

**Turk Ekonomi Bankasi
Anonim Sirketi**

**Unconsolidated 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 A Report And Financial Statements
Originally Issued In Turkish - See Section III, Note XXIII)**

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
AUDIT REPORT AS OF DECEMBER 31, 2004**

To The Board of Directors of Türk Ekonomi Bankası A.Ş.

We have audited the balance sheet of Türk Ekonomi Bankası Anonim Şirketi (the Bank) 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 financial position of Türk Ekonomi Bankası Anonim Şirketi at December 31, 2004 and the results of its 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 financial statements are not intended to present the financial position and results of operations and cash flows in accordance with the accounting principles generally accepted in the countries of users of the financial statements and IFRS. The Bank's consolidated financial statements prepared in accordance with the accounting principles and standards that are based on the Article 13 of the Banking Law number 4389 and in accordance with IFRS will be issued separately.

Güney Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
An Affiliated Firm of Ernst & Young International


Ayşen Topay, SMMM

February 17, 2005
Istanbul, Turkey

Güney S.M.M.M. A.Ş. is an affiliated firm of Ernst & Young International.

TURK EKONOMI BANKASI A.S.

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

TURK EKONOMI BANKASI A.S.

**NOTES TO FINANCIAL STATEMENTS 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)

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

Adress : Meclis-i Mebusan Caddesi No : 35
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The Reporting Package designed by the Banking Regulation and Supervision Agency in line with "Regulation on Accounting Practice numbered 17, Financial Statements to be Announced to the Public and the Accompanying Policies and Disclosures" consists of the sections listed below:

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

The unconsolidated 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.

February 17, 2005

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

Varol Civil
General
Manager

E.Sevinc Ozsen
Assistant Vice
President

Asuman Gomuc
Accounting Director

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

TURK EKONOMI BANKASI A.S.

**NOTES TO FINANCIAL STATEMENTS 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)

SECTION ONE

GENERAL INFORMATION

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

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

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

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

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

TURK EKONOMI BANKASI A.S.
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- 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		34,302	821,281	855,583	71,140	589,113	660,253
1.1 Cash		12,384	-	12,384	9,642	-	9,642
1.2 Foreign currency		-	67,665	67,665	-	65,117	65,117
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)		8,933	637	9,570	28,212	3,037	31,249
2.1 Public sector debt securities	I-2	8,933	82	9,015	28,212	2,561	30,773
2.1.1 Government bonds	I-2	4,079	82	4,161	27,223	900	28,123
2.1.2 Treasury bills	I-2	4,854	-	4,854	988	-	988
2.1.3 Other public sector debt securities	I-2	-	-	-	1	1,661	1,662
2.2 Share certificates		-	-	-	-	-	-
2.3 Other marketable securities		-	555	555	-	476	476
III. BANKS AND OTHER FINANCIAL INSTITUTIONS		58,624	112,202	170,826	44,997	155,015	200,012
3.1 Due from banks		58,624	112,202	170,826	44,997	155,015	200,012
3.1.1 Domestic banks		58,624	20,058	78,682	44,997	63,787	108,784
3.1.2 Foreign banks	I-3	-	92,144	92,144	-	91,228	91,228
3.1.3 Branches and head office abroad		-	-	-	-	-	-
3.2 Other financial institutions		-	-	-	-	-	-
IV. MONEY MARKET PLACEMENTS		95,000	-	95,000	417,794	72,962	490,756
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	I-4	-	-	-	-	-	-
V. SECURITIES AVAILABLE FOR SALE (Net)		276,045	56,498	332,543	10	-	10
5.1 Share certificates	I-5	9	-	9	10	-	10
5.2 Other marketable securities	I-5	276,036	56,498	332,534	-	-	-
VI. LOANS		846,803	737,918	1,584,721	586,987	742,474	1,329,461
6.1 Short term	I-6	702,487	573,920	1,276,407	511,313	681,879	1,193,192
6.2 Medium and long term	I-6	134,679	163,998	298,677	66,031	60,595	126,626
6.3 Loans under follow-up	I-6	20,881	-	20,881	27,794	-	27,794
6.4 Specific provisions (-)	I-6	(11,244)	-	(11,244)	(18,151)	-	(18,151)
VII. FACTORING RECEIVABLES	I-7	-	-	-	-	-	-
VIII. SECURITIES HELD TO MATURITY (Net)		65,449	-	65,449	97,675	-	97,675
8.1 Public sector debt securities	I-8	65,449	-	65,449	97,675	-	97,675
8.1.1 Government bonds	I-8	65,449	-	65,449	97,675	-	97,675
8.1.2 Treasury bills	I-8	-	-	-	-	-	-
8.1.3 Other public sector debt securities	I-8	-	-	-	-	-	-
8.2 Other marketable securities	I-8	-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)		-	-	-	11,127	-	11,127
9.1 Financial associates	I-9	-	-	-	11,127	-	11,127
9.2 Non-Financial associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)		90,955	55,519	146,474	77,348	60,922	138,270
10.1 Financial subsidiaries	I-10	90,955	55,519	146,474	77,348	60,922	138,270
10.2 Non-Financial subsidiaries		-	-	-	-	-	-
XI. OTHER INVESTMENTS (Net)	I-11	-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)		-	-	-	-	-	-
12.1 Gross finance lease receivables	I-12	-	-	-	-	-	-
12.2 Unearned income (-)	I-12	-	-	-	-	-	-
XIII. RESERVE DEPOSITS		26,443	163,727	190,170	20,498	147,903	168,401
XIV. MISCELLANEOUS RECEIVABLES	I-13	315	54	369	334	94	428
XV. ACCRUED INTEREST AND INCOME RECEIVABLES		28,861	15,537	44,398	25,382	8,104	33,486
15.1 Loans	I-14	8,555	7,154	15,709	9,935	4,050	13,985
15.2 Marketable securities	I-14	12,591	367	12,958	2,568	52	2,620
15.3 Other	I-14	7,715	8,016	15,731	12,879	4,002	16,881
XVI. PROPERTY AND EQUIPMENT (Net)	I-15	40,312	-	40,312	41,382	-	41,382
16.1 Book value		114,021	-	114,021	107,753	-	107,753
16.2 Accumulated depreciation (-)		(73,709)	-	(73,709)	(66,371)	-	(66,371)
XVII. INTANGIBLE ASSETS [Net]	I-16	3,437	-	3,437	3,866	-	3,866
17.1 Goodwill		-	-	-	-	-	-
17.2 Other		10,725	-	10,725	9,927	-	9,927
17.3 Accumulated amortization (-)		(7,288)	-	(7,288)	(6,061)	-	(6,061)
XVIII. OTHER ASSETS	I-17	26,057	687	26,744	36,780	126	36,906
TOTAL ASSETS		1,601,536	1,964,060	3,565,596	1,463,532	1,779,750	3,243,282

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

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

TURK EKONOMI BANKASI A.S.

BALANCE SHEETS 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- BALANCE SHEETS - LIABILITIES

	Note Ref. (Section 5)	Current Period 31.12.2004			Prior Period 31.12.2003		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS		687,599	1,572,271	2,259,870	748,764	1,502,451	2,251,215
1.1 Bank deposits	II-1	30,224	65,274	95,498	69,686	70,814	140,500
1.2 Saving deposits	II-1	409,329	-	409,329	316,840	-	316,840
1.3 Public sector deposits	II-1	166	-	166	119	-	119
1.4 Commercial deposits	II-1	201,659	-	201,659	314,153	-	314,153
1.5 Other institutions deposits	II-1	46,221	-	46,221	47,966	-	47,966
1.6 Foreign currency deposits	II-1	-	1,505,308	1,505,308	-	1,414,882	1,414,882
1.7 Precious metals deposit accounts	II-1	-	1,689	1,689	-	16,755	16,755
II. MONEY MARKET BORROWINGS		158,532	-	158,532	17,556	-	17,556
2.1 Interbank money market borrowings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market borrowings		-	-	-	-	-	-
2.3 Funds provided under repurchase agreements	II-2	158,532	-	158,532	17,556	-	17,556
III. FUNDS BORROWED		31,546	545,162	576,708	44,527	368,882	413,409
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed	II-3	31,546	545,162	576,708	44,527	368,882	413,409
3.2.1 Domestic banks and institutions	II-3	31,546	72,488	104,034	27,001	29,279	56,280
3.2.2 Foreign banks, institutions and funds	II-3	-	472,674	472,674	17,526	339,603	357,129
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	26,250	12,802	39,052	16,198	11,682	27,880
VII. OTHER EXTERNAL RESOURCES	II-7	34,970	7,888	42,858	37,467	6,928	44,395
VIII. TAXES AND OTHER DUTIES PAYABLE	II-8	9,691	-	9,691	8,591	-	8,591
IX. FACTORING PAYABLES	II-9	-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)		-	3,950	3,950	-	5,577	5,577
10.1 Finance Lease Payables	II-10	-	4,982	4,982	-	6,870	6,870
10.2 Deferred finance lease expenses (-)	II-10	-	(1,032)	(1,032)	-	(1,293)	(1,293)
XI. ACCRUED INTEREST AND EXPENSES PAYABLE		20,121	9,062	29,183	25,725	8,609	34,334
11.1 Deposits	II-11	9,374	1,856	11,230	13,363	1,408	14,771
11.2 Borrowings	II-11	1,307	4,254	5,561	1,994	2,617	4,611
11.3 Repurchase agreements	II-11	78	-	78	16	-	16
11.4 Other	II-11	9,362	2,952	12,314	10,352	4,584	14,936
XII. PROVISIONS		31,510	-	31,510	44,861	-	44,861
12.1 General provisions	II-12	10,235	-	10,235	8,978	-	8,978
12.2 Reserve for employee termination benefits		1,657	-	1,657	1,406	-	1,406
12.3 Provisions for income taxes		19,295	-	19,295	34,120	-	34,120
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions	II-12	323	-	323	357	-	357
XIII. SUBORDINATED LOANS	II-12	-	20,045	20,045	-	23,792	23,792
XIV. SHAREHOLDERS' EQUITY		393,944	253	394,197	371,672	-	371,672
14.1 Paid-in capital	II-13,20	57,800	-	57,800	55,125	-	55,125
14.2 Supplementary capital		256,259	253	256,512	253,173	-	253,173
14.2.1 Share premium	II-14	-	-	-	-	-	-
14.2.2 Share cancellation profits		-	-	-	-	-	-
14.2.3 Marketable securities value increase fund	II-15	3,583	253	3,836	126	-	126
14.2.4 Revaluation fund	II-16	-	-	-	664	-	664
14.2.5 Value increase in revaluation fund	II-17	-	-	-	-	-	-
14.2.6 Other capital reserves		-	-	-	-	-	-
14.2.7 Effect of inflation accounting on share capital		252,676	-	252,676	252,383	-	252,383
14.3 Profit reserves		46,085	-	46,085	2,780	-	2,780
14.3.1 Legal reserves	II-18	6,838	-	6,838	2,780	-	2,780
14.3.2 Status reserves		-	-	-	-	-	-
14.3.3 Extraordinary reserves	II-19	39,247	-	39,247	-	-	-
14.3.4 Other profit reserves		-	-	-	-	-	-
14.4 Profit or loss		33,800	-	33,800	60,594	-	60,594
14.4.1 Prior year income/loss		-	-	-	2,647	-	2,647
14.4.2 Current period net income/loss		33,800	-	33,800	57,947	-	57,947
TOTAL LIABILITIES		1,394,163	2,171,433	3,565,596	1,315,361	1,927,921	3,243,282

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

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

TURK EKONOMI BANKASI A.S.
STATEMENTS OF OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES
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)

III-STATEMENTS OF OFF-BALANCE SHEET CONTINGENCIES AND 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)		1,073,061	1,776,026	2,849,087	877,032	1,893,335	2,770,367
I. GUARANTEES	IV-3,5,8	510,828	845,913	1,356,741	428,588	812,251	1,240,839
1.1 Letters of guarantee		502,232	402,647	904,879	428,506	357,717	786,223
1.1.1 Guarantees subject to State Tender Law		31,235	2,206	33,441	37,298	2,065	39,363
1.1.2 Guarantees given for foreign trade operations		124,129	19,962	144,091	97,283	904	98,187
1.1.3 Other letters of guarantee		346,868	380,479	727,347	293,925	354,748	648,673
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		-	387,810	387,810	82	394,762	394,844
1.3.1 Documentary letters of credit		-	311,083	311,083	82	365,421	365,503
1.3.2 Other letters of credit		-	76,727	76,727	-	29,341	29,341
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		7	9,759	9,766	-	4,543	4,543
II. COMMITMENTS		367,447	249,924	617,371	379,673	317,386	697,059
2.1 Irrevocable commitments		367,447	229,558	597,005	379,673	317,386	697,059
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	116,802	-	116,802
2.1.8 Tax and fund liabilities from export commitments		30,008	-	30,008	-	-	-
2.1.9 Commitments for credit card expenditure limits	IV-3	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		1,741	-	1,741	-	-	-
2.2 Revocable commitments		-	20,366	20,366	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	20,366	20,366	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	IV-2	194,786	680,189	874,975	68,771	763,698	832,469
3.1 Forward foreign currency buy/sell transactions		94,055	344,120	438,175	68,771	451,497	520,268
3.1.1 Forward foreign currency transactions-buy		15,551	200,620	216,171	25,007	233,719	258,726
3.1.2 Forward foreign currency transactions-sell		78,504	143,500	222,004	43,764	217,778	261,542
3.2 Swap transactions related to f.c. and interest rates		67,247	305,244	372,491	-	312,201	312,201
3.2.1 Foreign currency swap-buy		35,336	145,445	180,781	-	155,106	155,106
3.2.2 Foreign currency swap-sell		31,911	152,729	184,640	-	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)	IV-6	2,427,590	1,056,303	3,483,893	2,016,716	700,251	2,716,967
IV. ITEMS HELD IN CUSTODY		1,867,392	368,300	2,235,692	1,466,749	346,033	1,812,782
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		650,139	165,413	815,552	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		-	-	-	-	-	-
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		560,198	676,154	1,236,352	549,967	354,218	904,185
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	159,543	199,384	358,927
5.6 Other pledged items		166,207	184,194	350,401	145,079	118,195	263,274
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	11,849	11,849	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		3,500,651	2,832,329	6,332,980	2,893,748	2,593,586	5,487,334

The accompanying notes are an integral part of these statements.

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

TURK EKONOMI BANKASI A.S.
INCOME STATEMENTS 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- STATEMENTS OF INCOME

	Note Ref.	Current Period 31.12.2004	Prior period 31.12.2003
	(Section 5)	Total	Total
I. INTEREST INCOME	III-1	408,202	369,669
1.1 Interest on loans		239,829	203,134
1.1.1 Interest on TL loans		198,025	170,406
1.1.1.1 Short term loans		177,346	159,371
1.1.1.2 Medium and long term loans		20,679	11,035
1.1.2 Interest on foreign currency loans		40,896	32,365
1.1.2.1 Short term loans		33,917	30,103
1.1.2.2 Medium and long term loans		6,979	2,262
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		17,615	32,257
1.3.1 The Central Bank of Turkey		928	-
1.3.2 Domestic banks		9,689	25,308
1.3.3 Foreign banks		6,998	6,949
1.4 Interest received from money market placements		60,181	99,240
1.5 Interest received from marketable securities portfolio		81,409	27,483
1.5.1 Trading securities		20,202	3,446
1.5.2 Available-for-sale securities		38,210	3,340
1.5.3 Held to maturity securities		22,997	20,697
1.6 Other interest income		1,386	373
II. INTEREST EXPENSE	III-2	227,191	200,013
2.1 Interest on deposits		188,348	158,336
2.1.1 Bank deposits		17,179	14,889
2.1.2 Saving deposits		88,209	75,288
2.1.3 Public sector deposits		49	-
2.1.4 Commercial deposits		53,704	40,441
2.1.5 Other institutions deposits		2,267	691
2.1.6 Foreign currency deposits		26,853	26,821
2.1.7 Precious metals vault accounts		87	206
2.2 Interest on money market borrowings		16,472	18,346
2.3 Interest on funds borrowed		22,150	22,936
2.3.1 The Central Bank of Turkey		-	-
2.3.2 Domestic banks		8,478	10,625
2.3.3 Foreign banks		9,844	8,487
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		221	395
III. NET INTEREST INCOME (I - II)		181,011	169,656
IV. NET FEES AND COMMISSIONS INCOME		29,931	21,084
4.1 Fees and commissions received		43,680	38,722
4.1.1 Cash loans		4,079	3,757
4.1.2 Non-cash loans		14,265	11,024
4.1.3 Other		25,336	23,941
4.2 Fees and commissions paid		13,749	17,638
4.2.1 Cash loans		2,699	2,921
4.2.2 Non-cash loans		23	38
4.2.3 Other		11,027	14,679
V. DIVIDEND INCOME		-	-
5.1 Trading securities		-	-
5.2 Available-for-sale securities		-	-
VI. NET TRADING INCOME/LOSS		31,900	59,857
6.1 Profit/losses on trading transactions (Net)		21,086	33,836
6.1.1 Profit on trading transactions		93,491	93,655
6.1.1.1 Profit on derivative financial instruments		61,541	27,653
6.1.1.2 Other		31,950	66,002
6.1.2 Losses on trading transactions (-)		(72,405)	(59,819)
6.1.2.1 Losses on derivative financial instruments		(56,622)	(40,916)
6.1.2.2 Other		(15,783)	(18,903)
6.2 Foreign exchange gains/losses (Net)		10,814	26,021
6.2.1 Foreign exchange gains		200,685	258,402
6.2.2 Foreign exchange losses (-)		(189,871)	(232,381)
VII. OTHER OPERATING INCOME	III-3	16,986	19,188
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		259,828	269,785
IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	III-4	24,624	20,405
X. OTHER OPERATING EXPENSES (-)	III-5	157,669	142,979
XI. NET OPERATING INCOME (IX-X-XI)		77,535	106,401
XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	III-6	7,266	14,154
XIII. NET MONETARY GAIN/(LOSS)		(31,123)	(28,973)
XIV. INCOME BEFORE TAXES (XII+XIII+ XIV)		53,678	91,582
XV. PROVISION FOR TAXES ON INCOME (-)		20,002	33,635
XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV-XV)		33,676	57,947
XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES		124	-
17.1 Extraordinary net income/expense before taxes		124	-
17.1.1 Extraordinary income		124	-
17.1.2 Extraordinary expense (-)		-	-
17.2 Provision for taxes on extraordinary income		-	-
XVIII. NET PROFIT/LOSSES FOR THE PERIOD (XVI+XVII+XVIII)	III-7	33,800	57,947
Earnings/Losses per share (Full amount)		292.39	525.60

The accompanying notes are an integral part of these statement

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)
TURK EKONOMI BANKASI A.S.
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. 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		55,125	252,383	-	-	-	-	-	-	24,015	-	-	-	260	331,783
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		55,125	252,383	-	-	-	-	-	-	24,015	-	-	-	260	331,783
IV.		-	-	-	-	-	-	-	-	57,947	-	-	-	-	57,947
V.		-	-	-	-	2,780	-	-	-	(24,015)	2,647	-	-	-	(18,588)
5.1		-	-	-	-	-	-	-	-	-	(18,588)	-	-	-	(18,588)
5.2		-	-	-	-	2,780	-	-	-	(24,015)	21,235	-	-	-	-
5.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.4		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.5		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.6		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.7		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	664	-	(134)	530
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of period (I+II+IV+V+VI+VII)		55,125	252,383	-	-	2,780	-	-	-	57,947	2,647	664	-	126	371,672
Current Period - 31.12.2004															
I.		55,125	252,383	-	-	2,780	-	-	-	57,947	2,647	664	-	126	371,672
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	V-1	-	-	-	-	-	-	-	-	-	-	-	-	3,836	3,836
III.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1		-	-	-	-	-	-	-	-	-	-	-	-	(126)	(126)
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	33,800	-	-	-	-	33,800
VII.	V-4	-	-	-	-	4,058	-	39,247	-	(57,947)	(343)	-	-	-	(14,985)
7.1		-	-	-	-	-	-	-	-	-	(14,985)	-	-	-	(14,985)
7.2		-	-	-	-	4,058	-	39,247	-	(57,947)	14,642	-	-	-	-
7.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		2,675	293	-	-	-	-	-	-	-	(2,304)	(664)	-	-	-
8.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2		2,675	293	-	-	-	-	-	-	-	(2,304)	(664)	-	-	-
8.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.4		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.5		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.6		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.7		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of period (I+II+III+IV+V+VI+VII+VIII+IX)		57,800	252,676	-	-	6,838	-	39,247	-	33,800	-	-	-	3,836	394,197

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.
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. 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		71,025	85,479
1.1.1 Interest received		400,030	367,461
1.1.2 Interest paid		(231,466)	(199,705)
1.1.3 Dividend received		7,266	577
1.1.4 Fees and commissions received		43,271	38,722
1.1.5 Other income		31,945	62,605
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		(77,535)	(69,098)
1.1.8 Taxes paid		(21,034)	(107,053)
1.1.9 Other	VI-1	(88,324)	(14,202)
1.2 Changes in operating assets and liabilities		265,210	179,277
1.2.1 Net (increase) decrease in trading securities		17,880	551
1.2.2 Net (increase) decrease in due from banks and other financial institutions		(32,030)	121,345
1.2.3 Net (increase) decrease in loans		(418,057)	(412,613)
1.2.4 Net (increase) decrease in other assets	VI-1	(4,452)	2,814
1.2.5 Net increase (decrease) in bank deposits		(27,921)	72,260
1.2.6 Net increase (decrease) in other deposits		310,270	253,362
1.2.7 Net increase (decrease) in funds borrowed		212,705	109,759
1.2.8 Net increase (decrease) in matured payables		-	-
1.2.9 Net increase (decrease) in other liabilities	VI-1	161,532	(7,371)
1.2.10 Other	VI-1	45,283	39,170
I. Net cash flows from banking operations		336,235	264,756
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flows from investing activities		(530,272)	(274,425)
2.1 Cash paid for purchase of investments, associates and subsidiaries	VI-2	(13,988)	(4,147)
2.2 Cash obtained from sale of investments, associates and subsidiaries		1,148	
2.3 Fixed assets purchases		(15,060)	(11,581)
2.4 Fixed assets sales		976	4,756
2.5 Cash paid for purchase of securities available for sale		(332,534)	-
2.6 Cash obtained from sale of securities available for sale			21,876
2.7 Cash paid for purchase of investment securities		(25,807)	(57,048)
2.8 Cash obtained from sale of investment securities		47,996	807
2.9 Extraordinary items		-	-
2.10 Other	VI-1	(193,003)	(229,088)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flows from financing activities		(15,034)	(16,548)
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		(14,987)	(18,588)
3.5 Payments for finance leases		(1,013)	(236)
3.6 Extraordinary items		-	-
3.7 Other		966	2,276
IV. Effect of changes in foreign exchange rates on cash and cash equivalents		(10,289)	8,333
V. Net increase / (decrease) in cash and cash equivalents		(219,360)	(17,884)
VI. Cash and cash equivalents at beginning of the year		1,318,238	1,336,122
VII. Cash and cash equivalents at end of the year	VI-4	1,098,878	1,318,238

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.
PROFIT APPROPRIATION TABLES 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)**

VII. PROFIT APPROPRIATION TABLES

	Current Period 31.12.2004	Prior Period 31.12.2003
I. APPROPRIATION OF CURRENT YEAR INCOME		
1.1. CURRENT YEAR PROFIT	53,802	91,582
1.2. TAXES AND OTHER DUTIES PAYABLE (-)	20,002	33,635
1.2.1. Corporate Tax (Income Tax)	20,002	33,635
1.2.2. Income Withholding Tax	-	-
1.2.3. Other Tax and Duties	-	-
A. NET PROFIT (1.1-1.2)	33,800	57,947
1.3. PRIOR YEAR INCOME/LOSS (-)	-	-
1.4. FIRST LEGAL RESERVES (-)	-	2,720
1.5. OTHER STATUTORY RESERVES (-)	-	-
B. NET DISTRIBUTABLE INCOME [(A-(1.3+1.4+1.5)] (*) (Section 3, Note XVII)	33,800	55,227
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	2,946
1.6.1. To Owners of Ordinary Shares	-	2,946
1.6.2. To Owners of Privileged Shares	-	-
1.6.3. To Owners of Privileged Shares (preemptive rights)	-	-
1.6.4. To Profit Sharing Bonds	-	-
1.6.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.7. DIVIDENDS TO PERSONNEL (-)	-	-
1.8. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	12,039
1.9.1. To Owners of Ordinary Shares	-	12,039
1.9.2. To Owners of Privileged Shares	-	-
1.9.3. To Owners of Privileged Shares (preemptive rights)	-	-
1.9.4. To Profit Sharing Bonds	-	-
1.9.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.10. SECOND LEGAL RESERVES (-)	-	1,338
1.11. STATUS RESERVES (-)	-	-
1.12. EXTRAORDINARY RESERVES	-	-
1.13. OTHER RESERVES	-	-
1.14. SPECIAL FUNDS	-	-
II. APPROPRIATION OF RESERVES	-	-
2.1. APPROPRIATED RESERVES	-	-
2.2. SECOND LEGAL RESERVES (-)	-	-
2.3. DIVIDEND TO SHAREHOLDERS (-)	-	-
2.3.1. To Owners of Ordinary Shares	-	-
2.3.2. To Owners of Privileged Shares	-	-
2.3.3. To Owners of Privileged Shares (preemptive rights)	-	-
2.3.4. To Profit Sharing Bonds	-	-
2.3.5. To Holders of Profit and Loss Sharing Certificates	-	-
2.4. DIVIDENDS TO PERSONNEL (-)	-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNING PER SHARE		
3.1. TO OWNERS OF ORDINARY SHARES	292.39	525.60
3.2. TO OWNERS OF ORDINARY SHARES (%)	58.48	105.12
3.3. TO OWNERS OF PRIVILEGED SHARES	-	-
3.4. TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1. TO OWNERS OF ORDINARY SHARES	-	135.94
4.2. TO OWNERS OF ORDINARY SHARES (%)	-	27.19
4.3. TO OWNERS OF PRIVILEGED SHARES	-	-
4.4. TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) As of the date of the financial statements are authorized for issuance, the Board of Directors has not taken a decision on profit appropriation.

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.
NOTES TO FINANCIAL 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)**

SECTION THREE

ACCOUNTING PRINCIPLES

I- Basis of Presentation

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

Restatement of Financial Statements to The Current Period Purchasing Power

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

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

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 Basis of Valuation

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

Changes in Accounting Policies and Valuation Methods in the Current Period

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, have been taken into account in the preparation of year-end financial statements.

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

TURK EKONOMI BANKASI A.S.

NOTES TO FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (Continued)

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

II- Explanations on Forward and Option Contracts and Derivative Instruments

In the absence of forward foreign currency market rates and reliable forward rate estimations in a volatile market, values of foreign currency forward, swap 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 investment in foreign entities as of the related period-ends were translated into Turkish lira by applying the exchange rates prevailing at respective dates. The resulting foreign exchange gains or losses are recorded in the income statement.

III- Offsetting of Financial Assets and Liabilities

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

IV- Interest Income and Expense

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

V- Fees and Commission Income and Expense

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

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

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

VI- Securities Held for Trading

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

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

TURK EKONOMI BANKASI A.S.

NOTES TO FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (Continued)
(Currency-Billions of Turkish lira in equivalent purchasing power at December 31, 2004)

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

VII- Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the clients are recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly 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.

As of December 31, 2004, the Bank does not have any reverse repo transactions (2003 - None).

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

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

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

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

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

After the initial recognition, available for sale securities are measured at fair values and the unrealized gain/loss originating from the difference between the initial cost and the fair value is recorded in "Securities Value Increase Fund" under the equity. The difference between fair value and amortized cost of investments by using effective interest rate method is considered while calculating value increase/decrease of investments. 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 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.

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

TURK EKONOMI BANKASI A.S.

NOTES TO FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (Continued)

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

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

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

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

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

IX- Investments in Associates

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

X- Investments in Subsidiaries

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

XI- Originated Loans and Receivables and Provisions for Impairment

The Bank initially records originated loans and receivables at cost. In the subsequent periods, in accordance with the AAR, Communiqué No:1, these loans are remeasured at amortized cost using effective interest rate method.

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

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

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

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

TURK EKONOMI BANKASI A.S.

NOTES TO FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (Continued)

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

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

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

XII- Goodwill and Other Intangible Assets

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

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

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

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

XIII- Tangible Fixed Assets

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

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

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

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

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

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

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

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

XIV- Leasing Transactions

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

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

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

The Bank does not have any leasing transactions as lessor.

XV- Provisions and Contingent Liabilities

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

XVI- Liabilities Regarding Employee Benefits

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

The Bank has no employees contracted for determined periods.

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

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

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

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

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XVII- Taxation

Corporate tax

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

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

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

In 2003 and prior years corporation tax is computed on the statutory income tax base determined in accordance with the Procedural Tax Code without any adjustment for inflation accounting. With Law No. 5024 published on December 30, 2003 related with changes in Procedural Tax Code, Income Tax Law and Corporation Tax Law, starting from January 1, 2004, taxable income 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. 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.

Deferred tax

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

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

The deferred tax asset net is included in other assets and deferred tax liability net is reflected under other external resources on the balance sheets. As of December 31, 2004 TL 851 of deferred tax provision credit is stated under the tax provision in the income statement. As of December 31, 2004 TL 109 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.

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

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

XVIII- Additional Explanations on Borrowings

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

XIX- Paid-in Capital and Share Certificates

The Bank does not have any costs related to share issue. 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 customers and they are presented as commitments in off-balance sheet accounts.

XXI- Government Incentives

There are no government incentives utilized by the Bank.

XXII- Segment Reporting

The Bank operates in private banking services, private client current accounts, deposit accounts, products enabling long term investments, exchange and safe keeping services, credit and atm cards, consumer loans and long term housing loans and at other private banking service areas.

As corporate banking services, corporate banking operations including products like foreign trade financing, cash management services, automated transfer services, current accounts, deposit accounts, loan transactions, future and option agreements and other similar agreements are serviced to meet the needs and expectations of the domestic and foreign companies with revenues exceeding specified amounts.

The Bank does not operate in investment banking, corporate finance and information technology services.

XXIII- Other Matters

Explanation for convenience translation to English

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

There are no other matters required to be disclosed.

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

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

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

The Bank 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 Bank'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 Bank aims to generate a positive margin between the financing cost and product income and an optimum maturity risk.

As a part of the 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 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 Bank, the main activities generating yields over calculated average yields are marketable securities transactions.

Board of Directors permits the 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 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 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 Bank's general strategy to hedge foreign currency positions within legal limitations

II- 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 14.29 %(2003 - 14.88 %).

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

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

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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 deducting the relative depreciations and provisions.

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

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

Information related to the capital adequacy ratio:

	Risk Weight			
	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non-Cash Loans				
Balance Sheet items (Net)	1,248,366	210,462	149,056	1,347,033
Cash	81,363	217	-	-
Due from banks	774,003	170,622	-	204
Interbank money market placements	95,000	-	-	-
Receivables from reverse repo transactions	-	-	-	-
Reserve deposits	190,170	-	-	-
Special finance houses	-	-	-	-
Loans	93,960	37,823	140,106	1,303,195
Loans under follow-up (Net)	-	-	-	9,637
Subsidiaries, associates and investments held to maturity	-	-	-	-
Miscellaneous receivables	-	-	-	369
Marketable securities held to maturity (Net)	-	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-
Financial lease receivables	-	-	-	-
Leased assets (Net)	-	-	8,950	-
Fixed assets (Net)	-	-	-	24,516
Other assets	13,870	1,800	-	9,112
Off balance sheet items	284,535	573,337	302,329	54,650
Guarantees and pledges	31,944	567,395	95,588	32,026
Commitments	249,924	-	206,741	-
Other off balance sheet items	-	-	-	-
Transactions related with derivative financial instruments	-	-	-	6,910
Interest and income accruals	2,667	5,942	-	15,714
Non risk weighted accounts	-	-	-	-
Total Value at Risk	1,532,901	783,799	451,385	1,401,683
Total Risk Weighted Assets	-	156,759	225,693	1,401,683

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets	1,784,135	1,610,823
Amount Subject to Market Risk	48,009	28,125
Shareholders' Equity	261,749	243,870
Shareholders' Equity / (TRWA + ASMR) *100	14.29	14.88
TRWA: Total Risk Weighted Assets		
ASMR:		

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Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	57,800	55,125
Nominal capital	57,800	55,125
Capital commitments (-)	-	-
Effect of Inflation Accounting on Share Capital	252,676	252,383
Share Premium and Cancellation Profits	-	-
Legal Reserves	6,838	2,780
First legal reserve (Turkish Commercial Code 466/1)	3,789	1,068
Second legal reserve (Turkish Commercial Code 466/2)	3,049	1,712
Other legal reserve per special legislation	-	-
Statute Reserves	-	-
Extraordinary reserves	39,247	-
Reserves allocated by the General Assembly	39,247	-
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Profit	33,800	60,594
Current period profit	33,800	57,947
Prior years' profit	-	2,647
Loss (-)	-	-
Current period loss	-	-
Prior years' loss	-	-
Total Main Capital	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 improvements	-	-
Increase in the Value of Revaluation Fund	-	-
Foreign Exchange Differences	-	-
General Reserves	10,235	8,978
Provisions for Possible Losses	-	-
Subordinated Loans	16,036	23,792
Marketable Securities Value Increase Fund	3,836	126
Associates and subsidiaries	-	126
Available for sale securities	3,836	-
Structured positions	-	-
Total Supplementary Capital	30,107	33,560
TIER III CAPITAL		
CAPITAL	420,468	404,442
DEDUCTIONS FROM THE CAPITAL	158,719	160,572
Investments in financial companies which mainly operate in money and capital markets, or insurance sector with permissions and licenses provided in accordance with special laws	146,474	149,397
Leasehold improvements	6,846	7,586
Start-up costs	-	-
Prepaid expenses	5,399	3,589
The negative difference between the market values and the carrying amounts for investments, subsidiaries, other investments and fixed assets	-	-
Subordinated loans given to other banks which operate in Turkey	-	-
Goodwill (Net)	-	-
Capitalized expenses	-	-
Total Shareholder's Equity	261,749	243,870

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III- Credit Risk

Credit risk represents the risks generating from the 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 are 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 and client based commercial transactions 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 Bank's equity are performed daily. Risk limits are determined for the transactions taking place daily and the risk concentration of the off-balance sheet transactions are followed up by the system.

The credibility of the debtors of the Bank 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 Bank is determined by the Board of Directors and transactions are realized within these limits.

The fulfillment of liabilities in the forward agreements are 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 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 Bank is TL 498,810 (2003 – 514,923 TL) and the percentage to the total loan portfolio is 31.67 % (2003- 39.01%).

As of December 31, 2004, the total balance of the top 100 non-cash loan clients of the Bank is TL 493,543 (2003 – 470,982 TL) and the percentage to the total non-cash loan portfolio is 36.38% (2003 – 37.96%).

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 25.32% (2003- 28.38 %).

As of December 31,2004, general provision for loans 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	3,241,656	2,582,011	1,326,303	90,955	33,800
European Union Countries	45,281	209,693	1,351	55,519	-
OECD Countries *	4,981	38,950	802	-	-
Off-shore Banking Regions	103	78,425	2,188	-	-
USA, Canada	110,640	195,805	20,859	-	-
Other Countries	16,461	66,515	5,238	-	-
Unallocated Assets/liabilities**	-	-	-	-	-
Total	3,419,122	3,171,399	1,356,741	146,474	33,800
Prior Period					
Domestic	2,903,898	2,312,956	1,170,509	88,475	57,947
European Union Countries	67,135	167,877	4,122	60,922	-
OECD Countries *	3,149	27,909	-	-	-
Off-shore Banking Regions	2,245	175,118	1,601	-	-
USA, Canada	76,137	133,499	44	-	-
Other Countries	41,321	54,251	64,563	-	-
Unallocated Assets/liabilities**	-	-	-	-	-
Total	3,093,885	2,871,610	1,240,839	149,397	57,947

* OECD Countries other than EU countries, USA and Canada

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

Sectoral Breakdown of Cash Loans :

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	23,433	2.80	25,640	3.48	15,396	2.67	35,065	4.72
Farming and raising livestock	17,962	2.15	24,474	3.32	10,840	1.88	30,697	4.13
Forestry	4,903	0.58	433	0.06	4,556	0.79	3,826	0.52
Fishing	568	0.07	733	0.10	-	-	542	0.07
Manufacturing	527,114	62.97	598,706	81.13	389,036	67.38	591,430	79.66
Mining	21,912	2.62	16,332	2.21	22,871	3.96	5,780	0.78
Production	503,701	60.17	582,270	78.91	360,226	62.39	585,499	78.86
Electric, gas and water	1,501	0.18	104	0.01	5,939	1.03	151	0.02
Construction	23,842	2.85	12,490	1.69	15,125	2.62	6,153	0.83
Services	172,663	20.62	90,316	12.24	95,082	16.47	100,213	13.50
Wholesale and retail trade	80,958	9.67	14,163	1.92	45,187	7.83	31,420	4.23
Hotel, food and beverage services	11,140	1.33	14,795	2.00	3,225	0.56	690	0.09
Transportation and telecommunication	23,356	2.79	20,928	2.84	15,067	2.61	10,606	1.43
Financial institutions	39,250	4.69	38,011	5.16	21,790	3.77	55,032	7.41
Real estate and renting services	9,761	1.16	1,715	0.23	5,100	0.88	2,187	0.30
Self-employment services	3,246	0.39	403	0.05	1,475	0.26	98	0.01
Education services	614	0.07	-	-	332	0.06	180	0.03
Health and social services	4,338	0.52	301	0.04	2,906	0.50	-	-
Others	90,114	10.76	10,766	1.46	62,705	10.86	9,613	1.29
Total	837,166	100.00	737,918	100.00	577,344	100.00	742,474	100.00

IV- Market Risk

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

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

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

	Amount
Capital to be employed for interest rate risk – standard method	3,356
Capital to be employed for general market risk	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	485
Capital liability	324
Capital to be employed for options subject to currency risk	161
Total Value-at-risk (VAR)-Internal Model	-
Total capital to be employed for market risk	3,841
Amount subject to market risk	48,009

V- Foreign Currency Risk

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

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

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

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

As of December 31, 2004, the Bank's net short position is TL 3,006 (December 31, 2003 - TL 21,354 net short) resulting from short position amounting to TL 52,455 (December 31, 2003 - TL 36,240) on the balance sheet and long position amounting to TL 49,449 (December 31, 2003 - TL 14,886) on the off-balance sheet.

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

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

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

Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	YEN	OTHER FC	TOTAL
Assets					
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	47,069	932,273	45	5,621	985,008
Due from other banks and financial institutions	11,136	94,799	1,408	4,859	112,202
Trading securities	13	69	-	555	637
Money market placements	-	-	-	-	-
Investment securities available-for-sale	-	56,498	-	-	56,498
Loans (**)	279,504	600,955	-	15,602	896,061
Investments in associates and subsidiaries	55,519	-	-	-	55,519
Investment securities held-to-maturity	-	-	-	-	-
Property and equipment	-	-	-	-	-
Goodwill	-	-	-	-	-
Other assets	2,273	6,722	-	1,240	10,235
Total Assets	395,514	1,691,316	1,453	27,877	2,116,160
Liabilities					
Bank deposits	7,907	14,641	15	42,711	65,274
Foreign currency deposits (*)	364,202	1,109,276	1,685	31,834	1,506,997
Money market borrowings	-	-	-	-	-
Funds provided from other financial institutions	48,246	503,777	-	13,184	565,207
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	7,222	970	-	4,610	12,802
Other liabilities	3,541	14,162	-	632	18,335
Total liabilities	431,118	1,642,826	1,700	92,971	2,168,615
Net Balance Sheet Position	(35,604)	48,490	(247)	(65,094)	(52,455)
Net Off-Balance Sheet Position	35,469	(52,882)	267	66,595	49,449
Financial derivative assets	134,153	182,627	267	118,208	435,255
Financial derivative liabilities	98,684	235,509	-	51,613	385,806
Non-cash loans (***)	324,935	475,005	11,582	34,391	845,913
Prior Period					
Total Assets	433,129	1,408,978	117	48,194	1,890,418
Total Liabilities	357,858	1,461,325	2,074	105,401	1,926,658
Net Balance Sheet Position	75,271	(52,347)	(1,957)	(57,207)	(36,240)
Net Off-Balance Sheet Position	(73,302)	28,771	1,946	57,471	14,886
Non-cash loans (***)	228,695	542,633	11,331	29,591	812,251

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

(**) Foreign currency indexed loans amounting to TL 158,143 (2003 - TL 110,938) are included in the loan portfolio.

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

VI- Interest Rate Risk

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

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

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

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

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

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

	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Current Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	942,255	-	-	-	-	103,498	1,045,753
Due from banks and other financial institutions	128,826	21,000	5,000	16,000	-	-	170,826
Trading securities	2,246	1,099	2,791	2,659	775	-	9,570
Money market placements	95,000	-	-	-	-	-	95,000
Securities available-for-sale	38,872	100,974	-	31,795	160,893	9	332,543
Loans	651,309	284,674	285,342	121,173	232,586	-	1,575,084
Securities held-to-maturity	65,349	100	-	-	-	-	65,449
Other assets	-	-	-	-	-	271,371	271,371
Total Assets	1,923,857	407,847	293,133	171,627	394,254	374,878	3,565,596
Liabilities							
Bank deposits	74,722	19,776	1,000	-	-	-	95,498
Other deposits	1,887,765	207,422	36,132	23,909	9,144	-	2,164,372
Money market borrowings	158,532	-	-	-	-	-	158,532
Miscellaneous payables	-	-	-	-	-	39,052	39,052
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	51,209	302,027	88,260	51,049	104,208	-	596,753
Other liabilities	51	99	101	-	3,699	507,439	511,389
Total Liabilities	2,172,279	529,324	125,493	74,958	117,051	546,491	3,565,596
Balance Sheet Interest Sensitivity Gap	(248,422)	(121,477)	167,640	96,669	277,203	(171,613)	-
Off Balance Sheet Interest Sensitivity Gap	(163)	-	(59)	-	-	-	(222)
Total Interest Sensitivity Gap	(248,585)	(121,477)	167,581	96,669	277,203	(171,613)	(222)

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

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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	692,061	-	-	-	-	136,593	828,654
Due from banks and other financial institutions	182,367	3,415	9,107	5,123	-	-	200,012
Trading securities	26,343	1,120	870	628	2,288	-	31,249
Money market placements	490,756	-	-	-	-	-	490,756
Securities available-for-sale	-	-	-	-	-	10	10
Loans	496,069	315,054	240,285	163,513	104,897	-	1,319,818
Securities held-to-maturity	51,083	41,381	5,211	-	-	-	97,675
Other assets	-	-	-	-	-	275,108	275,108
Total Assets	1,938,679	360,970	255,473	169,264	107,185	411,711	3,243,282
Liabilities							
Bank deposits	79,274	48,467	8,205	4,554	-	-	140,500
Other deposits	1,743,010	193,824	84,626	84,670	4,585	-	2,110,715
Money market borrowings	17,556	-	-	-	-	-	17,556
Miscellaneous payables	-	-	-	-	-	27,880	27,880
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	246,811	40,980	112,175	37,235	-	-	437,201
Other liabilities	43	426	455	704	3,949	503,853	509,430
Total Liabilities	2,086,694	283,697	205,461	127,163	8,534	531,733	3,243,282
Balance Sheet Interest Sensitivity Gap	(148,015)	77,273	50,012	42,101	98,651	(120,022)	-
Off Balance Sheet Interest Sensitivity Gap	-	-	(59)	-	-	-	(59)
Total Interest Sensitivity Gap	(148,015)	77,273	49,953	42,101	98,649	(120,020)	(59)

The other assets line at the non-interest bearing column consists of property and equipment amounting to TL 41,382 intangible assets amounting to TL 3,866, TL 33,486 of accrued interest and income receivables, investments in associates amounting to TL 11,127 and in subsidiaries amounting to TL 138,270 and the other liabilities line consists of shareholders' equity with a total amount of TL 371,672.

Average interest rates applied to monetary financial instruments:

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

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

VII- Liquidity Risk

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

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

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

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

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

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

TURK EKONOMI BANKASI A.S.

NOTES TO FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (Continued)

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

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	103,498	942,255	-	-	-	-	-	1,045,753
Due from banks and other financial institutions	64,118	64,708	21,000	5,000	16,000	-	-	170,826
Trading securities	-	1,094	787	3,602	2,738	1,349	-	9,570
Money market placements	-	95,000	-	-	-	-	-	95,000
Securities available-for-sale	9	-	-	-	70,668	261,866	-	332,543
Loans	-	651,309	284,674	285,342	121,173	232,586	-	1,575,084
Securities held-to-maturity	-	-	-	-	65,349	100	-	65,449
Other assets	-	26,499	4,029	16,434	6,365	12,321	205,723	271,371
Total Assets	167,625	1,780,865	310,490	310,378	282,293	508,222	205,723	3,565,596
Liabilities								
Bank deposits	23,145	51,577	19,776	1,000	-	-	-	95,498
Other deposits	638,651	1,249,114	207,422	36,132	23,909	9,144	-	2,164,372
Money market borrowings	-	158,532	-	-	-	-	-	158,532
Funds provided from other financial institutions	-	23,672	38,298	47,200	332,749	154,834	-	596,753
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	39,052	-	-	-	-	-	-	39,052
Other liabilities	-	66,719	5,177	22,795	2,610	7,676	406,412	511,389
Total Liabilities	700,848	1,549,614	270,673	107,127	359,268	171,654	406,412	3,565,596
Net Liquidity Gap	(533,223)	231,251	39,817	203,251	(76,975)	336,568	(200,689)	-
Prior Period								
Total Assets	163,086	1,887,274	366,184	258,281	173,253	186,158	209,046	3,243,282
Total Liabilities	594,398	1,387,017	293,742	150,076	329,050	72,464	416,535	3,243,282
Net Liquidity Gap	(431,312)	500,257	72,442	108,205	(155,797)	113,694	(207,489)	-

(*) 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 consists 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.

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

	Carrying Value (*)		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	680,073	797,652	680,637	798,689
Due from banks and other financial institutions	270,502	699,571	270,502	699,571
Securities available-for-sale	341,934	10	341,934	10
Securities held-to-maturity	67,637	98,071	68,201	99,108
Financial Liabilities	3,071,076	2,753,250	3,087,271	2,749,652
Interbank money market deposits	96,534	142,778	96,680	142,551
Other deposits	2,174,566	2,123,208	2,188,775	2,119,837
Funds provided from other financial institutions (**)	760,924	459,384	762,764	459,384
Marketable securities issued	-	-	-	-
Miscellaneous payables	39,052	27,880	39,052	27,880

(*) 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- Transactions Made in the Name and Account of the Third Parties, Fiduciary Transactions

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

The bank has no fiduciary transactions.

X- Segment Reporting

Segment reporting is prepared on branch basis. Retail banking includes transactions of retail and private branches, while corporate banking includes corporate and commercial branches. Other column is showing transactions of foreign branches, treasury group and other departments in head office.

Segment assets consist of earning assets; segment liabilities consist of interest bearing liabilities; undistributed assets consists of non-earning assets and undistributed liabilities consists 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.

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

TURK EKONOMI BANKASI A.S.

NOTES TO FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (Continued)

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

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operation
Operating Income	4,583	88,255	-	88,173	181,011
Other	8,493	80,373	-	266,100	354,966
Operating Income	13,076	168,628	-	354,273	535,977
Segment's Net Income	13,076	168,628	-	354,273	535,977
Undistributed Cost	(7,545)	(72,535)	-	(409,361)	(489,441)
Net Operating Income	5,531	96,093	-	(55,088)	46,536
Profits from Associates and Subsidiaries	-	-	-	7,266	7,266
Income before Taxes	5,531	96,093	-	(47,822)	53,802
Provision for Taxes on Income	-	-	-	(20,002)	(20,002)
Net Income after Taxes	5,531	96,093	-	(67,824)	33,800
Minority Interest	-	-	-	-	-
Net Income for the Period	5,531	96,093	-	(67,824)	33,800
Segment Assets	24,363	1,374,174	-	1,633,575	3,032,112
Associates and Subsidiaries	-	-	-	146,474	146,474
Undistributed Assets	4,911	51,148	-	330,951	387,010
Total Assets	29,274	1,425,322	-	2,111,000	3,565,596
Segment Liabilities	324,324	1,870,487	-	820,344	3,015,155
Undistributed Liabilities	4,670	49,395	-	496,376	550,441
Total Liabilities	328,994	1,919,882	-	1,316,720	3,565,596
Other Segment Items					
Capital Investment	-	-	-	29,048	29,048
Depreciation	(692)	(5,588)	-	(7,198)	(13,479)
Impairment	-	-	-	(2,967)	(2,967)
Non-cash other income/expenses	-	-	-	-	-
Restructuring Costs	-	-	-	-	-

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

TURK EKONOMI BANKASI A.S.

NOTES TO FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (Continued)

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

SECTION FIVE

FOOTNOTES AND EXPLANATIONS ON UNCONSOLIDATED FINANCIAL STATEMENTS

I- Footnotes And Explanations Related to the Assets

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

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

2. Information about trading portfolio:

a) Trading securities given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	866	-	-	-
Others	-	-	-	-
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 government 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 780 (2003 - TL 13,952).

3. Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union countries	15,662	50,808	-	-
USA and Canada	72,525	35,602	-	-
OECD Countries*	3,753	2,466	-	-
Off-shore banking regions	103	2,245	-	-
Other	101	107	-	-
Total	92,144	91,228	-	-

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

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TURK EKONOMI BANKASI A.S.

NOTES TO FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (Continued)

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

4. Information on reverse repurchase agreements: None.

5. Information on available for sale portfolio:

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

b) Information on available for sale portfolio:

	Current Period	Prior Period
Debt securities	335,290	-
Quoted in a stock exchange	277,089	-
Not quoted	58,201	-
Share certificates	9	10
Quoted in a stock exchange	-	-
Not quoted	9	10
Provision for impairment (-)	(2,756)	-
Total	332,543	10

c) Available for sale securities given as collateral or blocked: Available for sale securities, given as collateral consist of public sector debt securities of TL 41,150 (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	41,150	-	-	-
Others	-	-	-	-
Total	41,150	-	-	-

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	-	-	-

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

TURK EKONOMI BANKASI A.S.

NOTES TO FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (Continued)

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

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	803	1,532
Corporate shareholders	31	13,024	803	1,532
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	2,115	-	1,079	-
Total	2,146	13,024	1,882	1,532

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	1,563,602	-	1,655	9,827
Discount notes	32,302	-	-	-
Export loans	571,340	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	56,840	-	-	-
International loans	16,252	-	-	-
Consumer loans	79,771	-	-	-
Credit cards	22,271	-	-	-
Precious metals loans	12,703	-	340	-
Other	772,123	-	1,315	9,827
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	1,563,602	-	1,655	9,827

c) Loans according to their maturity structure :

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
Short-term loans	1,274,315	-	1,655	437
Non-specialized loans	1,274,315	-	1,655	437
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans	289,287	-	-	9,390
Non-specialized loans	289,287	-	-	9,390
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	1,563,602	-	1,655	9,827

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

TURK EKONOMI BANKASI A.S.

NOTES TO FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (Continued)

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

d) Information on consumer loans :

	Short Term	Medium and Long Term	Total	Interest Income Accrual
Consumer loans-TL	15,910	41,806	57,716	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	2,088	-	2,088	121
Consumer loans- Indexed to FC	989	21,066	22,055	102
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	-	-	-	-
Other consumer loans	-	-	-	-
Credit cards	22,271	-	22,271	165
Total Consumer Loans	39,170	62,872	102,042	1,235

e) Loans according to type of borrowers :

	Current Period	Prior Period
Public	-	7
Private	1,575,084	1,319,811
Total	1,575,084	1,319,818

f) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	1,558,832	1,286,176
Foreign loans	16,252	33,642
Total	1,575,084	1,319,818

g) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	17	133
Indirect loans granted to subsidiaries and investments	-	-
Total	17	133

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

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TURK EKONOMI BANKASI A.S.

NOTES TO FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (Continued)

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

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 provision (-)	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.

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.

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TURK EKONOMI BANKASI A.S.

NOTES TO FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (Continued)

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

7. Information on factoring receivables: None.

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

a) Information on held to maturity portfolio:

	Current Period	Prior Period
Debt securities	65,449	97,675
Quoted in a stock exchange	65,449	97,675
Not quoted	-	-
Provision for impairment (-)	-	-
Total	65,449	97,675

b) Movement of held to maturity portfolio :

	Current Period	Prior Period
Beginning balance	97,675	47,420
Effect of inflation (-)	(10,037)	(5,986)
Foreign currency differences on monetary assets	-	-
Purchases during year	25,807	57,048
Disposals through sales and redemptions	(47,996)	(807)
Impairment provision	-	-
Closing Balances	65,449	97,675

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	-	95,690	-	96,015	-
Subject to repo transactions	-	-	-	-	-	-	-	-
Held for structural position	-	-	-	-	-	-	-	-
Receivables from securities lending	-	-	-	-	-	-	-	-
Collaterals on securities lending	-	-	-	-	-	-	-	-
Others (*)	-	-	-	-	1,985	-	2,056	-
Closing Balances	65,449	-	67,637	-	97,675	-	98,071	-

* Free marketable securities held by the Bank

c.2) Marketable securities held to maturity given as collateral consist of public sector debt securities of TL 65,449 (2003-TL 95,690), 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	-	95,690	-
Other	-	-	-	-
Total	65,449	-	95,690	-

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

TURK EKONOMI BANKASI A.S.

NOTES TO FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (Continued)

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

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.1) Information on participations :

	Current Period	Prior Period
Balance at the beginning of the period	11,127	7,319
Movements during the period	(11,127)	3,808
Purchases	-	3,822
Free shares obtained profit from current year's share	-	143
Dividends from current year income	-	-
Sales (*)	(11,283)	-
Valuation increase	156	(157)
Provision for impairment	-	-
Balance at the end of the period	-	11,127
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) TL 10,724 of the amount which has been disclosed in "Sales", is the reclassification of TEB Sigorta A.S. as "subsidiaries" due to increase in the effective shareholding percentage of the Bank in relation with the change in its share capital structure and TL 559 is due to the disposal of Varlik Yatirim Ortakligi A.S.

a.2) Valuation of participations:

	Current Period	Prior Period
Valuation with cost	-	10,724
Valuation with fair value	-	403
Valuation with equity method	-	-
Total	-	11,127

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

Investments	Current Period	Prior Period
Insurance companies/TEB Sigorta A.S.	-	10,724
Other financial participations / Varlik Yatirim Ortakligi A.S.	-	403
Total	-	11,127

a.4) Participations which are quoted in a stock exchange:

	Current Period	Prior Period
Other financial participation / Varlik Yatirim Ortakligi A.S.	-	403

a.5) Information related to participations: None.

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

TURK EKONOMI BANKASI A.S.

NOTES TO FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (Continued)

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

a.6) Information on investments which are sold in current period :

Description	Sale Price	Market or Stock Price at Sale Date	Information on Cash and/or Term Sales
Varlik Yatirim Ortakligi A.S.	537	537	Cash

In the Board of Directors Meeting of the Bank dated August 12, 2004 numbered 3653/48, it has been decided to sell the shares of Varlik Yatirim Ortakligi A.S. amounting to TL 244 (nominal) to TEB Yatirim Menkul Degerler A.S. with a sale price of TL 2,200 (full) per share at the Istanbul Stock Exchange Wholesale Market. On August 13, 2004, 24.40% shares of the Varlik Yatirim Ortakligi A.S. owned by the Bank is sold on ISE.

a.7) Participations purchased in the current period: None.

10. Information on subsidiaries (Net):

a) Information on subsidiaries:

a.1) Information on subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	138,270	131,234
Movements during the period	8,204	7,036
Purchases (*)	24,712	324
Bonus shares obtained	-	12,550
Share in current year income	-	-
Sales (**)	(11,105)	-
Revaluation increase (***)	(5,403)	(5,838)
Provision for impairment	-	-
Balance at the end of the period	146,474	138,270
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 13,988 is due to the increase in the shareholding percentages of other subsidiaries.

(**) The "Sales" amount consists of TL 10,724 due to disposal of TEB Sigorta A.S. and TL 381 due to disposal of TEB Kiyetli Madenler A.S.

(***) Represents the effects of devaluation and inflation on foreign subsidiaries.

a.2) Valuation of subsidiaries:

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

	Current Period	Prior Period
Valuation with cost	146,474	138,270
Valuation with fair value	-	-
Valuation with equity method	-	-

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

		Current Period	Prior Period
Banks	/ The Economy Bank N.V.	54,700	60,023
Leasing Companies	/ TEB Finansal Kiralama A.S.	40,191	29,867
Factoring Companies	/ TEB Factoring A.S.	22,324	18,699
Other Subsidiaries	/ TEB Yatirim Men.Deg. A.S.	26,382	26,343
	TEB Portfoy Yonetimi A.S.	2,058	2,058
	Petek International Holdings B.V.	819	899
	TEB Kiyetli Madenler A.S.	-	381
Total		146,474	138,270

a.4) Subsidiaries which are quoted in a stock exchange: None.

a.5) Information on subsidiaries:

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

Information on subsidiaries as presented in the table above :

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (*)	Fair Value
(i) 1,126,597	96,216	7,988	49,196	2,446	8,799	6,397	-
(i) 811	797	-	-	-	(69)	(54)	-
(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	-

(*) Represent December 31, 2003 figures.

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

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a.6) Information on the 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.	500	-	Cash
TEB Kiyetli Madenler A.S.	111	-	Cash

In the Board of Directors Meeting of the Bank dated August 26, 2004 numbered 3658/53, it has been decided to sell the shares of TEB Sigorta A.S. amounting to TL 1,000 (nominal) to TEB Mali Yatirimlar with a sale price of TL 100 (full) per share, and on November 02, 2004, 50 % shares of TEB Sigorta A.S. owned by the Bank is sold.

In the Board of Directors Meeting of the Bank dated July 23, 2004 numbered 3650/45, it has been decided to sell the shares of TEB Kiyetli Madenler A.S. amounting to TL 1,000 (nominal) to TEB Mali Yatirimlar with a sale price of TL 1,679 (full) per share, and on December 28, 2004, 66 % shares of TEB Sigorta A.S. owned by the Bank is sold.

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

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

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

11. Information on other investments: None.

- The obligations of the Bank relating to the joint venture, 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
- Information on joint ventures : None.
- The Bank 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.
- 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 Bank is explained: Not applicable.

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

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

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14. Explanations related to interest and income accruals :

- a) Information about accrued interest and income receivables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Accrued interest and income receivables				
Interest accruals - due	37	-	387	-
Interest accruals - not due	8,499	7,147	9,525	4,043
Loan commissions and other income accruals - due	-	-	-	-
Loan commissions and other income accruals - not due	19	7	23	7
Total	8,555	7,154	9,935	4,050

- 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	751	52
Securities available for sale	9,025	366	-	-
Securities held to maturity	3,421	-	1,817	-
Interest accruals of reverse repo transactions	-	-	-	-
Interest accruals of reserve deposits	1,455	354	1,726	180
Income accruals of financial derivative instruments	1,459	5,658	1,296	3,761
Interest and income accruals	-	147	-	14
Income accrual of foreign exchange gains	1,459	5,511	1,296	3,747
Income accruals on factoring receivables	-	-	-	-
Others	4,801	2,004	9,857	61
Total	20,306	8,383	15,447	4,054

15. Information on fixed assets: (Net) :

	Land and buildings	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
Prior Period End :					
Cost	9,637	38,189	6,449	53,478	107,753
Accumulated depreciation(-)	2,336	25,348	3,859	34,828	66,371
Net book value	7,301	12,841	2,590	18,650	41,382
Current Period End :					
Net book value-beginning of period	7,301	12,841	2,590	18,650	41,382
Additions	-	-	1,003	12,933	13,936
Disposals(-)	-	-	2,373	707	3,080
Impairment	-	-	-	-	-
Depreciation expense (-)	201	3,891	896	6,938	11,926
Currency translation differences resulting from foreign investments	-	-	-	-	-
Cost-end of period	9,637	38,189	1,101	65,094	114,021
Accumulated depreciation-end of period(-)	2,537	29,239	777	41,156	73,709
Net book value-end of period	7,100	8,950	324	23,938	40,312

- a) If an asset impairment amount recorded or reversed in the current period is material for the overall 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.

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- 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 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 straight-line method over restated book values.

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

	Current Period	Prior Period
Gross Book Value	10,725	9,927
Accumulated Depreciation	(7,288)	(6,061)
Total	3,437	3,866

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

	Current Period
Beginning balance	3,866
Amounts formed internally	-
Additions due to mergers, transfers and acquisitions	1,124
Not used and disposed items	-
Increases or decreases in the revaluation fund	-
Impairment charges	-
Reversal of impairment charges	-
Depreciation expenses (-)	1,553
Currency translation differences arising from foreign investments	-
Other differences in book values	-
Period end balance	3,437

- e) Disclosures for book value, description and remaining depreciation time 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 vale 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.

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- l) Positive or negative consolidation goodwill that comes from consolidated parties is explained on related party basis: Not applicable.
- m) Information on goodwill : None.
- n) Reconciliation of movements on goodwill in the current period: None.
- 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	13,870	25,960
Deferred tax	1,800	3,413
Receivables from fund participation certificates	3,212	1,785
Transaction cost related to financial liabilities	2,874	2,399
Prepaid rent expenses	1,417	423
Advances given	161	9
Assets held for sale (*)	-	355
Others	3,410	2,562
Total	26,744	36,906

- (*) 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) As of December 31, 2004 the deferred tax asset computed within the prevailing regulations amounting to TL 7,048 is netted off against deferred tax liability amounting to TL 5,248 and reflected in the accompanying financial statements as a deferred tax asset of TL 1,800, net. Deferred tax asset is calculated mainly on temporary differences such as retirement pay liability and valuation of marketable securities. There are no carried forward tax losses or tax exemptions or deductions over which deferred tax asset is computed. As of 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 and liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and breakdown of these which constitute at least 20% of grand total: Presented in Note a).

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II- Footnotes And Explanations Related to the Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period :

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

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	28,821	-	100,469	72,688	72,481	24,571	17,810
Foreign currency deposits	437,543	-	572,311	370,543	23,754	9,256	1,475
Residents in Turkey	415,814	-	556,140	362,062	22,095	8,713	1,475
Residents abroad	21,729	-	16,171	8,481	1,659	543	-
Public sector deposits	119	-	-	-	-	-	-
Commercial deposits	81,084	-	70,664	43,618	51,855	66,477	455
Other institutions deposits	41,596	-	1,721	2,991	1,657	1	-
Precious metals deposits	5,090	-	-	11,665	-	-	-
Interbank deposits	19,472	-	18,189	61,547	30,125	11,167	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	50	-	-	-	-	-	-
Foreign Banks	3,925	-	18,189	61,547	30,125	11,167	-
Special finance houses	15,497	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	613,725	-	763,354	563,052	179,872	111,472	19,740

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

Saving Deposits	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	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 are under the guarantee of Saving Deposits Insurance Fund.

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

2. Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic transactions	158,527	-	17,554	-
Financial institutions and organizations	150,000	-	-	-
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	158,532	-	17,556	-

3. a) Information on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	31,546	392,220	44,527	330,533
Medium and long-term	-	152,942	-	38,349
Total	31,546	545,162	44,527	368,882

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

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

68.35 % of bank deposits, and 69.63 % of other deposits of the Bank 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: As of December 31, 2004, according to communiqué 18 of AAR, deferred tax liability amounting to TL 5,248 is calculated on differences between the applications of AAR and Turkish Tax Procedural Code mainly related with the valuation of fixed assets. Deferred tax liability is netted with deferred tax asset.

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

8. **Information on taxes, duties and premium payables:**

a) Information on taxes payable :

	Current Period	Prior Period
Corporate taxes payable	-	-
Taxation of securities	3,598	2,131
Property tax	191	137
Banking Insurance Transaction Tax (BITT)	2,160	1,808
Foreign Exchange Transaction Tax	775	466
Value Added Tax Payable	102	116
Other (*)	1,475	2,782
Total	8,301	7,440

(*) 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	530	439
Social Security Premiums-Employer	748	620
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment insurance-Employee	37	31
Unemployment insurance-Employer	75	61
Other	-	-
Total	1,390	1,151

9. **Explanations on factoring payables:** None.

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- 10.a) The general explanations on criteria used in determining installments 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, installments 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:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	259	251	2,364	1,601
1-4 years	3,542	2,547	4,506	3,976
More than 4 years	1,181	1,152	-	-
Total	4,982	3,950	6,870	5,577

- d) Footnotes and explanations regarding operational leases:

Except for the head-office-Istanbul and Izmir-Konak branch building, all branch premises of the Bank are leased under operational leases. As of December 31, 2004, the operating lease expense, amounting to TL 11,418 was reflected to the income statement. The lease periods vary between 1 and 5 years and lease agreements are cancelable subject to a period of notice.

- e) 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	9,374	1,856	13,363	1,408
Accrued interest on funds borrowed	1,307	4,254	1,994	2,617
Accrued interest on funds	-	-	-	-
Accrued interest on repurchase agreement transactions	78	-	16	-
Accrued interest on derivative financial instruments	7,519	2,906	3,527	4,571
Accrued interest and expense	-	341	-	39
Foreign exchange losses accrued	7,519	2,565	3,527	4,532
Accrued interest on factoring payables	-	-	-	-
Other interest and expense accruals (*)	1,843	46	6,825	13
Total	20,121	9,062	25,725	8,609

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

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10. Provisions and subordinated loans :

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	
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 rate.

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.

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

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 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 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 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

- h) The foreign exchange losses on the foreign currency indexed loans amounting to TL 9,682 is netted of from loans at the balance sheet.
- i) Impairment in value arising from settlement date accounting : None.
- j) 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 Bank and if so, amount of registered share capital ceiling :

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

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

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

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

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

- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments : None.
- f) Indicators of the Bank's income, profit and liquidity for the previous periods and within these indicators possible affects on capital foresighting uncertainty : Not applicable

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g) Information on privileged shares :

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

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	-	-
Common stock canceling profit	-	-
Other equity instruments	-	-
Total common stock issue	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	3,583	253	-	-
From securities held for structural position	-	-	-	-
Total	3,583	253	126	-

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 :

Foreign exchange gains are included in income statement.

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.

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16. Information on revaluation fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fixed Assets	-	-	-	-
Buildings	-	-	-	-
Gain on sale of property and investments and subsidiaries to be added to capital	-	-	664	-
Revaluation fund for leasehold improvements	-	-	-	-

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

18. Information on legal reserves:

	Current Period	Prior Period
First legal reserves	3,789	1,068
Second legal reserves	3,049	1,712
Other legal reserves appropriated in accordance with special legislation	-	-
Total	6,838	2,780

19. Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	39,247	-
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Total	39,247	-

20. a) Information on minority shares : Not applicable.

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

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

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

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III- Footnotes And Explanations Related To the Income Statement

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

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

Other fees and commission income amounting to TL 25,336 (2003-23,941) includes fees and commissions on credit cards amounting to TL 5,743 (2003-7,474) and on import letters of credit amounting to TL 4,773 (2003-4,576), and other fee and commission expense amounting to TL 11,027 (2003-14,679) includes fees and commissions on credit cards amounting to TL 7,264 (2003-7,803).

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

	Current Period	Prior Period
Interest received from participations and subsidiaries	92	35

b) Information on financial lease income: None.

c) Interest received from reverse repurchase agreement transactions:

	Current Period	Prior Period
Interest received from reverse repurchase agreement transactions	17	-

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

	Current Period	Prior Period
Interest expense to participations and subsidiaries	189	375

b) Information on financial lease expenses :

	Current Period	Prior Period
Financial lease expense	64	236

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

Account name	Time Deposits						Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	
TL							
Bank deposits	1	14,407	-	-	-	-	14,408
Saving deposits	13	25,959	31,517	18,847	5,613	6,260	88,209
Public sector deposits	-	-	49	-	-	-	49
Commercial deposits	93	17,712	10,049	4,721	20,688	441	53,704
Other deposits	1	1,127	1,031	108	-	-	2,267
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	108	59,205	42,646	23,676	26,301	6,701	158,637
Foreign Currency							
Foreign currency deposits (*)	75	13,084	11,659	1,477	375	183	26,853
Bank deposits	-	2,771	-	-	-	-	2,771
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	5	82	-	-	-	87
Total	75	15,860	11,741	1,477	375	183	29,711
Total	183	75,065	54,387	25,153	26,676	6,884	188,348

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- d) Interest expense on repurchase agreements :

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on repurchase agreements	16,472	-	18,346	-

- e) Information about interest expense on factoring payables: None.

3. Information on other operating income :

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

Other operating income amounting to TL 16,986 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. Provision expenses of banks for loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	4,703	3,365
III. Group	288	187
IV. Group	1,165	1,798
V. Group	3,250	1,380
General provision expenses	3,006	2,816
Provision expenses for possible losses	-	-
Foreign exchange differences on foreign currency losses	13,914	14,176
Marketable securities impairment expense	2,967	6
Trading securities	2	-
Investment securities available for sale	2,965	6
Impairment provision expense	-	-
Participations	-	-
Subsidiaries	-	-
Joint ventures	-	-
Investment securities held to maturity	-	-
Other	34	42
Total	24,624	20,405

- 5.a) Information related to other operational expenses:

	Current Period	Prior Period
Personnel expenses	77,535	65,103
Reserve for employee termination benefits	897	1,168
Provision for social aid fund deficits	-	-
Depreciation expense of fixed assets	11,926	12,362
Amortization expense of intangible assets	1,553	1,356
Other operating expenses	27,988	29,788
Maintenance expenses	1,316	4,592
Advertisement expenses	5,341	4,031
Other expenses	21,331	21,165
Loss on sales of assets	11,134	80
Operational lease expenses	11,418	10,396
Other (*)	15,218	22,726
Total	157,669	142,979

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

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

c.1) Income statement item including goodwill and amortization: None.

c.2) If present, it is stated that the negative goodwill is determined in accordance with the principles in Communiqué 16 of ARR 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 :

	Current Period	Prior Period
Income and loss from subsidiaries (+/-)	7,266	14,011
Income and loss from participations (+/-)	-	143
Total	7,266	14,154

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

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

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

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

a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period : None.

b) Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods : None.

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

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

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

a.1) The Bank's share in contingent liabilities of joint ventures together with other ventures : None.

a.2) Share of joint ventures in their own contingent liabilities: None.

a.3) The Bank's contingent liabilities resulting obligations of other ventures in joint ventures : None.

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

b.1) For contingent assets, if realization probability is close to certain, then it is accounted. If realization probability is high, then it is explained in the footnotes. As of December 31, 2004 there are no contingent assets that need to be explained.

b.2) For contingent liabilities, if realization is probable and the amount can reliably be determined then provision is set. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes : None.

2. Information 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):	867,905	831,476	-	-
Forward FC transactions	438,175	520,268	-	-
FC swap transactions	365,421	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)	874,975	832,469	-	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
FC Investments hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
Total Derivative Transactions (A+B)	874,975	832,469	-	-

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 :

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The Bank's 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.

Breakdown of the Bank'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	94,088	95,391	34,492	94,766	14,436	14,565
EURO	85,289	18,259	30,996	57,269	912	912
Other	21,243	29,850	83,381	4,340		
Total	216,171	222,004	184,205	188,286	32,163	32,146
Prior Period						
TRL	25,007	43,764	-	-	-	-
USD	95,180	110,808	100,107	55,708	-	-
EURO	116,757	90,023	-	100,036	-	-
Other	21,782	16,947	55,466	884	-	-
Total	258,726	261,542	155,573	156,628	-	-

3. Information on off-balance sheet liabilities :

- Nature and amount of irrevocable loan commitments : Credit card expenditure limit commitments are TL 123,660 and TL 122,001 as of December 31, 2004 and 2003 respectively.
- Nature and amount of contingent loss and commitments from off-balance sheet items including below statements:

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

- 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 904,879, (2003 - TL 786,223) acceptances amounting to TL 45,697 (2003 - TL 55,229) and letters of credit amounting to TL 387,810 (2003 - TL 394,844).

- Guarantees, surety ships and similar transactions : None 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	85,703
With maturity of 1 year or less than 1 year	58,639	19,401
With maturity of more than 1 year	44,170	66,302
Other non-cash loans	1,253,932	1,155,136
Total	1,356,741	1,240,839

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

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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: January 2005

Foreign Currency Commitments

Long Term	BB-
Short Term	B
View	Stable

Turkish Lira Commitments

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

Individual Rating	C/D
Support Points	5

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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	11,844	1.40	5,976	1.39	15,002	1.85
Farming and Raising livestock	2,934	0.57	10,543	1.25	5,690	1.33	14,117	1.74
Forestry	1,583	0.31	1,301	0.15	239	0.05	793	0.10
Fishing	154	0.03	-	-	47	0.01	92	0.01
Manufacturing	329,757	64.55	572,702	67.70	287,247	67.02	552,061	67.97
Mining	9,314	1.82	12,345	1.46	5,835	1.36	1,946	0.24
Production	314,711	61.61	560,160	66.22	275,605	64.31	549,680	67.68
Electric, gas and water	5,732	1.12	197	0.02	5,807	1.35	435	0.05
Construction	27,200	5.32	33,263	3.93	21,460	5.01	26,850	3.31
Services	139,699	27.35	90,309	10.68	109,788	25.62	74,097	9.11
Wholesale and retail trade	68,692	13.45	26,265	3.10	59,885	13.98	12,956	1.60
Hotel, food and beverage services	403	0.08	8,698	1.03	405	0.09	3,279	0.40
Transportation and telecommunication	33,753	6.61	16,040	1.90	22,852	5.33	13,810	1.70
Financial institutions	20,102	3.93	23,749	2.81	21,019	4.91	33,579	4.13
Real estate and renting services	5,236	1.03	9,509	1.12	2,868	0.67	9,137	1.12
Self-employment services	2,463	0.48	5,819	0.69	1,195	0.28	1,236	0.15
Education services	101	0.02	7	-	101	0.02	-	-
Health and social services	8,949	1.75	222	0.03	1,463	0.34	100	0.01
Other	9,501	1.86	137,795	16.29	4,117	0.96	144,241	17.76
Total	510,828	100.00	845,913	100.00	428,588	100.00	812,251	100.00

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

	I st Group - Standard loans and other receivables		II nd Group – Loans and other receivables under close follow-up	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	502,232	402,647	-	-
Bank acceptances	-	45,697	-	-
Letters of credit	-	387,810	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Other commitments and contingencies	8,596	9,759	-	-
Total	510,828	845,913	-	-

The Bank 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 3,836.

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.

b.1) Reconciliation of beginning and ending balances are provided : None.

b.2) Amount of gains or losses related to hedging derivative instruments in cash flow hedges, which are recorded to the shareholders' equity in the current period is explained at the footnotes: None.

- c) Reconciliation of beginning and ending balances of the foreign currency differences : None.

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 4,058.

5. Information on shares issued: None.

- 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: None.

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TURK EKONOMI BANKASI A.S.

NOTES TO FINANCIAL STATEMENTS RESTATED FOR THE EFFECTS OF INFLATION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (Continued)
(Currency-Billions of Turkish lira in equivalent purchasing power at December 31, 2004)

XIII. Footnotes And Explanations Related To 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 88,324 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 161,532 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 4,452 consist of changes in miscellaneous receivables and other assets.

“Other” with a total amount of TL 45,283 in “Changes in operating assets and liabilities” represents monetary gain/loss effect on operating activities.

“Other” with a total amount of TL 193,003 in “Net cash flows from investing activities” represents monetary gain/loss effect on investing activities.

“Other” with a total amount of TL 996 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 outflow of TL 13,988 relates to capital increase of subsidiaries in the current period.

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

Total cash inflow of TL 1,148 relate to disposal from subsidiaries and investments .

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	74,759	112,440
Cash equivalents	1,243,479	1,223,682
End of the period	Current Period	Prior Period
Cash	80,049	74,759
Cash equivalents	1,018,829	1,243,479

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.

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- 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 fulfillment 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 on the Risk Group of the Bank

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

a) Current Period :

Related Parties (*)	Participations		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	133	8,657	803	1,532	706	4,851
Balance at end of period	17	2,549	31	13,024	547	3,352
Interest and commission income	53	55	563	258	12	35

b) Prior Period :

Related Parties (*)	Participations		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	240	19,045	772	8,729	13,172	3,222
Balance at end of period	133	8,657	803	1,532	706	4,851
Interest and commission income received	743	57	949	13	3,333	34

c.1) Information on related party deposits balances:

Related parties (*)	Participations		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposits						
Balance at beginning of period	15,863	7,739	188,691	236,131	1,654	18,066
Balance at end of period	10,190	15,863	237,410	188,691	40,452	1,654
Interest on deposits	78	375	7,009	6,276	2,246	214

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

Related Parties (*)	Participations		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Trading transactions						
Beginning of period	97,284	68,040	25,656	56,181	38,525	31,761
End of period	129,693	97,284	5,282	25,656	-	38,525
Total income/loss	2,314	619	433	(145)	2,184	872
Hedging transactions purposes						
Beginning of period	-	-	-	-	-	-
End of period	-	-	-	-	-	-

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

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2. Disclosures for related parties

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

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

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

	Amount	% According to the Amounts at the Financial Statements
Cash loans	595	0.04
Non-cash loans	18,925	1.39
Deposits	288,052	12.75
Forward transactions and option agreements	134,975	15.43

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

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

The Bank enters into lease agreements with TEB Finansal Kiralama A.S. As of December 31, 2004 the total leasing obligations related to these agreements amounted to TL 3,950. Additionally, the Bank provides agency services for TEB Sigorta A.S. and TEB Yatirim Menkul Degerler A.S.

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

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.67 %. Amounts of these loans are explained in the note VIII- 1a.

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

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

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IX- Footnotes And Explanations on Inflation Accounting

Inflation Accounting

The accompanying financial statements are prepared by applying inflation accounting to the financial statements, in accordance with the provisions of Communiqué No : 14 "Accounting Standard Related to the Preparation of Financial Statements in Hyperinflationary Periods" related to ARR. Communiqué No:14 requires banks to restate their financials in the equivalent purchasing power of Turkish Lira at the balance sheet date. One characteristic that necessitates the application of inflation accounting under the provisions of Communiqué No : 14 is a cumulative three-year inflation rate approaching or exceeding 100%. As of 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 asset and liabilities and components of equity (except for revaluation adjustment which is eliminated) which are not expressed in terms of the measuring unit current at the balance sheet dates are restated by applying a general price index. Cash proceeds in share capital increases are restated based on collection dates whereas increases through revaluation fund are eliminated. Share capital increases made through the transfer of retained earnings, income generated through the sales of properties and of associates and subsidiaries and unappropriated profits are considered as cash injections made by the shareholders and are restated based on the date of transfer to the share capital.

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

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

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

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

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

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Wholesale prices indices and conversion factors that are used to restate the accompanying the financial statements as of 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 Bank could realize or settle the same values of assets and liabilities as indicated in the balance sheets. Similarly, it does not necessarily mean that the Bank could return or settle the same values of equity to its shareholders.

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

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

As of December 31, 2004 the amount of legal reserves 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 were made with monthly indices.

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XI- Explanations Related To Subsequent Events

- a) Disclosure related to subsequent events and their impact on the financial statements as required by the related standard:
- a.1) Employee termination benefits ceiling is increased to TL 1.649.
- a.2) The impact of significant changes in foreign exchange rates subsequent to the balance sheet date on the foreign currency transactions, items and on the financial statements of the Bank together with on the transactions hold abroad : There are no significant changes.
- a.3) Due the notification made by TEB Mali Yatirimlar, the ultimate shareholder of the Bank, at February 10, 2005, The Bank was announced to the public that TEB Mali Yatirimlar has transferred shares representing 50% of its capital to BNP Paribas according to share purchase agreement signed on November 22, 2004.

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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.

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

XIII- Explanations on The Independent Auditors' Report

The unconsolidated 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 February 17, 2005 is presented preceding the financial statements.