

**Turk Ekonomi Bankasi
Anonim Sirketi**

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

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

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

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

To the Board of Directors of Turk Ekonomi Bankasi Anonim Sirketi:

We have reviewed the consolidated balance sheet of Turk Ekonomi Bankasi Anonim Sirketi (the Bank) and its subsidiaries as of March 31, 2005 and the related consolidated statement of income for the interim period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a review report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of Turk Ekonomi Bankasi Anonim Sirketi and its subsidiaries at March 31, 2005 and the consolidated results of their operations for the interim period then ended in accordance with the accounting principles and standards that are based on the Article 13 of the Banking Law.

Additional paragraph for convenience translation to English:

The above mentioned accounting principles differ from International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board. The effects of the differences between these accounting principles and accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the accompanying financial statements. Such differences primarily related to the accounting for the effects of hyperinflation, deferred taxes, employee termination benefits and presentation. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in the countries of users of the financial statements and IFRS.

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

Aysen Topay, SMMM

May 30, 2005
Istanbul, Turkiye

TURK EKONOMI BANKASI A.S.

THE REPRESENTATION OF THE BANK'S MANAGEMENT RELATED WITH THE REVIEWED CONSOLIDATED FINANCIAL STATEMENTS AND THE ACCOMPANYING FOOTNOTES AND DISCLOSURES FOR THE INTERIM PERIOD ENDED MARCH 31, 2005

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

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

The consolidated subsidiaries are as follows:

Subsidiaries

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

Associates

1. Varlik Yatirim Ortakligi A.S.

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

May 30, 2005

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

Varol Civil
General
Manager

E.Sevinc Ozsen
Assistant
General Manager

Asuman Gomuc
Accounting Director

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

INDEX

Page no.

SECTION ONE
General Information

I. Footnotes and Explanations on the Parent Bank's Service Activities and Operating Areas	1
II. Explanations and Footnotes Regarding the Controlling Group of the Parent Bank	1
III. Explanations on the Interim Financial Statements	1

SECTION TWO
Consolidated Interim Financial Statements

I. Consolidated Balance Sheets - Assets	3
II. Consolidated Balance Sheets - Liabilities	4
III. Consolidated Statements of Off Balance Sheet Contingencies and Commitments	5
IV. Consolidated Income Statements	6

SECTION THREE
Accounting Principles

I. Basis of Presentation	7
II. Information about the Parent Bank and the Subsidiaries subject to Consolidation	8
III. Explanations on Forward, Option Contracts and Derivative Instruments	9
IV. Offsetting of Financial Assets and Liabilities	9
V. Interest Income and Expense	9
VI. Fees and Commission Income and Expense	9
VII. Securities Held for Trading	10
VIII. Sales and Repurchase Agreements and Lending of Securities	10
IX. Securities Held to Maturity, Securities Available for Sale and Bank Originated Loans and Receivables	10
X. Unconsolidated Participations and Subsidiaries	11
XI. Originated Loans and Receivables and Provisions for Loan Impairment	11
XII. Goodwill and Other Intangible Fixed Assets	12
XIII. Tangible Fixed Assets	12
XIV. Leasing Transactions	13
XV. Provisions and Contingent Liabilities	13
XVI. Liabilities Regarding Employee Benefits	13
XVII. Taxation	14
XVIII. Additional Explanations on Borrowings	15
XIX. Paid-in Capital and Share Certificates	15
XX. Acceptances	15
XXI. Government Incentives	15
XXII. Securities at Custody	15
XXIII. Other Matters	15

SECTION FOUR
Information on Consolidated Financial Structure

I. Consolidated Capital Adequacy Standard Ratio	16
II. Consolidated Market Risk	19
III. Consolidated Foreign Currency Risk	19
IV. Consolidated Interest Rate Risk	21
V. Consolidated Liquidity Risk	23

SECTION FIVE
Footnotes and Explanations on Consolidated Financial Statements

I. Footnotes and Explanations Related to the Consolidated Assets	25
II. Footnotes and Explanations Related to the Consolidated Liabilities	34
III. Footnotes and Explanations Related to the Consolidated Income Statement	38
IV. Footnotes and Explanations Related to the Consolidated Off-balance Sheet Contingencies and Commitments	41
V. Footnotes and Explanations on the Risk Group of the Bank	43
VI. Footnotes and Explanations on Inflation Accounting	45
VII. Explanations Related to Subsequent Events	47

SECTION SIX
Independent Limited Review report

I. Explanations on the Independent Limited Review Report	48
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SECTION ONE

GENERAL INFORMATION

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

- a) Commercial name of the Bank : Turk Ekonomi Bankasi Anonim Sirketi (the Bank)
Reporting period : 1 January - 31 March 2005
Address of the head office : Meclis-i Mebusan Caddesi No:35
Findikli 34427 - ISTANBUL
Telephone number : (0212) 251 21 21
Facsimile number : (0212) 249 65 68
Web page : www.teb.com.tr
E-mail address : investorrelations@teb.com.tr
- b) The Parent Bank's service activities and operating areas: The Parent Bank's operating areas include, retail, commercial and corporate banking, fund management operations and project financing.
- c) Financial statements and relevant explanations together with the footnotes are stated in thousands of New Turkish Lira.

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

The Group of the Parent Bank: 84.25% of Turk Ekonomi Bankasi Anonim Sirketi ("the Bank") belongs to TEB Mali Yatirimlar Anonim Sirketi (TEB Mali Yatirimlar).

III. Explanations on the Interim Financial Statements

- a) Accounting policies that are applied in the preparation of consolidated year-end financials except for discontinuation of the application of inflation accounting with respect to Communiqué No:14 of AAR effective January 1, 2005, are used without any change in the preparation of the interim financial statements and are summarized below in Section Three.
- b) There are no transactions realized in the interim period that display a seasonal or a periodical nature.
- c) There are no non-recurring transactions or basic accounting misstatements.
- d) There are no extraordinary items in terms of nature or amount that effect the assets, liabilities, equity, net income or the cash flow of the Bank.
- e) Prior period interim financial statements, do not contain any changes with respect to the estimated values related with the current period. There are no items in the prior period financial statements that are recorded with their estimated value.
- f) There are no convertible bonds or any other debt securities issued during the current period.
- g) In the General Assembly meeting of the Bank, dated March 30, 2005, it was decided to distribute the profit for the year 2004 after providing the legal reserves. The amounts that will be distributed to the shareholders who are subject to and not subject to withholding tax are YTL 0.1628883 and YTL 0.1465994 (Nominal full YTL) respectively for each YTL 1 (full) nominal share. Dividends amounting to YTL 9,414 which will be paid to the shareholders are reflected under miscellaneous payables in the financial statements prepared as of March 31, 2005.
- h) There are no subsequent events that occurred after the preparation date of the interim financial statements which have a material impact on the interim financial statements.
- i) There are no transactions that may cause a structural change for the Parent Bank such as restructuring, mergers and acquisitions, or discontinuation of any operations.
- j) There are no subsequent changes in the commitments and contingencies that have arisen after the year-end balance sheet date.

SECTION TWO

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

I- CONSOLIDATED BALANCE SHEETS - ASSETS

	Note Ref. (Section 5)	Reviewed			Audited		
		Current Period			Prior Period		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY		27,843	485,936	513,779	34,306	821,288	855,594
1.1 Cash		15,083	14	15,097	12,388	-	12,388
1.2 Foreign currency		-	56,114	56,114	-	67,672	67,672
1.3 Balances with the Central Bank of Turkey	I-1	12,751	410,182	422,933	21,918	752,085	774,003
1.4 Other		9	19,626	19,635	-	1,531	1,531
II. TRADING SECURITIES (Net)	I-2	56,958	2,243	59,201	10,584	6,821	17,405
2.1 Public sector debt securities		56,958	1,695	58,653	10,584	6,266	16,850
2.1.1 Government bonds		50,254	56	50,310	5,680	89	5,769
2.1.2 Treasury bills		6,704	-	6,704	4,904	-	4,904
2.1.3 Other public sector debt securities		-	1,639	1,639	-	6,177	6,177
2.2 Share certificates		-	-	-	-	-	-
2.3 Other marketable securities		-	548	548	-	555	555
III. BANKS AND OTHER FINANCIAL INSTITUTIONS		119,114	775,985	895,099	100,499	738,283	838,782
3.1 Due from banks		119,114	775,985	895,099	100,499	738,283	838,782
3.1.1 Domestic banks		98,027	58,837	156,864	72,788	43,969	116,757
3.1.2 Foreign banks		21,087	717,148	738,235	27,711	694,314	722,025
3.1.3 Branches and head office abroad		-	-	-	-	-	-
3.2 Other financial institutions		-	-	-	-	-	-
IV. MONEY MARKET PLACEMENTS		149,612	-	149,612	95,617	-	95,617
4.1 Interbank money market placements		142,000	-	142,000	95,000	-	95,000
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		7,612	-	7,612	617	-	617
V. SECURITIES AVAILABLE FOR SALE (Net)	I-3	295,681	144,509	440,190	295,846	56,498	352,344
5.1 Share certificates		277	-	277	9	-	9
5.2 Other marketable securities		295,404	144,509	439,913	295,837	56,498	352,335
VI. LOANS	I-4	1,099,729	1,365,180	2,464,909	896,862	1,150,318	2,047,180
6.1 Short term		922,369	1,023,984	1,946,353	747,547	861,271	1,608,818
6.2 Medium and long term		166,422	341,196	507,618	139,678	289,047	428,725
6.3 Loans under follow-up		23,103	-	23,103	20,881	-	20,881
6.4 Specific provisions (-)		(12,165)	-	(12,165)	(11,244)	-	(11,244)
VII. FACTORING RECEIVABLES		103,952	25,697	129,649	100,166	25,215	125,381
VIII. SECURITIES HELD TO MATURITY (Net)	I-5	66,347	10,685	77,032	65,449	7,594	73,043
8.1 Public sector debt securities		66,347	10,685	77,032	65,449	7,594	73,043
8.1.1 Government bonds		66,347	10,685	77,032	65,449	7,594	73,043
8.1.2 Treasury bills		-	-	-	-	-	-
8.1.3 Other public sector debt securities		-	-	-	-	-	-
8.2 Other marketable securities		-	-	-	-	-	-
IX. UNCONSOLIDATED INVESTMENTS IN ASSOCIATES (Net)		679	-	679	656	-	656
9.1 Financial associates	I-6	679	-	679	656	-	656
9.2 Non-Financial associates		-	-	-	-	-	-
X. UNCONSOLIDATED INVESTMENTS IN SUBSIDIARIES (Net)		-	-	-	-	-	-
10.1 Financial subsidiaries	I-7	-	-	-	-	-	-
10.2 Non-Financial subsidiaries		-	-	-	-	-	-
XI. OTHER INVESTMENTS (Net)		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)	I-8	5,947	173,490	179,437	5,141	181,875	187,016
12.1 Gross finance lease receivables		7,028	193,739	200,767	6,445	203,652	210,097
12.2 Unearned income (-)		(1,081)	(20,249)	(21,330)	(1,304)	(21,777)	(23,081)
XIII. RESERVE DEPOSITS		22,635	179,603	202,238	26,443	163,727	190,170
XIV. MISCELLANEOUS RECEIVABLES		8,057	545	8,602	4,919	1,467	6,386
XV. ACCRUED INTEREST AND INCOME RECEIVABLES	I-9	34,070	24,477	58,547	30,630	19,076	49,706
15.1 Loans		13,136	8,831	21,967	9,630	8,921	18,551
15.2 Marketable securities		13,052	623	13,675	13,127	509	13,636
15.3 Other		7,882	15,023	22,905	7,873	9,646	17,519
XVI. PROPERTY AND EQUIPMENT (Net)		40,828	7,485	48,313	42,122	7,802	49,924
16.1 Book value		124,937	8,845	133,782	124,303	8,900	133,203
16.2 Accumulated depreciation (-)		(84,109)	(1,360)	(85,469)	(82,181)	(1,098)	(83,279)
XVII. INTANGIBLE ASSETS [Net]		4,487	178	4,665	3,727	186	3,913
17.1 Goodwill		1,595	-	1,595	480	-	480
17.2 Other		12,790	853	13,643	12,696	1,233	13,929
17.3 Accumulated amortization (-)		(9,898)	(675)	(10,573)	(9,449)	(1,047)	(10,496)
XVIII. OTHER ASSETS	I-10	38,825	24,625	63,450	33,674	11,381	45,055
TOTAL ASSETS		2,074,764	3,220,638	5,295,402	1,746,641	3,191,531	4,938,172

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.
CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2005 AND DECEMBER 31, 2004
(Currency- Thousands of New Turkish lira)

II- CONSOLIDATED BALANCE SHEETS - LIABILITIES

	Note Ref. (Section Five)	Reviewed			Audited		
		Current Period			Prior Period		
		YTL	FC	Total	YTL	FC	Total
I. DEPOSITS		763,509	2,698,113	3,461,622	755,532	2,507,111	3,262,643
1.1 Bank deposits	II-1	45,585	49,978	95,563	43,626	66,291	109,917
1.2 Saving deposits	II-1	406,618	-	406,618	457,149	-	457,149
1.3 Public sector deposits	II-1	14,586	-	14,586	166	-	166
1.4 Commercial deposits	II-1	252,482	-	252,482	208,370	-	208,370
1.5 Other institutions deposits	II-1	44,238	-	44,238	46,221	-	46,221
1.6 Foreign currency deposits	II-1	-	2,646,542	2,646,542	-	2,439,131	2,439,131
1.7 Precious metals deposit accounts	II-1	-	1,593	1,593	-	1,689	1,689
II. MONEY MARKET BALANCES		312,643	-	312,643	155,705	-	155,705
2.1 Interbank money market takings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market takings		1,800	-	1,800	-	-	-
2.3 Funds provided under repurchase agreements	II-2	310,843	-	310,843	155,705	-	155,705
III. FUNDS BORROWED		83,240	728,098	811,338	75,168	764,858	840,026
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed	II-3	83,240	728,098	811,338	75,168	764,858	840,026
3.2.1 Domestic banks and institutions	II-3	44,540	73,297	117,837	48,448	72,488	120,936
3.2.2 Foreign banks, institutions and funds	II-3	38,700	654,801	693,501	26,720	692,370	719,090
IV. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills	II-4	-	-	-	-	-	-
4.2 Asset backed securities	II-4	-	-	-	-	-	-
4.3 Bonds	II-4	-	-	-	-	-	-
V. FUNDS	II-5	-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES	II-6	42,121	10,144	52,265	28,456	19,878	48,334
VII. OTHER EXTERNAL RESOURCES	II-7	37,065	13,494	50,559	36,473	8,131	44,604
VIII. TAXES AND OTHER DUTIES PAYABLE		9,222	8,106	17,328	10,368	407	10,775
IX. FACTORING PAYABLES		33,866	12,153	46,019	42,420	13,601	56,021
X. FINANCE LEASE PAYABLES (Net)		-	-	-	-	-	-
10.1 Finance Lease Payables	II-8	-	-	-	-	-	-
10.2 Deferred finance lease expenses (-)	II-8	-	-	-	-	-	-
XI. ACCRUED INTEREST AND EXPENSES PAYABLE		21,924	21,493	43,417	21,928	15,204	37,132
11.1 Deposits	II-9	9,946	3,894	13,840	10,264	3,873	14,137
11.2 Borrowings	II-9	1,900	8,093	9,993	2,103	6,956	9,059
11.3 Repurchase agreements	II-9	134	-	134	78	-	78
11.4 Other	II-9	9,944	9,506	19,450	9,483	4,375	13,858
XII. PROVISIONS		48,686	1,052	49,738	37,878	8,472	46,350
12.1 General provisions	II-10	12,044	-	12,044	10,235	-	10,235
12.2 Reserve for employee termination benefits		2,230	-	2,230	2,735	-	2,735
12.3 Provisions for income taxes		31,710	1,052	32,762	22,717	8,472	31,189
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions	II-10	2,702	-	2,702	2,191	-	2,191
XIII. SUBORDINATED LOANS	II-10	-	20,193	20,193	-	20,045	20,045
XIV. MINORITY RIGHTS		-	-	-	791	-	791
XV. SHAREHOLDERS' EQUITY		390,042	40,238	430,280	374,000	41,746	415,746
15.1 Paid-in capital	II-11, 15	57,800	-	57,800	57,800	-	57,800
15.2 Supplementary capital		256,750	(1,528)	255,222	256,487	253	256,740
15.2.1 Share premium	II-12	69	-	69	69	-	69
15.2.2 Share cancellation profits		-	-	-	-	-	-
15.2.3 Marketable securities value increase fund		4,005	(1,528)	2,477	3,742	253	3,995
15.2.4 Revaluation fund		-	-	-	-	-	-
15.2.5 Value increase in revaluation fund		-	-	-	-	-	-
15.2.6 Other capital reserves		252,676	-	252,676	252,676	-	252,676
15.3 Profit reserves		49,514	39,686	89,200	14,947	32,763	47,710
15.3.1 Legal reserves	II-13	19,954	44,765	64,719	16,515	35,968	52,483
15.3.2 Status reserves		-	-	-	-	-	-
15.3.3 Extraordinary reserves	II-14	29,560	(23)	29,537	(1,568)	45	(1,523)
15.3.4 Other profit reserves		-	(5,056)	(5,056)	-	(3,250)	(3,250)
15.4 Profit or loss		25,978	2,080	28,058	44,766	8,730	53,496
15.4.1 Prior year income/loss		-	-	-	-	-	-
15.4.1.1 Group's share		-	-	-	-	-	-
15.4.1.2 Minority shares		-	-	-	-	-	-
15.4.2 Current year net income/loss		25,978	2,080	28,058	44,766	8,730	53,496
15.4.2.1 Group's share		25,978	2,080	28,058	44,029	8,730	52,759
15.4.2.2 Minority shares		-	-	-	737	-	737
TOTAL LIABILITIES		1,742,318	3,553,084	5,295,402	1,538,719	3,399,453	4,938,172

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 CONSOLIDATED OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS
AS OF MARCH 31, 2005 AND DECEMBER 31, 2004
(Currency-Thousands of New Turkish lira)

III- CONSOLIDATED STATEMENTS OF OFF-BALANCE SHEET COMMITMENTS

	Note Ref. (Section 5)	Current Period 31.03.2005			Prior Period 31.12.2004		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		1,245,660	3,447,478	4,693,138	1,080,002	2,087,675	3,167,677
I. GUARANTEES	IV-2,3	530,844	1,129,021	1,659,865	514,745	1,015,817	1,530,562
1.1 Letters of guarantee		521,773	439,738	961,511	506,150	445,170	951,320
1.1.1 Guarantees subject to State Tender Law		29,940	26,474	56,414	31,235	3,152	34,387
1.1.2 Guarantees given for foreign trade operations		124,898	29,530	154,428	124,129	33,030	157,159
1.1.3 Other letters of guarantee		366,935	383,734	750,669	350,786	408,988	759,774
1.2 Bank acceptances		75	44,667	44,742	-	45,697	45,697
1.2.1 Import acceptances		75	44,667	44,742	-	45,697	45,697
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	629,312	629,312	-	515,191	515,191
1.3.1 Documentary letters of credit		-	563,423	563,423	-	446,620	446,620
1.3.2 Other letters of credit		-	65,889	65,889	-	68,571	68,571
1.4 Guaranteed prefinancing		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		8,990	6,326	15,316	8,589	-	8,589
1.9 Other suretyships		6	8,978	8,984	6	9,759	9,765
II. COMMITMENTS		413,618	100,720	514,338	370,471	249,924	620,395
2.1 Irrevocable commitments		413,618	85,384	499,002	370,471	229,558	600,029
2.1.1 Asset purchase commitments		-	85,384	85,384	10,400	149,380	159,780
2.1.2 Deposit purchase and sales commitments		-	-	-	-	80,178	80,178
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		91,259	-	91,259	69,803	-	69,803
2.1.5 Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks	IV-2	152,717	-	152,717	131,835	-	131,835
2.1.8 Tax and fund liabilities from export commitments		-	28,363	28,363	30,008	-	30,008
2.1.9 Commitments for credit card expenditure limits	IV-2	139,467	-	139,467	123,660	-	123,660
2.1.10 Receivables from short sale commitments		-	-	-	-	-	-
2.1.11 Payables for short sale commitments		-	-	-	-	-	-
2.1.12 Other irrevocable commitments		1,812	-	1,812	4,765	-	4,765
2.2 Revocable commitments		-	15,336	15,336	-	20,366	20,366
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	15,336	15,336	-	20,366	20,366
III. DERIVATIVE FINANCIAL INSTRUMENTS		301,198	2,217,737	2,518,935	194,786	821,934	1,016,720
3.1 Forward foreign currency buy/sell transactions		112,453	1,691,471	1,803,924	94,055	475,884	569,939
3.1.1 Forward foreign currency transactions-buy		37,387	861,934	899,321	15,551	266,659	282,210
3.1.2 Forward foreign currency transactions-sell		75,066	829,537	904,603	78,504	209,225	287,729
3.2 Swap transactions related to f.c. and interest rates		119,650	431,658	551,308	67,247	315,225	382,472
3.2.1 Foreign currency swap-buy		2,787	263,000	265,787	35,336	150,434	185,770
3.2.2 Foreign currency swap-sell		116,863	162,046	278,909	31,911	157,721	189,632
3.2.3 Interest rate swaps-buy		-	3,232	3,232	-	3,424	3,424
3.2.4 Interest rate swaps-sell		-	3,380	3,380	-	3,646	3,646
3.3 Foreign currency and interest rate options		68,902	88,771	157,673	33,484	30,825	64,309
3.3.1 Foreign currency options-buy		34,566	44,266	78,832	16,815	15,348	32,163
3.3.2 Foreign currency options-sell		34,336	44,505	78,841	16,669	15,477	32,146
3.3.3 Interest rate options-buy		-	-	-	-	-	-
3.3.4 Interest rate options-sell		-	-	-	-	-	-
3.3.5 Securities options-buy		-	-	-	-	-	-
3.3.6 Securities options-sell		-	-	-	-	-	-
3.4 Foreign currency futures		193	3,058	3,251	-	-	-
3.4.1 Foreign currency futures-buy		141	2,910	3,051	-	-	-
3.4.2 Foreign currency futures-sell		52	148	200	-	-	-
3.5 Interest rate futures		-	-	-	-	-	-
3.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.6 Other		-	2,779	2,779	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		9,926,979	1,128,775	11,055,754	2,583,502	1,056,303	3,639,805
IV. ITEMS HELD IN CUSTODY		9,310,808	411,903	9,722,711	2,023,104	368,300	2,391,404
4.1 Assets under management		-	-	-	153,585	-	153,585
4.2 Investment securities held in custody		8,099,977	204,429	8,304,406	652,266	165,413	817,679
4.3 Checks received for collection		1,130,360	100,482	1,230,842	1,148,048	101,209	1,249,257
4.4 Commercial notes received for collection		80,396	58,901	139,297	69,205	49,296	118,501
4.5 Other assets received for collection		75	48,091	48,166	-	52,382	52,382
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	-	-	-	-	-
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		616,171	693,745	1,309,916	560,398	676,154	1,236,552
5.1 Marketable securities		139,900	16,046	155,946	29,513	13,511	43,024
5.2 Guarantee notes		4,290	4,307	8,597	4,537	4,741	9,278
5.3 Commodity		4,580	130,203	134,783	4,717	170,992	175,709
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		289,475	349,938	639,413	355,224	302,716	657,940
5.6 Other pledged items		177,926	193,251	371,177	166,407	184,194	350,601
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	23,127	23,127	-	11,849	11,849
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		11,172,639	4,576,253	15,748,892	3,663,504	3,143,978	6,807,482

The accompanying notes are an integral part of these statements.

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

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

IV- CONSOLIDATED STATEMENTS OF INCOME

	Note Ref. (Section 5)	Reviewed	Reviewed
		Current Period 31.03.2005	Prior period 31.03.2004
		Total	Total
I. INTEREST INCOME	III-1	129,063	121,493
1.1 Interest on loans		75,262	59,292
1.1.1 Interest on TL loans		60,031	44,270
1.1.1.1 Short term loans		52,907	40,297
1.1.1.2 Medium and long term loans		7,124	3,973
1.1.2 Interest on foreign currency loans		15,065	14,913
1.1.2.1 Short term loans		11,197	10,244
1.1.2.2 Medium and long term loans		3,868	4,669
1.1.3 Interest on loans under follow-up		166	109
1.1.4 Premiums received from Resource Utilization Support Fund		-	-
1.2 Interest received from reserve deposits		1,718	2,005
1.3 Interest received from banks		13,024	6,868
1.3.1 The Central Bank of Turkey		1,483	22
1.3.2 Domestic banks		5,914	3,601
1.3.3 Foreign banks		5,627	3,245
1.4 Interest received from money market placements		2,434	19,809
1.5 Interest received from marketable securities portfolio		27,065	25,282
1.5.1 Trading securities		3,118	5,478
1.5.2 Available-for-sale securities		19,797	12,516
1.5.3 Held to maturity securities		4,150	7,288
1.6 Other interest income		9,560	8,237
II. INTEREST EXPENSE	III-2	64,680	70,535
2.1 Interest on deposits		43,020	57,202
2.1.1 Bank deposits		3,096	5,202
2.1.2 Saving deposits		19,863	23,119
2.1.3 Public sector deposits		-	17
2.1.4 Commercial deposits		12,295	22,422
2.1.5 Other institutions deposits		1,028	469
2.1.6 Foreign currency deposits		6,738	5,932
2.1.7 Precious metals vault accounts		-	41
2.2 Interest on money market borrowings		9,987	4,134
2.3 Interest on funds borrowed		11,335	9,162
2.3.1 The Central Bank of Turkey		-	-
2.3.2 Domestic banks		3,032	2,159
2.3.3 Foreign banks		7,273	6,135
2.3.4 Branches and head office abroad		-	-
2.3.5 Other financial institutions		1,030	868
2.4 Interest on securities issued		-	-
2.5 Other interest expense		338	37
III. NET INTEREST INCOME (I - II)		64,383	50,958
IV. NET FEES AND COMMISSIONS INCOME		17,853	15,756
4.1 Fees and commissions received		26,046	20,961
4.1.1 Cash loans		2,093	1,566
4.1.2 Non-cash loans		4,943	4,110
4.1.3 Other		19,010	15,285
4.2 Fees and commissions paid		8,193	5,205
4.2.1 Cash loans		2,559	633
4.2.2 Non-cash loans		8	12
4.2.3 Other		5,626	4,560
V. DIVIDEND INCOME		-	-
5.1 Trading securities		-	-
5.2 Available-for-sale securities		-	-
VI. NET TRADING INCOME/LOSS		10,214	18,513
6.1 Profit/losses on trading transactions (Net)		15,644	9,169
6.1.1 Profit on trading transactions		38,183	28,831
6.1.1.1 Profit on derivative financial instruments		26,826	18,432
6.1.1.2 Other		11,357	10,399
6.1.2 Losses on trading transactions (-)		(22,539)	(19,662)
6.1.2.1 Losses on derivative financial instruments		(18,698)	(15,600)
6.1.2.2 Other		(3,841)	(4,062)
6.2 Foreign exchange gains/losses (Net)		(5,430)	9,344
6.2.1 Foreign exchange gains		87,415	54,680
6.2.2 Foreign exchange losses (-)		(92,845)	(45,336)
VII. OTHER OPERATING INCOME	III-3	2,679	3,927
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		95,129	89,154
IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	III-4	8,738	11,437
X. OTHER OPERATING EXPENSES (-)		44,967	37,982
XI. NET OPERATING INCOME (IX-X-XI)		41,424	39,735
XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	III-5	23	1
XIII. NET MONETARY GAIN/(LOSS)		-	(19,570)
XIV. INCOME BEFORE TAXES		41,447	20,166
XV. PROVISION FOR TAXES ON INCOME (-)		13,389	12,180
XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES		28,058	7,986
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		-	-
XVII. PROFIT/LOSSES ON UNCONSOLIDATED INVESTMENTS (-)		-	-
XIX. NET PROFIT/LOSSES (XVI+XVII+XVIII)	III-6	28,058	8,110
19.1 Group's profit/loss		28,058	6,889
19.2 Minority Profit/Loss		-	1,221
Earnings/Losses per share (Full amount)	III-7	0.00024	0.00006

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 FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005
(Currency-Thousands of New Turkish lira)

SECTION THREE

ACCOUNTING PRINCIPLES

I. Basis of Presentation

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

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

In accordance with the declaration of the Banking Regulation and Supervision Agency (BRSA) numbered 1623 and dated April 21, 2005 and the circular dated April 28, 2005, banks are not required to apply in their financial statements the Communiqué number 14 “Accounting Standard on Financial Statements at Hyperinflation Periods” since the indicators defined in Article 5 of the Communiqué are not deemed to be applicable. Accordingly, starting from January 1, 2005 inflation accounting has not been applied and, prior period financials presented for comparative presentation purposes are expressed in purchasing power of December 31, 2004.

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

Other valuation methods

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

Changes in Accounting Policies and Valuation Methods in the Current Period

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

Certain reclassifications have been made to the prior year financial statements to be consistent with the current year presentation. Such reclassifications relate to classifications of amounts previously reported under “Prior year income/loss” as of December 31, 2004 to “Extraordinary Reserves”.

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

**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)**

II- Information about the Parent Bank and the Subsidiaries subject to Consolidation:

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

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

Explanations on Consolidation Method and Scope

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

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

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

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the AAR principles considering the materiality. The financial statements of the subsidiaries are prepared as of March 31, 2005 and December 31, 2004.

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

Associates and subsidiaries that were acquired during the period are explained in notes 6 and 7 of Section V, Part 1.

Explanations on Foreign Currency Transactions

Gains or losses arising from foreign currency transactions are reflected in the income statement as they are realized during the year. 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 Parent Bank and the resulting foreign exchange gains or losses are recorded in the income statement as foreign exchange gain or loss. The USD exchange rate used for translating foreign currency transactions into New Turkish Lira and reflecting these to consolidated financial statements as of March 31, 2005 is YTL 1.34620 (December 31, 2004 - YTL 1.3363 (in full YTL)).

There are no capitalized foreign exchange losses.

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

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

**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)**

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

The foreign currency net investment in consolidated foreign subsidiaries to be consolidated are translated into New Turkish Lira using the exchange rate prevailing at the balance sheet date for their assets and liabilities and 3 months average exchange rate for their income statement items.

The currency translation loss derived from the translation of shareholders' equity items amounting to YTL 5,056 (December 31, 2004 - YTL 3,250) has been reflected in "Other Profit Reserves" under shareholders' equity.

III- Explanations on Forward, Option Contracts and Derivative Instruments

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

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

IV- Offsetting of Financial Assets and Liabilities

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

V- Interest Income and Expense

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

VI- Fees and Commission Income and Expense

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)**

VII- Securities Held for Trading

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

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

VIII- Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers 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 customers 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 Turkish government domestic public sector debt securities and Eurobonds.

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

Securities purchased with resale commitments (reverse repo) are shown under 'Money Market Placements' as a separate line and are remeasured at amortized cost by using effective interest rate and related gain is reflected under other income accruals in the accompanying financial statements.

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

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

Securities held to maturity include securities with fixed or determinable payments and fixed maturity where there is intention of holding till maturity and the relevant conditions for fulfilment 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.

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

**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)**

After the initial recognition, available for sale securities are measured at fair values and the unrealized gain/loss originating from the difference between the initial cost and the fair value is recorded in "Securities Value Increase Fund" under the equity. The difference between fair value and amortized cost of investments by using effective interest rate method is considered while calculating value increase/decrease of investments. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices. In the absence of prices formed in an active market the fair values of these securities are determined using other valuation methods stated in the articles of the AAR's Communiqué No:1, "Accounting Standards of Financial Instruments".

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

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

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

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

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

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

X- Unconsolidated Participations and Subsidiaries

Turkish lira investment in associate in which the Group's effective shareholding is below 50% but in which the Group has controlling power is accounted for under the equity method in the accompanying financials, as the effect is not material.

XI- Originated Loans and Receivables and Provisions for Loan Impairment

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

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

Provision is set for the loans that may be doubtful and the amount is expensed at the current period. The provisioning criteria for the non-performing loans are determined by the Parent 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)

**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)**

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

Releases of loan provisions are recorded in the "Provision and Impairment Expenses - Special Provision Expense" account as income. Foreign currency indexed loans are accounted in their YTL equivalent as of granting date. Any foreign exchange gain is recorded in interest income on loans, whereas any foreign exchange loss is recorded to provision for loan losses or other receivables.

XII- Goodwill and Other Intangible Fixed Assets

The positive difference of YTL 1,595 (December 31, 2004 - YTL 480), between the acquisition cost and share in equity of acquired subsidiaries is reflected under the intangible fixed assets as goodwill in the accompanying consolidated financial statements.

The intangible fixed assets are reflected at their restated costs until December 31, 2004 in accordance with inflation accounting and depreciated with straight-line method. The cost of assets subject to depreciation is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

The intangible assets of the Parent Bank comprise mainly software. The requirements of the Turkish Tax Procedural Code are taken into consideration in determining the useful lives and no other specific criteria are used. The useful lives of these assets acquired prior to 2004 are determined as 5 years and for the year 2004 and forthcoming years, as 3 years. Software used are mainly developed within the Parent Bank by the Bank's personnel, and the expenses regarding these are not capitalized. Software is purchased only in emergency cases and for special projects.

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

XIII- Tangible Fixed Assets

Buildings are reflected at their restated costs until December 31, 2004, less reserve for impairment, if any. The straight-line method for depreciation is used for buildings and useful life is considered as 50 years.

Other tangible fixed assets are reflected at their restated costs until December 31, 2004, and depreciated by straight-line method. A prorata basis is used for depreciation of assets held less than one year as of the balance sheet date. The leasehold improvements are depreciated in accordance with the lease period by straight-line method. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

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

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

The repairment costs of the tangible fixed assets are capitalized if they extend the economic useful life of the related asset. Other repairment costs are expensed. There are no 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)

**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)**

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

There are no anticipated changes in the accounting estimates, which could have a significant impact 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 New 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 New Turkish Lira with the period end exchange rates. The increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The financing cost resulting from leasing is distributed through the agreement period to form a fixed interest rate.

In addition to interest expense, depreciation is provided for the leased assets in each period. The depreciation rate is determined in accordance with AAR 2:"Accounting Standard for Tangible Fixed Assets" and the depreciation rate used is 20%.

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

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

XV- Provisions and Contingent Liabilities

The provisions and contingent liabilities are determined in accordance with AAR, Communiqué No:8, 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 Parent Bank and its subsidiaries operating in Turkey are required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The retirement pay is calculated for every working year within the Group over the wage for 30 days and the notice pay is determined by the relevant notice period time calculated over the years worked within the Group. In accordance with AAR, Communiqué No:10, the Parent Bank sets provision for retirement and notice pay liabilities by taking the actual payment rates for the previous 5 years into consideration.

The Group has no employees contracted for determined periods.

As of March 31, 2005 and December 31, 2004 the arithmetical average of the actual payments realized for the previous five years are 8.35% and 8.54% respectively for the Parent Bank and this forms the base of the provision amount that is set for the retirement and notice pay liabilities. The Parent Bank's consolidated subsidiaries provided reserve for retirement pay for the eligible personnel as of March 31, 2005 and December 31, 2004, at estimated amounts.

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

**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)**

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

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

XVII- Taxation

Corporate Tax

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

The tax legislation, provides for a temporary tax of 30% (2004-33 %) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

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

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

Current tax related with items that are credited or charged directly to equity are charged or credited to equity. As of March 31, 2005 YTL 1,716 of current tax liability, relating to items classified under equity is charged to "Marketable securities value increase fund".

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

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

Effective tax rate of foreign subsidiaries is 31.5%.

Deferred tax

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

As of March 31, 2005 and December 31, 2004, in accordance with Communiqué Number 18 of AAR published on August 12, 2004 and effective from July 1, 2004 and the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004 the Group calculated deferred tax asset on all deductible temporary differences except for general loan reserve, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. The net deferred tax asset and liabilities of the Bank and its subsidiaries are presented on the financial statements separately in accordance with AAR 18 as deferred tax amounts related to the Bank and its subsidiaries could not be net off with each other.

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

**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)**

The deferred tax asset net is included in other assets and deferred tax liability net is reflected under other external resources on the balance sheets. YTL 559 of deferred tax provision is stated under the tax provision in the income statement. YTL 655 of deferred tax asset resulting from differences related to items that are credited or charged directly to equity is netted with these accounts.

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

XVIII-Additional Explanations on Borrowings

There are no debt securities issued by the Parent Bank.

The Group has not issued convertible bonds.

XIX- Paid-in Capital and Share Certificates

The Parent Bank does not have any costs related to share issue.

XX- Acceptances

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

XXI- Government Incentives

There are no government incentives utilized by the Group.

XXII- Securities at Custody

Securities held by the Group at custody on behalf of customers are not included in the balance sheet since they are not assets of the Group. As of 31 March, 2005, securities at custody in the off-balance sheet includes investment funds denominated as thousand share units.

XXIII- Other Matters

Explanation for convenience translation to English:

The accounting principles used in the preparation of the consolidated 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)

NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP

I- Consolidated Capital Adequacy Standard Ratio

The method used for risk measurement for capital adequacy standard ratio: Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks ", which was published on January 31, 2002 in the Official Gazette numbered 24657. As of March 31, 2005, the Parent Bank's consolidated capital adequacy ratio is % 14.71 (December 31, 2004 - %16.27).

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

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

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

Information related to the capital adequacy ratio:

	Consolidated				Parent Bank			
	Risk Weight				Risk Weight			
	0%	20%	50%	100%	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non Cash								
Loans								
Balance Sheet items (Net)	1,135,377	951,023	380,941	2,187,913	973,443	334,543	201,458	1,615,524
Cash	90,583	263	-	-	71,196	263	-	-
Due from banks	422,933	883,024	-	12,075	422,933	268,405	-	183
Interbank money market placements	142,000	-	-	-	142,000	-	-	-
Receivables from reverse repo transactions	7,612	-	-	-	-	-	-	-
Reserve deposits	202,238	-	-	-	202,238	-	-	-
Special finance houses	-	-	-	-	-	-	-	-
Loans	227,031	63,830	193,235	2,099,524	114,911	63,830	193,235	1,569,528
Loans under follow-up (Net)	-	-	-	10,938	-	-	-	10,938
Subsidiaries, associates and investments held to maturity	-	-	-	-	-	-	-	-
Miscellaneous receivables	-	-	-	8,602	-	-	-	510
Marketable securities held to maturity (Net)	10,685	-	-	-	-	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-	-	-	-	-
Financial lease receivables	-	-	179,437	-	-	-	-	-
Leased assets (Net)	-	-	8,269	-	-	-	8,223	-
Fixed assets (Net)	-	-	-	33,839	-	-	-	25,019
Other assets	32,295	3,906	-	22,935	20,165	2,045	-	9,346
Off balance sheet items	94,151	670,406	341,655	73,069	56,903	568,613	339,322	59,226
Guarantees and pledges	62,863	665,370	110,493	34,521	28,043	563,577	109,976	31,358
Commitments	25,652	-	229,346	-	25,652	-	229,346	-
Other off balance sheet items	-	-	-	-	-	-	-	-
Transactions related with derivative	-	-	-	18,271	-	-	-	9,128
Financial instruments	-	-	-	-	-	-	-	-
Interest and income accruals	5,636	5,036	1,816	20,277	3,208	5,036	-	18,740
Non risk weighted accounts	-	-	-	-	-	-	-	-
Total Assets Subject to Risk	1,229,528	1,621,429	722,596	2,260,982	1,030,346	903,156	540,780	1,674,750
Total Risk Weighted Assets	-	324,286	361,298	2,260,982	-	180,631	270,390	1,674,750

Summary information related to the capital adequacy ratio:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
Total Risk Weighted Assets	2,946,566	2,575,912	2,125,771	1,784,135
Amount Subject to Market Risk	62,594	54,288	59,259	48,009
Shareholders' Equity	442,615	427,864	281,492	261,749
Shareholders' Equity / (TRWA + ASMR) *100	14.71	16.27	12.88	14.29

TRWA: Total Risk Weighted Assets

ASMR: Amount Subject to Market Risk

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

NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

Information related to the components of shareholders' equity:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
MAIN CAPITAL				
Paid-in Capital	57,800	57,800	57,800	57,800
Nominal capital	57,800	57,800	57,800	57,800
Capital commitments (-)	-	-	-	-
Effect on Inflation Accounting on Share Capital	252,676	252,676	252,676	252,676
Share Premium	69	69	-	-
Legal Reserves	59,663	49,233	9,253	6,838
First legal reserve (Turkish Commercial Code 466/1)	60,024	46,797	5,479	3,789
Second legal reserve (Turkish Commercial Code 466/2)	4,695	5,686	3,774	3,049
Other legal reserve per special legislation	(5,056)	(3,250)	-	-
Statute Reserves	-	-	-	-
Extraordinary reserves	29,537	(1,523)	61,218	39,247
Reserves allocated by the General Assembly	65,031	39,435	61,218	39,247
Retained earnings	-	-	-	-
Accumulated loss	(35,494)	(40,958)	-	-
Foreign currency share capital exchange difference	-	-	-	-
Minority Rights	-	791	-	-
Profit	28,058	53,496	26,531	33,800
Current period profit	28,058	53,496	26,531	33,800
Prior period profit	-	-	-	-
Loss (-)	-	-	-	-
Current period loss	-	-	-	-
Prior period loss	-	-	-	-
Total Main Capital	427,803	412,542	407,478	390,361
SUPPLEMENTARY CAPITAL				
Revaluation Fund				
Furniture, fixture and vehicles	-	-	-	-
Buildings	-	-	-	-
Profit on sale of associates, subsidiaries and buildings to be transferred to share capital	-	-	-	-
Revaluation fund of leasehold improvement	-	-	-	-
Increase in the Value of Revaluation Fund	-	-	-	-
Foreign Exchange Differences	-	-	-	-
General Reserves	-	-	-	-
Provisions for Possible Losses	12,044	10,235	12,044	10,235
Subordinated Loans	16,154	16,036	16,154	16,036
Marketable Securities and Investment Securities Value Increase Fund	2,477	3,995	1,834	3,836
Associates and subsidiaries	-	-	-	-
Available for sale securities	2,477	3,995	1,834	3,836
Structured positions	-	-	-	-
Total Supplementary Capital	30,675	30,266	30,032	30,107
TIER III CAPITAL				
CAPITAL	458,478	442,808	437,510	420,468
DEDUCTIONS FROM THE CAPITAL	15,863	14,944	156,018	158,719
Investments in unconsolidated financial companies whose main activities are money and capital markets, insurance and that operate with licenses provided in accordance with special laws	679	656	144,056	146,474
Leasehold improvements	6,205	7,461	6,141	6,846
Start-up costs	-	-	-	-
Prepaid expenses	7,864	6,827	5,821	5,399
The negative difference between the market values and the carrying amounts for unconsolidated investments, subsidiaries, other investments and fixed assets	-	-	-	-
Subordinated loans given to other banks which operate in Turkey	-	-	-	-
Goodwill (Net)	1,115	-	-	-
Capitalized expenses	-	-	-	-
Total Shareholder's Equity	442,615	427,864	281,492	261,749

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

**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)**

II- Consolidated Market Risk

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

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

	Consolidated	Parent Bank
Capital to be employed for interest rate risk – standard method	4,033	3,731
Capital to be employed for general market risk	4,033	3,731
Capital to be employed for specific risk	-	-
Capital to be employed for options subject to interest rate risk	-	-
Capital to be employed for common stock position risk – Standard method	-	-
Capital to be employed for general market risk	-	-
Capital to be employed for specific risk	-	-
Capital to be employed for options subject to common stock position risk	-	-
Capital to be employed for currency risk – Standard method	975	1,010
Capital liability	967	1,002
Capital to be employed for options subject to currency risk	8	8
Total Value-at-risk (VAR)-Internal Model	-	-
Total capital to be employed for market risk	5,008	4,741
Amount subject to market risk	62,594	59,259

III- Consolidated Foreign Currency Risk

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

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

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

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

As of March 31, 2005, the Group's net long position is YTL 34,769 (December 31, 2004 - YTL 40,343 net long) resulting from short position amounting to YTL 98,193 (December 31, 2004 - YTL 9,417) on the balance sheet and long position amounting to YTL 132,962 (December 31, 2004 - YTL 49,760) from off-balance sheet position.

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

NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

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

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

The simple arithmetical average of the major current foreign exchange buying rates of the Parent Bank for the thirty days before March 31, 2005, is as follows:

	Monthly Average FX rates
USD	1.30487
CHF	1.10768
GBP	2.48248
JPY	1.23969
EUR	1.72063

Information on the foreign currency risk of the Group:

Current Period	EUR	USD	YEN	OTHER FC	TOTAL
Assets					
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	67,914	594,883	1	2,741	665,539
Due from other banks and financial institutions	55,829	705,847	409	13,900	775,985
Trading securities	848	847	-	548	2,243
Money market placements	-	-	-	-	-
Investment securities available-for-sale	-	144,509	-	-	144,509
Loans (**)	443,187	1,097,308	1,133	19,573	1,561,201
Investments in associates and subsidiaries	-	-	-	-	-
Investment securities held-to-maturity	-	10,685	-	-	10,685
Property and equipment	7,485	0	-	-	7,485
Goodwill	-	0	-	-	-
Other assets (**)	160,572	76,340	6	12,409	249,327
Total Assets	735,835	2,630,419	1,549	49,171	3,416,974
Liabilities					
Bank deposits	5,995	13,860	115	30,008	49,978
Foreign currency deposits (*)	387,305	2,219,134	1,392	40,304	2,648,135
Money market borrowings	-	-	-	-	-
Funds provided from other financial institutions	154,567	550,830	-	42,894	748,291
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	6,597	2,791	-	756	10,144
Other liabilities(**)	33,441	20,401	26	4,751	58,619
Total liabilities	587,905	2,807,016	1,533	118,713	3,515,167
Net Balance Sheet Position	147,930	(176,597)	16	(69,542)	(98,193)
Net Off-Balance Sheet Position	(77,552)	178,457	(132)	32,189	132,962
Financial derivative assets	455,364	695,796	269	61,452	1,212,881
Financial derivative liabilities	532,916	517,339	401	29,263	1,079,919
Non-cash loans (***)	409,931	660,780	11,666	46,644	1,129,021
Prior Period					
Total Assets	610,373	2,689,819	1,548	48,964	3,350,704
Total Liabilities	601,350	2,621,901	1,707	135,163	3,360,121
Net Balance Sheet Position	9,023	67,918	(159)	(86,199)	(9,417)
Net Off-Balance Sheet Position	35,197	(68,631)	267	82,927	49,760
Non-cash loans (***)	353,422	607,839	12,099	42,457	1,015,817

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

(**) FX-indexed loans amounting to YTL 196,021 (2003 - YTL 158,143) are included in loans, FX-indexed factoring receivables amounting to YTL 4,428 (2003 - YTL 4,540) are included in other assets and FX-indexed factoring payables amounting to YTL 4,106 (2003 - YTL 3,774) are included in other liabilities in the currency risk table of the Group.

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

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

III- Consolidated Interest Rate Risk

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

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

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

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

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

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

	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Current Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	612,420	-	-	-	-	103,597	716,017
Due from banks and other financial institutions	860,735	5,438	9,000	7,000	-	12,926	895,099
Trading securities	8,551	32,002	8,306	808	9,534	-	59,201
Money market placements	149,612	-	-	-	-	-	149,612
Securities available-for-sale	38,881	191,908	79,235	39,099	90,790	277	440,190
Loans	1,005,170	403,639	425,016	293,941	326,205	-	2,453,971
Securities held-to-maturity	65,351	2,025	2,539	4,086	3,031	-	77,032
Other assets	90,379	59,378	52,547	47,031	71,346	183,599	504,280
Total Assets	2,831,099	694,390	576,643	391,965	500,906	300,399	5,295,402
Liabilities							
Bank deposits	76,327	10,146	-	1,000	-	8,090	95,563
Other deposits	2,001,402	377,342	61,180	87,662	123,284	715,189	3,366,059
Money market borrowings	312,635	8	-	-	-	-	312,643
Miscellaneous payables	1,349	-	-	-	-	50,916	52,265
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	114,181	108,028	454,134	35,306	119,882	-	831,531
Other liabilities	36,637	9,382	1,504	15	-	589,803	637,341
Total Liabilities	2,542,531	504,906	516,818	123,983	243,166	1,363,998	5,295,402
Balance Sheet Interest Sensitivity Gap	288,568	189,484	59,825	267,982	257,740	(1,063,599)	-
Off Balance Sheet Interest Sensitivity Gap	(148)	-	-	-	-	-	(148)
Total Interest Sensitivity Gap	288,420	189,484	59,825	267,982	257,740	(1,063,599)	(148)

Other assets line at the non-interest bearing column includes YTL 48,313 of tangible fixed assets, YTL 4,665 of intangible fixed assets, YTL 58,547 of accrued interest and income receivables, YTL 679 of participations and YTL 63,450 of other assets and the other liability line includes equity of YTL 430,280.

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

NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

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

Other assets line at the non-interest bearing column includes YTL 49,924 of tangible fixed assets, YTL 3,913 of intangible fixed assets, YTL 49,706 of accrued interest and income receivables, YTL 656 of participations and YTL 45,055 of other assets and the other liability line includes equity of YTL 415,746 and minority interest amounting to YTL 791.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	YTL %
Current Period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	0.72	0.84	-	8.50
Due from banks and other financial institutions	1.88	2.99	-	14.89
Trading securities	3.28	9.42	-	18.98
Money market placements	-	-	-	16.77
Securities available-for-sale	-	7.00	-	14.89
Leasing receivables	11.14	11.03	-	52.9
Factoring receivables	6.28	5.19	-	29.32
Loans	5.06	5.21	-	22.24
Securities held-to-maturity	-	11.16	-	26.00
Liabilities				
Bank deposits	3.25	3.43	-	17.84
Other deposits	2.48	2.62	-	18.33
Miscellaneous payables	-	-	-	19.64
Money market placements	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	3.06	3.34	-	17.53

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

NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

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

IV- Consolidated Liquidity Risk

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

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

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

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

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

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	103,499	612,518	-	-	-	-	-	716,017
Due from banks and other financial institutions	121,913	751,748	5,438	9,000	7,000	-	-	895,099
Trading securities	-	8,548	367	635	17,120	32,531	-	59,201
Money market placements	-	149,612	-	-	-	-	-	149,612
Securities available-for-sale	277	-	-	7,076	85,225	347,612	-	440,190
Loans	29,024	976,146	403,639	425,016	293,941	326,205	-	2,453,971
Securities held-to-maturity	-	-	1,927	2,539	69,535	3,031	-	77,032
Other assets	6,240	147,835	67,046	58,387	67,072	85,241	72,459	504,280
Total Assets	260,953	2,646,407	478,417	502,653	539,893	794,620	72,459	5,295,402
Liabilities								
Bank deposits	17,771	66,646	10,146	-	1,000	-	-	95,563
Other deposits	715,189	2,001,402	377,342	61,180	87,662	123,284	-	3,366,059
Money market borrowings	-	312,635	8	-	-	-	-	312,643
Funds provided from other financial institutions	38,195	52,879	52,707	113,248	341,778	232,724	-	831,531
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	42,099	1,857	-	-	7,943	366	-	52,265
Other liabilities	54,166	82,468	33,835	3,490	6,590	9,536	447,256	637,341
Total Liabilities	867,420	2,517,887	474,038	177,918	444,973	365,910	447,256	5,295,402
Net Liquidity Gap	(606,467)	128,520	4,379	324,735	94,920	428,710	(374,797)	-
Prior Period								
Total Assets	177,833	2,651,380	524,840	472,471	398,074	642,152	71,422	4,938,172
Total Liabilities	791,448	2,136,066	643,736	162,527	478,319	284,601	441,475	4,938,172
Net Liquidity Gap	(613,615)	515,314	(118,896)	309,944	(80,245)	357,551	(370,053)	-

(*) 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.

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

SECTION FIVE

FOOTNOTES AND EXPLANATIONS ON CONSOLIDATED FINANCIAL STATEMENTS

I. Footnotes and Explanations Related to the Consolidated Assets

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

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

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

a) Trading securities given as collateral or blocked:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share Certificates	-	-	-	-
Bond, Treasury Bill and Similar Investment Securities	453	-	866	-
Other	-	-	-	-
Total	453	-	866	-

b) Trading securities subject to repurchase agreements:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	43,682	7	3,138	-
Treasury Bills	6,638	-	4,786	-
Other Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	1,634	-	-
Total	50,320	1,641	7,924	-

As of March 31, 2005, trading securities which are not given as collateral amount to YTL 6,787 (December 31, 2004 - YTL 8,615).

3. Information on available for sale portfolio:

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

b) Information on available for sale portfolio:

	Current Period	Prior Period
Debt Securities	445,357	355,091
Quoted in a Stock Exchange	295,481	296,889
Not Quoted	149,876	58,202
Share Certificates	277	9
Quoted in a Stock Exchange	268	-
Not Quoted	9	9
Provision for Impairment (-)	(5,444)	(2,756)
Total	440,190	352,344

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

NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

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 107,148 (December 31, 2004 – YTL 54,519) 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	35,326	71,822	54,519	-
Other	-	-	-	-
Total	35,326	71,822	54,519	-

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

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

4. Information on loans:

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans Granted to Shareholders	84	3,527	31	13,024
Corporate Shareholders	84	3,527	31	13,024
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	2,085	42	2,157	18
Total	2,169	3,569	2,188	13,042

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Cash Loans	Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled
Non-Specialized Loans		2,446,418	-	7,553
Discount Notes		48,972	-	-
Export Loans		661,824	-	-
Import Loans		-	-	-
Loans Given to Financial Sector		176,916	-	-
Foreign Loans		227,058	-	-
Consumer Loans		105,060	-	-
Credit Cards		22,389	-	-
Precious Metals Loans		15,999	-	-
Other		1,188,200	-	7,553
Specialized Loans		-	-	-
Other Receivables		-	-	-
Total		2,446,418	-	7,553

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

NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

c) Information on consumer loans:

	Short Term	Medium and Long Term	Total	Interest Income Accrual
Consumer loans-TL	17,974	51,418	69,392	1,126
Real estate Loans	367	8,014	8,381	116
Automotive Loans	2,565	24,591	27,156	363
Consumer Loans	11,674	18,081	29,755	459
Personnel Loans	711	732	1,443	35
Other Consumer Loans	2,657	-	2,657	153
Consumer Loans- Indexed to FC	11,536	24,132	35,668	123
Real Estate Loans	116	11,997	12,113	52
Automotive Loans	732	10,341	11,073	56
Consumer Loans	900	1,752	2,652	15
Personnel Loan	10	42	52	-
Other Consumer Loans	9,778	-	9,778	-
Credit Cards	22,389	-	22,389	167
Total Consumer Loans	51,899	75,550	127,449	1,416

d) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	2,226,913	1,865,375
Foreign Loans	227,058	172,168
Total	2,453,971	2,037,543

e) Loans granted to subsidiaries and investments: None.

f) Specific provisions provided against loans:

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables With Limited Collectibility	577	255
Loans and Receivables With Doubtful Collectibility	741	1,045
Uncollectible Loans and Receivables	10,847	9,944
Total	12,165	11,244

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

g.1) Information on loans and other receivables included in loans under follow-up account which are restructured or rescheduled: None.

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

	III. Group Loans and Receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Prior Period End Balance	1,799	5,096	13,986
Additions (+)	3,924	-	-
Transfers from Other Categories of Loans Under Follow-up (+)	-	1,474	4,285
Transfers to Other Categories of Loans Under Follow-up (-)	1,474	4,285	-
Collections (-)	434	135	959
Write-offs (-)	-	2	172
Effect of inflation(-)	-	-	-
Current Period End Balance	3,815	2,148	17,140
Specific Provisions (-)	577	741	10,847
Net Balances on Balance Sheet	3,238	1,407	6,293

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

NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

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

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

The loans and other receivables deemed to be uncollectible 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 are written off from the assets by the decision of the top management and fulfilling the requirements of the Tax Procedural Law.

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

a) Information on held to maturity portfolio:

	Current Period	Prior Period
Debt Securities	77,032	73,043
Quoted in a Stock Exchange	77,032	73,043
Not Quoted	-	-
Provision for Impairment (-)	-	-
Total	77,032	73,043

b) Movement of held to maturity portfolio:

	Current Period	Prior Period
Beginning Balance	73,043	104,112
Effect of Inflation (-)	-	(10,486)
Foreign Currency Differences on Monetary Assets	(331)	(159)
Purchases During Year	4,320	33,401
Disposals Through Sales and Redemptions	-	(53,825)
Provision for Impairment (-)	-	-
Closing Balances	77,032	73,043

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	3,472	-	3,628	-	65,449	-	67,637	-
Subject to Repo Transactions	62,875	-	64,280	-	-	-	-	-
Held for Structural Position	-	-	-	-	-	-	-	-
Receivables From Securities Lending	-	-	-	-	-	-	-	-
Collaterals on Securities Lending	-	-	-	-	-	-	-	-
Other (*)	-	10,685	-	10,945	-	7,594	-	7,736
Closing Balances	66,347	10,685	67,908	10,945	65,449	7,594	67,637	7,736

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

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

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

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

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

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

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

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

6. Information on participations (Net):

- a) Information on the consolidated participations:

- a.1) Information on the consolidated participations:

	Current Period	Prior Period
Balance at the Beginning of the Period	656	10,724
Movements During the Period	23	(10,068)
Purchases (*)	23	656
Free Shares Obtained Profit from Current Year's Share	-	-
Dividends from Current Year Income	-	-
Sales (**)	-	(10,724)
Revaluation Increase	-	-
Provision for Impairment	-	-
Balance at the End of the Period	679	656
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

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

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

	Current Period	Prior Period
Valuation With Cost	-	-
Valuation With Fair Value	-	-
Valuation With Equity Method	679	656
Total	679	656

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

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

Participations	Current Period	Prior Period
Other financial participations / Varlik Yatirim Ortakligi A.S.	679	656
Total	679	656

a.4) Participations which are quoted in a stock exchange: Varlik Yatirim Ortakligi A.S..

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

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

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (*)	Fair Value
(i) 2,246	2,007	7	-	114	63	(152)	1,840

(*) Represents profit/loss for the year ended December 31, 2004.

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

b.6) Information on participation, included in consolidation which are sold in current period: None.

b.7) Participations, included in the consolidation that are purchased in the current period: None.

7. Information on Subsidiaries (Net):

a) Information on the consolidated subsidiaries.

a.1) Information on the consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	156,783	152,103
Movements During the Period	(701)	4,680
Purchases(*)	1,729	27,644
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (**)	-	(17,561)
Revaluation Increase (***)	(2,430)	(5,403)
Provision for Impairment	-	-
Balance at the end of the Period	156,082	156,783
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	-

(*) Current year purchases are due to purchase of TEB Portfoy A.S shares that belonged to ABN Amro by TEB Yatirim A.S. (As of December 31, 2004, YTL 10,724 is due to the reclassification of TEB Sigorta A.S. as a subsidiary and YTL 16,920 is due to the increase in the shareholding percentages of other subsidiaries.)

(**) As of December 31, 2004, the "Sales" amount includes TL 13,396 due to disposal of TEB Sigorta A.S.

(***) For the prior period the amount represents the effects of change in exchange rates and inflation on foreign subsidiaries; for the current period, represents just the effects of change in exchange rates.

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)**

The figures stated above present the cost of the Group's total investment restated until December 31, 2004 in subsidiaries before consolidation.

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

Subsidiaries denominated in New Turkish Lira are reflected by restating their costs until December 31, 2004 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 New 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	155,832	156,783
Valuation With Fair Value	-	-
Valuation With Equity Method	-	-

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

a.4) Information related to subsidiaries that are included in consolidation:

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

Information on subsidiaries as presented in table above:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss(*)	Fair Value
(i)	1,204,219	94,096	7,663	12,767	87	2,070	8,799	-
(i)	775	785	-	-	-	10	(69)	-
(iii)	-	-	-	-	-	-	-	-
(iii)	-	-	-	-	-	-	-	-
(ii)	30,838	25,377	677	43	734	3,373	1,038	-
(ii)	301,127	83,576	98,375	278	-	(2,602)	9,817	-
(ii)	101,604	12,576	178	106	-	1,135	1,410	-
(ii)	8,811	7,714	259	471	129	1,751	4,272	-

(*) Represents December 31, 2004 figures.

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

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

a.6) Information on the consolidated subsidiaries purchased in current period: None.

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

8. Information on financial lease receivables (Net):

a) Aging of leasing receivables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	122,269	108,093	123,531	108,382
Between 1-4 years	78,471	71,328	86,555	78,630
Over 4 years	27	16	11	4
Total	200,767	179,437	210,097	187,016

9. Explanations related to interest and income accruals:

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

Accrued Interest and Income Receivables	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest Accruals - Due	198	-	37	-
Interest Accruals - Not Due	12,902	8,816	9,574	8,914
Loan Commissions and Other Income Accruals - Due	-	-	-	-
Loan Commissions and Other Income Accruals - Not Due	36	15	19	7
Total	13,136	8,831	9,630	8,921

b) Information on other interest and income accruals:

Other Interest and Income Accruals	Current Period		Prior Period	
	YTL	FC	YTL	FC
Trading Securities	308	-	145	1
Securities Available for Sale	9,614	363	9,561	366
Securities Held to Maturity	3,130	260	3,421	142
Interest Accruals of Reverse Repo Transactions	3	-	-	-
Interest Accruals of Reserve Deposits	1,198	480	1,455	354
Income Accruals of Financial Derivative Instruments	1,734	10,577	1,459	5,431
Interest and Income Accruals	-	157	-	147
Income Accrual of Foreign Exchange Gains	1,734	10,420	1,459	5,284
Income Accruals from Factoring Income	127	9	81	7
Income Accruals from Leasing Receivables	63	1,753	-	-
Other	4,757	2,204	4,878	3,854
Total	20,934	15,646	21,000	10,155

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

NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

10. Information on other assets:

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

	Current Period	Prior Period
Prepaid Taxes	32,302	24,234
Deferred Tax	3,906	3,702
Financial Lease Agreements in Progress	10,831	3,578
Receivables from Fund Participation Certificates	2,702	3,212
Transaction Cost Related to Financial Liabilities	2,329	2,874
Prepaid Rent	1,370	1,455
Advances Given	2,173	1,052
Other	7,837	4,948
Total	63,450	45,055

- b) As of March 31, 2005 the deferred tax asset computed within the prevailing regulations amounting to YTL 8,037 is netted off against deferred tax liability amounting to YTL 4,131 and reflected in the accompanying financial statements as a deferred tax asset of YTL 3,906, net. Deferred tax asset is calculated mainly on temporary differences such as retirement pay liability, valuation of derivatives and marketable securities. There are no carried forward tax losses or tax exemptions or deductions over which deferred tax asset is computed. As of March 31, 2005, in accordance with the circular of BRSA numbered 2004/3 and dated December 8, 2004 no deferred tax asset on general loan provision is calculated. As of December 31, 2004 deferred tax asset on general loan provision was reversed and its effect was reflected in the year end income statement.
- c) Other assets which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and breakdown of these which constitute at least 20% of grand total: None.

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

NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

II- Footnotes and Explanations Related to the Consolidated Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over
Saving Deposits	57,676	-	167,333	64,737	85,817	2,508	28,547
Foreign Currency Deposits	500,345	-	1,282,759	566,390	100,970	63,188	132,890
Residents in Turkey	428,255	-	877,578	377,485	97,023	31,791	13,486
Residents Abroad	72,090	-	405,181	188,905	3,947	31,397	119,404
Public Sector Deposits	14,586	-	-	-	-	-	-
Commercial Deposits	107,062	-	134,425	6,314	3,547	138	996
Other Institutions Deposits	33,999	-	8,405	1,827	4	3	-
Precious Metals Deposits	1,519	-	-	-	74	-	-
Interbank Deposits	17,773	-	29,852	41,423	5,515	1,000	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	60	-	28	-	1,000	-	-
Foreign Banks	14,023	-	29,824	41,423	4,515	1,000	-
Special Finance Houses	3,690	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	732,960	-	1,622,774	680,691	195,927	66,837	162,433

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

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

Saving Deposits	Under the guarantee of saving deposit insurance	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit	Exceeding the limit of saving deposit
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	111,448	118,980	208,023	280,872
Foreign Currency Saving Deposits	240,275	249,931	852,389	868,477
Other Deposits in the form of Saving Deposits	321	297	827	1,314
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Total	352,044	369,208	1,061,239	1,150,663

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)**

- (*) According to the BRSA's circular no 1584 dated on February 23, 2005, accruals are included in the saving deposit amounts.
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	3,646	14,294
Total	3,646	14,294

- (*) In addition to the amount disclosed above, there are also saving deposits amounting to YTL 250,333 (December 31, 2004 – 205,006) in Economy Bank, one of the consolidated subsidiaries of the parent Bank that is incorporated in The Netherlands that are not subject to the guarantee of deposit insurance fund.

2. Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Domestic Transactions	310,836	-	155,700	-
Financial Institutions and Organizations	300,000	-	147,173	-
Other Institutions and Organizations	2,082	-	2,110	-
Real Persons	8,754	-	6,417	-
From Foreign Transactions	7	-	5	-
Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Real Persons	7	-	5	-
Total	310,843	-	155,705	-

3. a) Information on funds borrowed:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term	82,033	382,352	74,502	531,605
Medium and Long-term	1,207	345,746	666	233,253
Total	83,240	728,098	75,168	764,858

4. a) Information on debt securities issued: None.

- b) The explanation on the maturity structure, interest rate, type of currency of the issued marketable securities: None.

5. Explanation on funds: None.**6. Explanation on miscellaneous payables:**

	Current Period	Prior Period
Total Amount of Cash Collateral Obtained	404	282

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

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

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

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

8. Information on financial lease payables: None.**9. Information on interest and expense accruals:**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Accrued Interest on Deposits	9,946	3,894	10,264	3,873
Accrued Interest on Funds Borrowed	1,900	8,093	2,103	6,956
Accrued Interest on Bonds	-	-	-	-
Accrued Interest on Repurchase Agreement Transactions	134	-	78	-
Accrued Interest on Derivative Financial Instruments	7,389	7,950	7,519	2,796
Accrued Interest and Expense	62	241	-	341
Foreign Exchange Losses Accrued	7,327	7,709	7,519	2,455
Accrued interest on factoring payables	-	-	-	-
Other Interest and Expense Accruals	2,555	1,556	1,964	1,579
Total	21,924	21,493	21,928	15,204

10. Provisions and subordinated loans:

- a) Information on general provisions:

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

- b) Information on free reserves for possible losses: There are no free reserves for possible losses other than the general provision on lease receivables.

- c) Information on subordinated loans:

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

- d) The foreign exchange losses on the foreign currency indexed loans amounting to YTL 7,391 (December 31, 2004 – YTL 9,682) is netted of from loans on the balance sheet.

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

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

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

11. Information of Shareholders' Equity:

a) Presentation of paid-in capital:

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

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

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

c) Information on share capital increases and their sources; other information on increased capital shares in current period: None.

d) Information on share capital increases from revaluation funds: None.

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

f) Indicators of the Group's income, profit and liquidity for the previous periods and possible effects of the uncertainties in such indicators on the Bank's equity: None.

g) Information on privileged shares:

7 % of the Parent Bank's remaining net income and tax after deducting legal reserves and first dividends, corresponding to the Parent 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.

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

	Current Period	Prior Period
Number of Shares (Thousand)	115,600,000	115,600,000
Preferred Stock	-	-
Common Stock Issue Premium	69	69
Common Stock Cancellation Profit	-	-
Other Equity Instruments	-	-
Total Common Stock Issue	115,600,000	115,600,000

13. Information on legal reserves:

	Current Period	Prior Period
First legal reserves	55,323	43,695
Second legal reserves	4,035	2,969
Other legal reserves per special legislation	-	-
Inflation adjustment on legal reserves	5,361	5,819
Total	64,719	52,483

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

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

III. Footnotes and Explanations Related to the Consolidated Income Statement

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

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

Other interest income amounting to YTL 9,560 (March 31, 2004 - YTL 8,237) includes financial lease interest income amounting to YTL 5,798 (March 31, 2004 - YTL 4,897) and factoring interest income amounting to YTL 3,455 (March 31, 2004 - YTL 3,068).

Other fees and commissions received amounting to YTL 19,010 (March 31, 2004 - YTL 15,285) primarily consists of credit card fees and commissions amounting to YTL 1,480 (March 31, 2004 - YTL 1,356), brokerage commissions amounting to YTL 4,329 (March 31, 2004 - YTL 4,905) and import letters of credit commissions amounting to YTL 1,509 (March 31, 2004 - YTL 1,655). Other fees and commission expense totalling to YTL 5,626 (March 31, 2004 - YTL 4,560) primarily consists of fees and commissions paid for the credit cards amounting to YTL 1,399 (March 31, 2004 - YTL 1,802) and brokerage commission returns amounting to YTL 882 (March 31, 2004 - YTL 2,758).

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

d) Information on financial lease income :

	Current Period	Prior Period
Financial Lease Income	5,798	4,897

c) Interest received from reverse repurchase agreement transactions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest Received from Reverse Repurchase Agreement Transactions	129	-	560	-

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

b) Information on financial lease expenses: None.

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

Account name	Time Deposits						Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	
TL							
Bank deposits	-	2,281	305	-	-	-	2,586
Saving deposits (*)	647	5,389	6,708	3,857	147	1,872	18,620
Public sector deposits	-	-	-	-	-	-	-
Commercial deposits (*)	222	5,269	1,379	286	268	86	7,510
Other deposits	-	188	840	-	-	-	1,028
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	869	13,127	9,232	4,143	415	1,958	29,744
Foreign Currency							
Foreign currency deposits (*)	204	6,284	4,348	616	146	1,168	12,766
Bank deposits	-	454	56	-	-	-	510
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	204	6,738	4,404	616	146	1,168	13,276
Total	1,073	19,865	13,636	4,759	561	3,126	43,020

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

- d) Interest expense on repurchase agreements:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest Expense on Repurchase Agreements	9,987	-	4,134	-

3. Information on other operating income:

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

4. Provision for loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	1,600	735
III. Group	597	154
IV. Group	373	174
V. Group	630	407
General provision expenses	1,996	1,349
Provision expenses for possible losses	-	-
Foreign exchange differences on foreign currency losses	3,504	7,578
Provision for impairment - marketable securities	1,575	1,775
Trading securities	-	-
Investment securities available for sale	1,575	1,775
Provision for impairment	-	-
Participations	-	-
Subsidiaries	-	-
Joint ventures	-	-
Investment securities held to maturity	-	-
Other	63	-
Total	8,738	11,437

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

	Current Period	Prior Period
Income and loss from subsidiaries (+/-)	-	-
Income and loss from participations (+/-)	23	1
Total	23	1

- b) Income / Loss from participations, which are accounted under equity method: YTL 23 (March 31, 2004 – YTL 1).
- c) The information on the income / loss relating to the transactions within the risk group of the Bank:

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

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

**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)**

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

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

	Current Period	Prior Period
Income and Loss related to Minority Shares	-	1,221

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

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

**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)**

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

- 1.a) Disclosure to be made separately from other contingent liabilities:
- a.1) The Group's share in contingent liabilities of joint ventures together with other ventures: None.
 - a.2) Share of joint ventures in their own contingent liabilities: None.
 - a.3) The Group's contingent liabilities resulting from the obligations of other venturers in joint ventures: None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
- b.1) For contingent assets, if realization probability is close to certain, then it is accounted. If realization probability is high, then it is explained in the footnotes. As of March 31, 2005 there are no contingent assets that needed to be explained.
 - b.2) For contingent liabilities, if realization is probable and the amount can reliably be determined then provision is set. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: None.

2. Information on off-balance sheet commitments:

- a) Nature and amount of irrevocable loan commitments: Credit card spending limit commitments are YTL 139,467 and YTL 123,660, payment commitments for checks are 152,717 YTL and 131,835 YTL as of March 31, 2005 and December 31, 2004 respectively.
- b) Nature and amount of contingent loss and commitments from off-balance sheet items including those described below:

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

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

As of March 31, 2005 total guarantees and commitments consist of letter of guarantees amounting to YTL 961,511 (December 31, 2004 - YTL 951,320), acceptances amounting to YTL 44,742 (December 31, 2004 - YTL 45,697) and letters of credit amounting to YTL 629,312 (December 31, 2004 - YTL 515,191).

- b.2) Guarantees, surety ships and similar transactions: The Group has other commitments and contingencies amounting YTL 24,300 (December 31, 2004 - YTL 18,354) other than the ones explained in item b.1).

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

3.a) Non-cash loans:

	Current Period	Prior Period
Guarantees Given Against Cash Loans	89,066	102,809
With Maturity of 1 Year or Less than 1 Year	29,100	58,639
With Maturity of More than 1 Year	59,966	44,170
Other Non-Cash Loans	1,570,800	1,427,753
Total	1,659,866	1,530,562

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

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

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

Moody's Investor Services: October 2004

Bank Financial Strength	D+
Foreign Currency Deposits	B2

Fitch Ratings: March 2005**Foreign Currency Commitments**

Long Term	BB-
Short Term	B
View	Stable

Turkish Lira Commitments

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

Individual Rating	C/D
Support Points	3

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

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

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

(Prior period balance sheet items are disclosed as of December 31, 2004, income/expense items are disclosed as of March 31, 2004.)

a) Current Period:

Bank's Risk Group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Group		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	-	-	31	13,024	547	3,687
Balance at end of Period	-	-	84	3,527	14,762	80,516
Interest and Commission Income	-	-	113	2	158	17

b) Prior Period:

Bank's Risk Group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Group		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	-	-	73,891	1,532	3,093	5,249
Balance at end of Period	-	-	31	13,024	547	3,687
Interest and Commission Income	-	-	1,132	161	9	4

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

Bank's Risk Group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Group		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	-	-	237,410	188,691	676,675	773,038
Balance at end of Period	-	-	550,577	237,410	678,067	676,675
Interest on Deposits	-	-	3,302	941	4,226	3,227

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

Bank's Risk Group (*)	Associates and subsidiaries		Direct and indirect shareholders of the Group		Other entities included in the risk Group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Trading Transactions						
Beginning of Period	-	-	5,282	25,656	-	38,525
End of Period	-	-	2,618	5,282	24,158	-
Total Income/Loss	-	-	(127)	(123)	73	(107)
Hedging Transactions Purposes						
Beginning of Period	-	-	-	-	-	-
End of Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

2. Information about the risk group of the Parent Bank

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

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

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

	Amount	% According to the Amounts at the Financial Statements
Deposits	1,228,644	35.49
Noncash Loans	84,043	5.06
Forward Transactions and Option Agreements	26,776	1.06
Cash Loans	14,846	0.60

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

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

The Group has financial lease agreements with TEB Leasing. Total leasing obligations related to these agreements amounted to YTL 3,829 are eliminated in the accompanying consolidated financial statements. Additionally; the Group provides agency services for TEB Sigorta and TEB Yatirim.

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)**

VI- Footnotes and Explanations Related to Inflation Accounting

Inflation Accounting

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

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

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

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

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

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

Participations and subsidiaries denominated in Turkish Lira were reflected at restated costs by converting historical acquisition costs, excluding free shares from revaluation fund, with the relevant conversion factors. Transfers to share capital from general reserves, gain on sale of property and investments and unappropriated profits were considered as cash contributions and were restated from the date of contribution.

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

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

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

**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)**

Wholesale prices indices and conversion factors announced by the State Institute of Statistics that were used to restate the accompanying the financial statements as of December 31, 2004, are as follows;

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)**
(Currency-Thousands of New Turkish lira)

VII- Explanations Related To Subsequent Events

- a) Disclosure related to subsequent events and their impact on the financial statements as required by the related standard: None.

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

NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF MARCH 31, 2005 (continued)
(Currency-Thousands of New Turkish lira)

SECTION SIX

INDEPENDENT AUDITORS' REPORT

XIII- Explanations on The Independent Auditors' Report

The consolidated financial statements of the Bank were reviewed by Guney Serbest Muhasebeci Mali Musavirlik A.S. (An Affiliated Firm of Ernst & Young International) and the auditors' review report dated May 30, 2005 is presented preceding the financial statements.