) Others include stamp taxes payable amounting to TL 122 (2003 - TL 1,300).

b) Information on premiums :

	Current Period	Prior Period
Social Security Premiums-Employee	617	549
Social Security Premiums-Employer	807	690
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	1
Pension Fund Membership Fees and Provisions-Employer	-	2
Unemployment insurance-Employee	46	39
Unemployment insurance-Employer	90	73
Other	71	281
Total	1,631	1,635

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9. Explanations on factoring payables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic	42,420	-	54,694	-
Short-term	42,420	-	54,694	-
Medium and long-term	-	-	-	-
Foreign	-	13,601	-	18,847
Short-term	-	13,601	-	18,847
Medium and long-term	-	-	-	-
Total	42,420	13,601	54,694	18,847

The foreign currency indexed factoring payables amounting to TL 3,774 (2003 – 3,687 TL) is classified under TL factoring payables.

10.a) The general explanations on criteria used in determining instalments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank :

In the financial lease agreements, instalments are based on useful life, usage periods and on the basis of Tax Procedural Code.

- b) The explanation on modifications in agreements and new obligations that these modifications cause: None.
- c) Explanation on financial lease obligations: None
- d) Footnotes and explanations regarding operational leases:

Except for the head-office and Izmir-Konak branch building, all branch premises of the Parent Bank and the premises of the subsidiaries are leased under operational leases. As of December 31, 2004, the operating lease expense, amounting to TL 12,601 was reflected to the income statement. The lease periods vary between 1 and 5 years and lease agreements are cancellable subject to a period of notice.

- f) Information about sale and lease back transactions: None.

11. Information on interest and expense accruals:

	Current Period		Prior Period	
	TL	FC	TL	FC
Accrued Interest on Deposits	10,264	3,873	14,251	6,327
Accrued Interest on Funds Borrowed	2,103	6,956	2,776	4,749
Accrued Interest on Bonds	-	-	-	-
Accrued Interest on Repurchase Agreement Transactions	78	-	16	-
Accrued Interest on Derivative Financial Instruments	7,519	2,796	3,527	4,571
Accrued Interest and Expense	-	341	-	39
Foreign Exchange Losses Accrued	7,519	2,455	3,527	4,532
Accrued interest on factoring payables (*)	-	-	-	-
Other Interest and Expense Accruals(**)	1,964	1,579	7,008	1,700
Total	21,928	15,204	27,578	17,347

(*) Accrued interest on factoring payables is netted off with accrued interest on factoring receivables.

(**) TL 4,644 of other interest and expense accruals in the prior period comprises foreign exchange loss accruals on foreign currency indexed loans.

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a) Information on general provisions:

	Current Period	Prior Period
General provisions	10,235	8,978
Provisions for First Group Loans and Receivables	8,692	7,530
Provisions for Second Group Loans and Receivables	49	23
Provisions for Non Cash Loans	1,494	1,425
Total	10,235	8,978

b) Information on employee termination benefits and notice indemnity:

	5 PP	4 PP	3 PP	2 PP	Prior Period	Current Period
Actual Payments of Employee Termination Benefits	107	947	662	435	665	476
Reserve for Employee Termination Benefits and Notice Indemnity	3,140	4,456	6,912	10,972	14,792	19,400
Actual Payment Ratio	3.40%	21.24%	9.59%	3.96%	4.50%	8.54%
Ratio of reserve for Employee Termination Benefits and Notice Indemnity	-	-	-	-	-	8.54%
Possible reserve for Employee Termination Benefits and Notice Indemnity	-	-	-	-	-	1,657

(*) 5-year actual payment

As of December 31, 2004, TL 1,657 (2003-TL 1,406) of reserve for employee termination benefits and notice indemnity was reflected to the financial statements corresponding to 8.54% of total liability of TL 19,400 by the Parent Bank

As of December 31, 2004, the Parent Bank provided a reserve of TL 201 for the unused vacation periods constituting 5.15% of total liability.

The consolidated subsidiaries have calculated reserve for employee termination benefits and notice indemnity in accordance with the regulations they apply, and reflected an amount of TL 1,078 (2003-TL 1,282) into their financial statements as of December 31, 2004.

c) Liabilities on pension rights: None.

c.1) Liabilities for pension funds established in accordance with "Social Security Institution": None

c.2) All kinds of liabilities resulting from pension funds, foundations etc, which provide benefits for the employees after retirement: None.

d) The uncertainties related to the timing of expected payment amount and nature of provisions:

The nature of provisions is explained in the items a and b. For these provisions no payment is expected in short-term.

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

f) Amount, quantity, maturity, interest rate, lender name and share certificate conversion option if any, of subordinated loans:

The Parent Bank has signed an agreement with the International Finance Corporation (IFC) on July 17, 2002, for a subordinated loan. The facility is a US\$15 million, subordinated convertible loan, with a maturity of October 15, 2009 and with an interest rate of LIBOR+4.5%. The loan matches BRSA's Tier II Capital definitions as well as contributing the Parent Bank's capital adequacy ratio in a positive manner. Subsequent to year-end, the share convertibility option of the mentioned loan lost its validity upon payment in cash benefits attributable to such rights to IFC.

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- g) Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	20,045	-	23,792
Total	-	20,045	-	23,792

- g) The foreign exchange losses on the foreign currency indexed loans amounting to TL 9,682 is netted of from loans at the balance sheet.
- h) Impairment in value arising from settlement date accounting: None.
- i) The specific provisions provided for unindemnified non cash loans amount to TL 88.

13. Information of Shareholders' Equity:

- a) Presentation of paid-in capital:

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

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

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

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

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

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

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

- e) Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments: None.
- f) Indicators of the Group's income, profit and liquidity for the previous periods and within these indicators possible affects on capital fore sighting uncertainty: None.

- g) Information on privileged shares:

7 % of the Parent Bank's remaining net income and tax after deducting legal reserves and first dividends, corresponding to the Group's 60,000 shares of TL 30,000,000 (in full TL) is distributed to the founder shares. In accordance with the Board of Directors' decision numbered 3702/11 and dated February 10, 2005; 6 units of founder shares have been transferred to Bank's major shareholder TEB Mali Yatirimlar.

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14. 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	69	-
Common Stock Canceling Profit	-	-
Other Equity Instruments	-	-
Total Common Stock	115,600,000	110,250,000

15. a) Information on marketable securities value increase fund:

a.1) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From associates and subsidiaries	-	-	126	-
From securities available-for-sale	3,742	253	58	-
From securities held for structural position	-	-	-	-
Total	3,742	253	184	-

a.2) Information on marketable securities value increase fund:

	Current Period	Prior Period
Foreign currency marketable securities value increase fund	253	-
Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities available for sale related to the above amount	-	-
Total	253	-

b) The information on presentation of foreign exchange gains related to foreign currency participations, subsidiaries, securities available for sale in the financial statements:

As of December 31, 2004 there are no foreign exchange gains, related to foreign currency participations, subsidiaries of the Bank. As of December 31, 2003 the foreign exchange gain amount of TL 2,961 is reflected under shareholders' equity as other reserves.

c) The amount of accumulated exchange difference included in equity coming from previous periods related to the first time application of "Effects of Changes in Foreign exchange Rates" standard, except for cases where the amount could not be identified: None.

16. Information on revaluation fund: None.

17. Explanations on the elements of the revaluation fund are made: None

18. Information on legal reserves:

	Current Period	Prior Period
First legal reserves	46,797	9,095
Second legal reserves	5,686	-
Other legal reserves appropriated in acc. with special legislation	-	-
Total	52,483	9,095

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19. Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	39,435	-
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Total	39,435	-

20. a) Information on minority shares :

	Current Period	Prior Period
Balance at the beginning of period	28,319	24,964
Net profit share from subsidiaries	-	-
Prior period dividend (*)	(27,528)	3,355
Balance at the end of the period	791	28,319

(*) due to dividend and percentage changes of the subsidiaries

b) Information on shareholders having more than 10 % share:

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

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 Consolidated Income Statement

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

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

Other interest income amounting to TL 39,454 (2003 - TL 48,906) includes financial lease interest income amounting to TL 22,148 (2003 - TL 30,279) and factoring interest income amounting to TL 14,625 (2003 - TL 15,239).

The total other fees and commissions received amounting to TL 57,422 (2003 - TL 46,220) majorly consists of credit card fees and commissions amounting to TL 5,743 (2003 - TL 7,474), brokerage commissions amounting to TL 14,359 (2003 - TL 13,875) and import letters of credit commissions amounting to TL 4,773 (2003 - TL 4,576). Other fees and commission expense totalling to TL 16,062 (2003 - TL 18,084) majorly consists of fees and commissions paid for the credit cards amount to TL 7,264 (2003 - TL 7,803).

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

c) Information on financial lease income :

	Current Period	Prior Period
Financial Lease Income	22,148	30,279

c) Interest received from reverse repurchase agreement transactions: None

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Received from Reverse Repurchase Agreement Transactions	1,409	-	1,490	-

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

b) Information on financial lease expenses: None.

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

Account name	Time Deposits						Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	
TL							
Bank deposits	289	16,022	-	-	-	-	16,311
Saving deposits (*)	2,989	27,140	32,228	19,323	5,660	8,470	95,810
Public sector deposits	-	-	49	-	-	-	49
Commercial deposits (*)	1,971	21,689	11,695	4,721	20,724	441	61,241
Other deposits	1	1,127	1,031	108	-	-	2,267
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	5,250	65,978	45,003	24,152	26,384	8,911	175,678
Foreign Currency							
Foreign currency deposits (*)	878	16,483	16,731	4,148	712	8,291	47,243
Bank deposits	111	2,828	42	-	-	-	2,981
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	5	82	-	-	-	87
Total	989	19,316	16,855	4,148	712	8,291	50,311
Total	6,239	85,294	61,858	28,300	27,096	17,202	225,989

(*) Interest expense on foreign currency deposits includes TL 4,615 foreign currency saving deposits and TL 15,806 commercial deposits.

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d) Interest expense on repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Repurchase Agreements	16,460	-	18,346	-

3. Information on other operating income:

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

Other operating income amounting to TL 19,041 includes reversal of a provision amounting to TL 7,243 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. Group's Provision for loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	4,703	5,672
III. Group	288	187
IV. Group	1,165	1,798
V. Group	3,250	3,687
General provision expenses	3,006	2,816
Provision expenses for possible losses	-	-
Foreign exchange differences on foreign currency losses	13,914	14,176
Provision for impairment - marketable securities	2,967	279
Trading securities	2	-
Investment securities available for sale	2,965	279
Provision for impairment	-	-
Participations	-	-
Subsidiaries	-	-
Joint ventures	-	-
Investment securities held to maturity	-	-
Other	236	41
Total	24,826	22,984

5.a) Information related to other operational expenses:

	Current Period	Prior Period
Personnel expenses	96,653	82,169
Reserve for employee termination benefits	1,215	1,481
Provision for social aid fund deficits	-	-
Depreciation expense of fixed assets	13,641	15,305
Amortization expense of intangible assets	2,012	1,914
Other operating expenses	44,746	41,062
Maintenance expenses	1,624	5,494
Advertisement expenses	6,018	4,055
Other expenses	37,104	31,513
Loss on sales of assets	1,749	463
Operational lease expenses	12,601	11,870
Other (*)	18,118	23,971
Total	190,735	178,235

(*) Saving Deposits Insurance Funds premium amounting of TL 4,429 (2003 - TL 5,561) is included in other operating expenses.

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b) The nature and amount of extraordinary expenses and current period, tax expenses on extraordinary items: None.

d) Information on Goodwill:

c.1) Income statement item including goodwill and amortization: It is included in the current period other operating expenses.

c.2) If present, it is stated that the negative goodwill is determined in accordance with the principles in Communiqué 16 of AAR related to "Acquisition and Merger of Banks and Acquisitions of Subsidiaries", the timing and amount of expected expenses and losses, the periods when the negative goodwill will be recorded as income and the income statement accounts in which it will be recorded: None.

6.a) Income and expenses relating to participations and subsidiaries: 65 TL.

b) Income / Loss from participations, which are accounted under equity method: None.

c) The information on the income / loss relating to the transactions within the risk group of the Bank:

The Bank performs various banking transactions with the institutions within its risk group. These are commercial transactions and are realized at market rates. Income / loss from these transactions are included within income statement. The amounts are presented in Section V, Note VIII.

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

a) Income/loss for to minority rights:

	Current Period	Prior Period
Income and Loss for Minority Rights	737	37

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

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IV- Footnotes and Explanations Related to the Consolidated Off-balance Sheet Contingencies Commitments

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

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

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

- b.1) For contingent assets, if realization probability is close to certain, then it is accounted. If realization probability is high, then it is explained in the footnotes. As of December 31, 2004 there are no contingent assets that needed to be explained.
- b.2) For contingent liabilities, if realization is probable and the amount can reliably be determined then provision is set. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: None.

2. Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I):	1,009,650	777,790	-	-
Forward FC transactions	569,939	466,582	-	-
FC swap transactions	375,402	311,208	-	-
Futures FC transactions	-	-	-	-
Option FC transactions	64,309	-	-	-
Interest related derivative transactions (II) :	7,070	993	-	-
Forward rate agreements	-	-	-	-
Interest rate swap transactions	7,070	993	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Other trading derivative transactions (III)	-	-	-	-
A.Total trading derivative transactions (I+II+III)	1,016,720	778,783	-	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
FC Investments hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
Total Derivative Transactions (A+B)	1,016,720	778,783	-	-

Related to agreements of forward transactions and options; the information based on the type of forward and options transactions are disclosed separately, specified with related amounts, type of agreement, purpose of transaction, nature of risk, strategy of risk management, hedging relationship, possible affects on the Bank's financial position, time of cash flow, reasons of unrealized transactions which previously projected to be realized, income and expenses that could not be linked to income statement in the fiscal year because of the agreements :

Forward foreign exchange and swap transactions agreements are based on protection from interest and currency fluctuations. According to AAR, they do not qualify as hedging instruments and are remeasured at fair value.

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Breakdown of the Group's foreign currency forward and swap transactions based on currencies are disclosed below in their TL equivalents:

	FORWARD BUY	FORWARD SELL	SWAP BUY	SWAP SELL	OPTION BUY	OPTION SELL
Current Period						
TRL	15,551	78,504	35,336	31,911	16,815	16,669
USD	94,093	160,115	39,481	94,766	14,436	14,565
EURO	134,576	36,026	30,996	61,827	912	912
Other	37,990	13,084	83,381	4,774	-	-
Total	282,210	287,729	189,194	193,278	32,163	32,146
Prior Period						
TRL	25,007	43,764	-	-	-	-
USD	149,703	29,183	100,107	55,709	-	-
EURO	35,298	144,895	-	100,036	-	-
Other	21,782	16,950	55,466	883	-	-
Total	231,790	234,792	155,573	156,628	-	-

3. Information on off-balance sheet commitments:

- a) Nature and amount of irrevocable loan commitments: As of December 31, 2004 and 2003, credit card spending limit commitments are TL 123,660 and TL 122,001 respectively.
- b) Nature and amount of contingent loss and commitments from off-balance sheet items including below statements:

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

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

As of December 31, 2004 total guarantees and commitments consist of letter of guarantees amounting to TL 951,320 (2003 - TL 831,934), acceptances amounting to TL 45,697 (2003 - TL 55,229), and letters of credit amounting to TL 515,191 (2003 - TL 490,301).

- b.2) Guarantees, surety ships and similar transactions: The Group has other commitments and contingencies amounting TL 18,354 (2003 - TL 907) other than the ones explained in item b.1).

4. Concentration of off-balance sheet commitments: Sectoral concentration is disclosed in Section IV.8.a.

5.a) Non-cash loans:

	Current Period	Prior Period
Guarantees Given Against Cash Loans	102,809	85,701
With Maturity of 1 Year or Less than 1 Year	58,639	19,400
With Maturity of More than 1 Year	44,170	66,301
Other Non-Cash Loans	1,427,753	1,292,670
Total	1,530,562	1,378,371

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

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6. Custodian and intermediary services:

The Bank provides trading and safe keeping services in the name and account of third parties, which are presented in statements of contingent and commitments.

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

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

Moody's Investor Services: October 2004

Bank Financial Strength	D+
Long Term Deposits	B2

Fitch Ratings: March 2005

Foreign Currency Commitments

Long Term	BB+
Short Term	B
View	Stable

Turkish Lira Commitments

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

Individual Rating	C/D
Support Points	3

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8.a) Sectoral breakdown of non-cash loans :

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	4,671	0.91	13,589	1.34	5,976	1.39	18,519	1.95
Farming and Raising livestock	2,934	0.57	10,632	1.05	5,690	1.32	14,979	1.57
Forestry	1,583	0.31	2,957	0.29	239	0.06	3,448	0.37
Fishing	154	0.03	-	-	47	0.01	92	0.01
Manufacturing	329,757	64.06	585,644	57.65	287,247	66.45	560,775	59.27
Mining	9,314	1.81	21,474	2.11	5,835	1.35	9,395	0.99
Production	314,711	61.14	563,973	55.52	275,605	63.76	550,945	58.23
Electric, gas and water	5,732	1.11	197	0.02	5,807	1.34	435	0.05
Construction	27,200	5.28	35,205	3.47	21,460	4.96	28,468	3.01
Services	142,685	27.72	235,134	23.15	113,483	26.25	180,790	19.11
Wholesale and retail trade	68,692	13.33	64,232	6.32	59,885	13.85	52,879	5.59
Hotel, food and beverage services	403	0.08	8,698	0.86	405	0.09	3,279	0.35
Transportation and telecommunication	33,753	6.56	16,040	1.58	22,852	5.29	13,810	1.46
Financial institutions	23,088	4.49	130,607	12.86	24,714	5.72	99,989	10.56
Real estate and renting services	5,236	1.02	9,509	0.94	2,868	0.66	9,497	1.00
Self-employment services	2,463	0.48	5,819	0.57	1,195	0.28	1,236	0.14
Education services	101	0.02	7	-	101	0.02	-	-
Health and social services	8,949	1.74	222	0.02	1,463	0.34	100	0.01
Other	10,432	2.03	146,245	14.39	4,115	0.95	157,538	16.66
Total	514,745	100.00	1,015,817	100.00	432,281	100.00	946,090	100.00

b) Information about non-cash loans in Ist and II Group:

Non-cash loans	I st Group - Standard loans and other receivables		II nd Group – Loans and other receivables under close follow-up	
	TL	FC	TL	FC
Letters of guarantee	506,150	445,170	-	-
Bank acceptances	-	45,697	-	-
Letters of credit	-	515,191	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Other commitments and contingencies	8,595	9,759	-	-
Total	514,745	1,015,817	-	-

The Group provided TL 88 of reserve for non-cash loans of TL 285, not yet indemnified.

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**V- Footnotes and Explanations Related To Statement Of Shareholders' Equity
Movement**

**1. Explanations on the adjustments made in the current period related to the application of
Accounting Standards on Financial Instruments:**

- a) Increase resulting from securities available for sale is TL 3,937.

Gain or loss generated from remeasurement of securities included in shareholders' equity in the current period available for sale, excluding those related to hedging: Indicated above.

- b) Increase in cash flow risk hedging items: None.

- c) Reconciliation of beginning and ending balances of the foreign currency differences:

The foreign currency decrease amounting to TL 3,250 as of December 31, 2004 and the foreign currency increase amounting to TL 2,961 as of December 31, 2003, regarding the consolidated subsidiaries of the Group; are stated under the shareholders' equity, as other profit reserves.

**2. Explanations on the adjustments made in the current period regarding the application of
Accounting Standard on Financial Instruments:**

- a) Information on securities available for sale: None.

Amount of gain/loss, recorded in income statement resulting from remeasurement of securities available for sale at fair value, which was previously recorded in shareholders' equity: TL 126.

- b) Information on cash flow hedges: None.

Amount of gain/loss recorded in income statement resulting from remeasurement of hedged assets and liabilities in cash flow hedges, which was previously recorded in shareholders' equity: None.

3. Information on dividend: None.

- a) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.

- b) Dividends per share proposed subsequent to the balance sheet date: Profit appropriation will be resolved in the General Assembly meeting which has not been conducted as of the date these financial statements are authorized for issue.

4. Amounts transferred to legal reserves: Amount transferred to legal reserves from retained earnings is TL 43,388.

5. Information on shares issued:

- a) The Bank explains the rights, priorities and restrictions regarding all the capital share classes including the distribution of income and repayment of the capital: disclosed in Section V.2.13.g.

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**VI- Footnotes And Explanations Related To The Consolidated Statement Of Cash
Flows**

**1. The effects of the other items stated in the cash flow statement and the changes in foreign
currency exchange rates on cash and cash equivalents:**

“Other items” amounting to TL 147,744 in “Operating profit before changes in operating assets and liabilities” consist of other expenses other than personnel expenses, leasing expenses, reserve for employee termination benefits, depreciation expenses, taxes paid and fees and commissions paid.

“Net increase/decrease in other liabilities” with a total amount of TL 141,895 in “Changes in operating assets and liabilities” consist of changes in miscellaneous payables, other external resources and Interbank money market borrowings. “Net increase/decrease in other assets” with a total amount of TL 32,217 consists of changes in miscellaneous receivables and other assets.

“Other” with a total amount of TL 213,955 in “Changes in operating assets and liabilities” represents monetary gain/loss effect on operating activities.

“Other” with a total amount of TL 2,014 in “Net cash flows from investing activities” represents monetary gain/loss effect on investing activities.

“Other” with a total amount of TL 1,106 in “Net cash flows from financing activities” represents monetary gain/loss effect on financing activities.

2. Cash flows related to acquisition of participations, subsidiaries and other investments:

Total cash inflow of the Parent Bank is disclosed in Section V.1.9 and 10.

3. Information on disposals of the participations, subsidiaries and other investments:

	Current Period	Prior Period
Net Assets		
Cash and cash equivalents	12	-
Due from other banks	5,238	-
Loans	-	-
Other assets	27,308	-
Payables to customers	-	-
Other payables	33,111	-
Proceeds from sale:	750	-
Disposed cash and cash equivalents	(5,250)	-
Net cash outflow	(4,500)	-

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

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

Beginning of the period	Current Period	Prior Period
Cash	74,878	112,560
Cash equivalents	1,988,670	2,305,664
End of the period	Current Period	Prior Period
Cash	80,060	74,878
Cash equivalents	1,685,510	1,988,670

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.

- 5. Amount of cash and cash equivalents restricted for the usage of the Bank and the shareholders by legal limitations and other reasons: None**
- 6. a. Amount of unused borrowing facilities that can be used in funding banking operations and fulfilment of capital obligations and limitations related to these, if any: None**
- b. The share of the Bank in banking, investment and financing operations of the joint ventures that are consolidated on a pro-rata basis: Not applicable**
- c. Total cash flows required to increase the capacity of banking operations, apart from the required cash flows for maintaining current banking operation capacity: None.**

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VII- Explanation And Footnotes Related To Mergers And Acquisitions

No disclosures are required for mergers and acquisitions.

1. **The commercial name and type of the merged subsidiaries in the financial statements regarding the merger period, accounting policies applied in mergers, effective date of the merger and explanations on ceased operations on all mergers including transfers:** None
2. a) The explanations related to acquisitions in the period: None.

Name of the Acquired Bank	Percentage of Shares with Voting Right	Acquisition Cost	Purchase Cost to be Paid or to be Conditionally Paid
-	-	-	-

- b) Provisions set for decreased or ceased operations related to acquisitions and total amount of provision set for each of the acquisitions in accordance with the accounting standard on the "Allowances, Contingent Liabilities and the Assets" : None
- c) The relevant explanations if the fair values of the assets and the liabilities or the acquisition costs of the acquisition cannot be determined as of the end of the acquisition period; the relevant explanations if there are any adjustments made to the temporarily determined fair values: None
3. **Explanations on transfers and acquisitions:**
 - a) Definition and quantity of shares issued, share of each shareholder and exchange of shares in case of voting of interests: None
 - b) The amount of assets and liabilities included in the merger by each bank: None
 - c) The sale income, other operational income, extraordinary income/expenses and net income or expense before the merger, that are included at the income or loss generating at the financial statements of the Bank after the merger: None
4. **The explanations on mergers that occur subsequent to the after balance sheet date and before the approval and announcement of the financial statements:** None

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

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

a) Current Period:

Bank's Risk Group (*)	Participations and subsidiaries		Direct and indirect shareholders of the Group		Other entities included in related parties	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	-	-	73,891	1,532	3,093	5,249
Balance at end of Period	-	-	31	13,024	547	3,687
Interest and Commission Income	-	-	3,571	258	28	41

b) Prior Period:

Bank's Risk Group (*)	Participations and subsidiaries		Direct and indirect shareholders of the Group		Other entities included in related parties	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	-	-	130,981	8,729	13,172	5,673
Balance at end of Period	-	-	73,891	1,532	3,093	5,249
Interest and Commission Income	-	-	7,257	26	3,412	76

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

Bank's Risk Group (*)	Participations and subsidiaries		Direct and indirect shareholders of the Group		Other entities included in related parties	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposits						
Balance at Beginning of Period	-	-	188,691	242,725	773,038	1,002,586
Balance at end of Period	-	-	237,410	188,691	676,675	773,038
Interest on Deposits	-	-	7,009	6,343	14,149	14,779

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

Bank's Risk Group (*)	Participations and subsidiaries		Direct and indirect shareholders of the Group		Other entities included in related parties	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Trading Transactions						
Beginning of Period	-	-	25,656	56,181	38,525	31,761
End of Period	-	-	5,282	25,656	-	38,525
Total Income/Loss	-	-	433	(145)	2,184	872
Hedging Transactions Purposes						
Beginning of Period	-	-	-	-	-	-
End of Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

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

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2. Information about the risk group of the Parent Bank

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

The Parent Bank enters into banking transactions with group companies in accordance with the Banking Law. These are commercial transactions and realized at market prices.

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

	Amount	% According to the Amounts at the Financial Statements
Deposits	914,085	28.02
Noncash Loans	16,711	1.10
Forward Transactions and Option Agreements	5,282	0.52
Cash Loans	578	0.03

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

- c) Sum of similar items, except for the cases that require separate disclosures to asses impact on financial statements: Explained in item b above.
- d) Investments accounted for under the equity method: Varlik Yatirim Ortakligi A.S., the Group's associate, is accounted under equity method.
- e) Disclosures related to purchase and sale of real estate and other assets, trading of services, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (loans and cash or real capital supports included), guarantees, and management contracts :

The Group has financial lease agreements with TEB Leasing. Total leasing obligations related to these agreements amounted to TL 3,950. Additionally; the Group provides agency services for TEB Sigorta and TEB Yatirim.

Within the limits of the Banking Law, the Group renders cash and non-cash loans to its related parties and the ratio of these to the Group's total cash and non-cash loan portfolio is 0.49 %. Amounts of these loans are explained in the Note VIII-1a.

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

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

Explanations on sale and purchase of investment in associates and subsidiaries to group companies are stated on Section V, Part 1, Notes 9 and 10.

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IX- Footnotes and Explanations Related to 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 December 31, 2004 based on the wholesale price indices announced by the State Institute of Statistics, the cumulative three-year inflation rate in Turkey is 70%.

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

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

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

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

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

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

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(Currency-Billions of Turkish lira in equivalent purchasing power at December 31, 2004)**

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

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

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

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

In accordance with Communiqué No: 14, the Parent Bank obtains independent appraisal reports for its buildings.

As of December 31, 2004 the amount of legal reserves of the Parent Bank restated for the effects of inflation, is TL 6,838.

Financial statements for the period ended December 31, 2004 and 2003 are audited.

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

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

TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF
INFLATION FOR THE YEARS ENDED AS OF DECEMBER 31, 2004 AND 2003 (continued)
(Currency-Billions of Turkish lira in equivalent purchasing power at December 31, 2004)

SECTION SIX

OTHER EXPLANATIONS

XII- Other explanations

Matters required to be disclosed due to having a significant effect on the financial statements or for the purpose of clarification of the balance sheet: None.

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

TURK EKONOMI BANKASI A.S.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF
INFLATION FOR THE YEARS ENDED AS OF DECEMBER 31, 2004 AND 2003 (continued)
(Currency-Billions of Turkish lira in equivalent purchasing power at December 31, 2004)

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

XIII- Explanations on The Independent Auditors' Report

The consolidated financial statements of the Bank were audited by Guney Serbest Muhasebeci Mali Musavirlik A.S. (An Affiliated Firm of Ernst &Young International) and the auditors' report dated March 29, 2005 is presented preceding the financial statements.