

**Turk Ekonomi Bankasi
Anonim Sirketi**

**Unconsolidated Financial Statements
As of June 30, 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 Report And Financial Statements
Originally Issued In Turkish - See Section III, Note XXIII)**

**TURK EKONOMI BANKASI ANONIM SIRKETI
REVIEW REPORT AS OF JUNE 30, 2005**

To The Board of Directors of Turk Ekonomi Bankasi A.S.

We have reviewed the balance sheet of Turk Ekonomi Bankasi Anonim Sirketi (the Bank) as of June 30, 2005 and the related statements of income, changes in shareholders' equity and cash flows for the interim period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to 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 interim financial statements do not present fairly, in all material respects, the financial position of Turk Ekonomi Bankasi Anonim Sirketi at June 30, 2005 and the results of its operations and its cash flows 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 and cash flows in accordance with the accounting principles generally accepted in the countries of users of the financial statements and IFRS. The Bank's consolidated financial statements prepared in accordance with the accounting principles and standards that are based on the Article 13 of the Banking Law number 4389 will be issued separately.

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

Aysen Topay, SMMM
Partner

August 4, 2005
Istanbul, Turkey

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

TURK EKONOMI BANKASI A.S.

**THE REVIEWED UNCONSOLIDATED FINANCIAL STATEMENTS AND THE ACCOMPANYING
FOOTNOTES AND DISCLOSURES FOR THE INTERIM PERIOD ENDED JUNE 30, 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:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
- EXPLANATIONS ON INDEPENDENT AUDITORS' REVIEW REPORT

The unconsolidated interim financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **thousands of New Turkish Lira**, have been independently reviewed and presented below in accordance with the Regulation on Accounting Practice, related communiqués and the Banks' records.

August 4, 2005

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

Varol Civil
General
Manager

E.Sevinc Ozsen
Assistant General Manager
Responsible from Internal
Control System

Timurcin Gul
Financial Control
Director

Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname/ Title: Guzin Ustun / Investor Relations Director

Telephone Number: (0212) 251 21 21
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**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS
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**TURK EKONOMI BANKASI A.S.
NOTES TO FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED
AS OF JUNE 30, 2005
(Currency-Thousands of New Turkish lira)**

SECTION ONE

GENERAL INFORMATION

I- Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue

The Bank was incorporated in Turkey in 1927 under the name of Kocaeli Halk Bankasi T.A.S. and in 1982 was acquired by the Colakoglu Group. Its name was changed as Turk Ekonomi Bankasi A.S. and its headquarter moved to Istanbul.

II- Explanations Regarding Bank's Shareholding Structure, Shareholders' Holding Directly or Indirectly Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank

As of June 30, 2005 and December 31, 2004 the shareholders' structure and their respective percentages of ownership are summarized as follows:

Name of shareholders	Paid in capital	%
TEB Mali Yatirimlar A.S.	48,699	84.25
Publicly Traded	8,766	15.17
Colakoglu Metalurji A.S.	-	-
Denak Depoculuk ve Nakliyecilik A.S.	-	-
Other Shareholders	335	0.58
	57,800	100.00

As of June 30, 2005 and December 31, 2004 Bank's paid-in-capital consists of 115,600 million shares at the historical value of 0.0005 YTL nominal. In accordance with the notification made on February 10, 2005 by TEB Mali Yatirimlar A.S., the ultimate shareholder of the Group, it was announced that TEB Mali Yatirimlar A.S. has transferred shares representing 50% of its capital to BNP Paribas on February 10, 2005, based on share purchase agreement signed with BNP Paribas at November 22, 2004.

(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 JUNE 30, 2005 (Continued)
(Currency-Thousands of New Turkish lira)**

III- Explanations Regarding the Chairman of Board of Directors and Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares in Bank

<u>TITLE</u>	<u>NAME</u>
Chairman of Board of Directors	: Yavuz Canevi
Members of Board of Directors	: Dr.Akin Akbaygil Alain Pierre Andre Bailly Ismail Yanik Jean-Jacques Marie Santini Metin Togay Michel Roger Chevalier Refael Taranto Varol Civil (General Manager)
Chairman of Inspection Committee	: Halil Kaya Harac
General Manager Assistants	: Emine Sevinc Ozsen Hakan Tirasin Izzet Cemal Kismir Levent Celebioglu Necdet Osman Kolat Nuri Tuncali Turgut Boz Turgut Guney Umit Leblebici Unsal Aysun
Auditors	: Ayse Asardag Musa Erden

Shares of the Bank owned by the above stated Chairman and Members of Board of Directors, General Manager and Assistants' are immaterial.

IV- The Bank's Service Activities and Operating Areas

The Bank's operating areas include, retail, commercial and corporate banking, fund management operations and project financing. Besides the daily banking operations, Bank is handling insurance agency functions by its branches under the name of TEB Sigorta A.S. As of June 30, 2005 Bank has 96 local branches and 1 foreign branch (December 31, 2004 - 87 local branches, 1 foreign branch).

V- Other Explanations

Commercial name of the Bank	: Turk Ekonomi Bankasi Anonim Sirketi (the Bank)
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
Reporting period	: January 1 – June 30, 2005

(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 JUNE 30, 2005 (Continued)
(Currency-Thousands of New Turkish lira)**

VI. Explanations on The Interim Financial Statements

- a) Accounting policies that are applied in the preparation of year-end financials except for the application of inflation accounting with respect to Communiqué No:14 of AAR for interim financial statements, are used without any change.
- 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. Dividends amounting to YTL 9,414 were paid to the shareholders.
- 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 Bank such as restructuring, mergers and acquisitions, or discontinue of any operations.
- j) There are no subsequent changes in the commitments and contingencies of the Bank that have arisen after the year-end balance sheet date.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheets
- II. Statements of Off Balance Sheet Contingencies and Commitments
- III. Income Statements
- IV. Statements of Changes in Shareholders' Equity
- V. Statements of Cash Flows

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

TURK EKONOMI BANKASI A.S.
BALANCE SHEETS AS OF JUNE 30, 2005 AND DECEMBER 31, 2004
(Currency- Thousands of New Turkish lira)
I- BALANCE SHEETS – ASSETS

	Note Ref. (Section 5)	Reviewed			Audited		
		Current Period			Prior Period		
		30.06.2005			31.12.2004		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY		86,186	572,548	658,734	34,302	821,281	855,583
1.1 Cash		17,930	-	17,930	12,384	-	12,384
1.2 Foreign currency		-	58,533	58,533	-	67,665	67,665
1.3 Balances with the Central Bank of Turkey	I-1	68,256	512,182	580,438	21,918	752,085	774,003
1.4 Other		-	1,833	1,833	-	1,531	1,531
II. TRADING SECURITIES (Net)		74,174	780	74,954	8,933	637	9,570
2.1 Public sector debt securities	I-2	74,174	259	74,433	8,933	82	9,015
2.1.1 Government bonds	I-2	70,506	38	70,544	4,079	82	4,161
2.1.2 Treasury bills	I-2	3,668	-	3,668	4,854	-	4,854
2.1.3 Other public sector debt securities	I-2	-	221	221	-	-	-
2.2 Share certificates		-	-	-	-	-	-
2.3 Other marketable securities		-	521	521	-	555	555
III. BANKS AND OTHER FINANCIAL INSTITUTIONS		105,015	168,509	273,524	58,624	112,202	170,826
3.1 Due from banks		105,015	168,509	273,524	58,624	112,202	170,826
3.1.1 Domestic banks		85,015	20,027	105,042	58,624	20,058	78,682
3.1.2 Foreign banks		20,000	148,482	168,482	-	92,144	92,144
3.1.3 Branches and head office abroad		-	-	-	-	-	-
3.2 Other financial institutions		-	-	-	-	-	-
IV. MONEY MARKET PLACEMENTS		-	-	-	95,000	-	95,000
4.1 Interbank money market placements		-	-	-	95,000	-	95,000
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. SECURITIES AVAILABLE FOR SALE (Net)		272,094	191,412	463,506	276,045	56,498	332,543
5.1 Share certificates	I-3	9	-	9	9	-	9
5.2 Other marketable securities	I-3	272,085	191,412	463,497	276,036	56,498	332,534
VI. LOANS		1,205,087	936,096	2,141,183	846,803	737,918	1,584,721
6.1 Short term	I-4	948,633	680,892	1,629,525	702,487	573,920	1,276,407
6.2 Medium and long term	I-4	246,027	255,204	501,231	134,679	163,998	298,677
6.3 Loans under follow-up	I-4	23,604	-	23,604	20,881	-	20,881
6.4 Specific provisions (-)	I-4	(13,177)	-	(13,177)	(11,244)	-	(11,244)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. SECURITIES HELD TO MATURITY (Net)		65,449	-	65,449	65,449	-	65,449
8.1 Public sector debt securities	I-5	65,449	-	65,449	65,449	-	65,449
8.1.1 Government bonds	I-5	65,449	-	65,449	65,449	-	65,449
8.1.2 Treasury bills	I-5	-	-	-	-	-	-
8.1.3 Other public sector debt securities	I-5	-	-	-	-	-	-
8.2 Other marketable securities	I-5	-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)		-	-	-	-	-	-
9.1 Financial associates	I-6	-	-	-	-	-	-
9.2 Non-Financial associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)		90,954	49,025	139,979	90,955	55,519	146,474
10.1 Financial subsidiaries	I-7	90,954	49,025	139,979	90,955	55,519	146,474
10.2 Non-Financial subsidiaries		-	-	-	-	-	-
XI. OTHER INVESTMENTS (Net)	I-8	-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)		-	-	-	-	-	-
12.1 Gross finance lease receivables	I-9	-	-	-	-	-	-
12.2 Unearned income (-)	I-9	-	-	-	-	-	-
XIII. RESERVE DEPOSITS		23,641	181,921	205,562	26,443	163,727	190,170
XIV. MISCELLANEOUS RECEIVABLES		328	879	1,207	315	54	369
XV. ACCRUED INTEREST AND INCOME RECEIVABLES		29,277	15,523	44,800	28,861	15,537	44,398
15.1 Loans	I-10	10,611	9,876	20,487	8,555	7,154	15,709
15.2 Marketable securities	I-10	10,782	2,137	12,919	12,591	367	12,958
15.3 Other	I-10	7,884	3,510	11,394	7,715	8,016	15,731
XVI. PROPERTY AND EQUIPMENT (Net)		43,110	-	43,110	40,312	-	40,312
16.1 Book value		118,584	-	118,584	114,021	-	114,021
16.2 Accumulated depreciation (-)		(75,474)	-	(75,474)	(73,709)	-	(73,709)
XVII. INTANGIBLE ASSETS [Net]		2,860	-	2,860	3,437	-	3,437
17.1 Goodwill		-	-	-	-	-	-
17.2 Other		10,941	-	10,941	10,725	-	10,725
17.3 Accumulated amortization (-)		(8,081)	-	(8,081)	(7,288)	-	(7,288)
XVIII. DEFERRED TAX ASSET	I-11	5,111	-	5,111	1,800	-	1,800
XIV. OTHER ASSETS	I-12	23,552	1,056	24,608	24,257	687	24,944
TOTAL ASSETS		2,026,838	2,117,749	4,144,587	1,601,536	1,964,060	3,565,596

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

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

TURK EKONOMI BANKASI A.S.
BALANCE SHEETS AS OF JUNE 30, 2005 AND DECEMBER 31, 2004
(Currency-Thousands of New Turkish lira)

II- BALANCE SHEETS - LIABILITIES

	Note Ref. (Section 5)	Reviewed			Audited		
		Current Period			Prior Period		
		YTL	FC	Total	YTL	FC	Total
I. DEPOSITS		770,482	1,855,327	2,625,809	687,599	1,572,271	2,259,870
1.1 Bank deposits	II-1	99,766	28,484	128,250	30,224	65,274	95,498
1.2 Saving deposits	II-1	321,882	-	321,882	409,329	-	409,329
1.3 Public sector deposits	II-1	5,117	-	5,117	166	-	166
1.4 Commercial deposits	II-1	297,250	-	297,250	201,659	-	201,659
1.5 Other institutions deposits	II-1	46,467	-	46,467	46,221	-	46,221
1.6 Foreign currency deposits	II-1	-	1,825,607	1,825,607	-	1,505,308	1,505,308
1.7 Precious metals deposit accounts	II-1	-	1,236	1,236	-	1,689	1,689
II. MONEY MARKET BORROWINGS		234,954	-	234,954	158,532	-	158,532
2.1 Interbank money market borrowings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market borrowings		-	-	-	-	-	-
2.3 Funds provided under repurchase agreements	II-2	234,954	-	234,954	158,532	-	158,532
III. FUNDS BORROWED		91,088	492,335	583,423	31,546	545,162	576,708
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed	II-3	91,088	492,335	583,423	31,546	545,162	576,708
3.2.1 Domestic banks and institutions	II-3	28,088	69,512	97,600	31,546	72,488	104,034
3.2.2 Foreign banks, institutions and funds	II-3	63,000	422,823	485,823	-	472,674	472,674
IV. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills	II-4	-	-	-	-	-	-
4.2 Asset backed securities	II-4	-	-	-	-	-	-
4.3 Bonds	II-4	-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES	II-6	30,034	10,475	40,509	26,250	12,802	39,052
VII. OTHER EXTERNAL RESOURCES	II-7	51,006	8,727	59,733	34,970	7,888	42,858
VIII. TAXES AND OTHER DUTIES PAYABLE		10,946	-	10,946	9,691	-	9,691
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)		-	3,691	3,691	-	3,950	3,950
10.1 Finance Lease Payables	II-8	-	4,715	4,715	-	4,982	4,982
10.2 Deferred finance lease expenses (-)	II-8	-	(1,024)	(1,024)	-	(1,032)	(1,032)
XI. ACCRUED INTEREST AND EXPENSES PAYABLE		24,253	11,807	36,060	20,121	9,062	29,183
11.1 Deposits	II-9	6,416	2,159	8,575	9,374	1,856	11,230
11.2 Borrowings	II-9	2,140	7,307	9,447	1,307	4,254	5,561
11.3 Repurchase agreements	II-9	101	-	101	78	-	78
11.4 Other	II-9	15,596	2,341	17,937	9,362	2,952	12,314
XII. PROVISIONS		37,719	-	37,719	31,510	-	31,510
12.1 General provisions	II-10	13,676	-	13,676	10,235	-	10,235
12.2 Reserve for employee termination benefits		1,996	-	1,996	1,657	-	1,657
12.3 Provisions for income taxes		21,629	-	21,629	19,295	-	19,295
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions	II-10	418	-	418	323	-	323
XIII. SUBORDINATED LOANS	II-10	-	86,691	86,691	-	20,045	20,045
XIV. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XV. SHAREHOLDERS' EQUITY		424,590	462	425,052	393,944	253	394,197
15.1 Paid-in capital	II-11	57,800	-	57,800	57,800	-	57,800
15.2 Supplementary capital		254,246	462	254,708	256,259	253	256,512
15.2.1 Share premium	II-12	-	-	-	-	-	-
15.2.2 Share cancellation profits		-	-	-	-	-	-
15.2.3 Marketable securities value increase fund		1,570	462	2,032	3,583	253	3,836
15.2.4 Revaluation fund		-	-	-	-	-	-
15.2.5 Value increase in revaluation fund		-	-	-	-	-	-
15.2.6 Other capital reserves		252,676	-	252,676	-	-	-
15.2.7 Effect of inflation accounting on share capital		-	-	-	252,676	-	252,676
15.3 Profit reserves		70,471	-	70,471	46,085	-	46,085
15.3.1 Legal reserves		9,253	-	9,253	6,838	-	6,838
15.3.2 Status reserves		-	-	-	-	-	-
15.3.3 Extraordinary reserves		61,218	-	61,218	39,247	-	39,247
15.3.4 Other profit reserves		-	-	-	-	-	-
15.4 Profit or loss		42,073	-	42,073	33,800	-	33,800
15.4.1 Prior year income/loss		-	-	-	-	-	-
15.4.2 Current period net income/loss		42,073	-	42,073	33,800	-	33,800
TOTAL LIABILITIES		1,675,072	2,469,515	4,144,587	1,394,163	2,171,433	3,565,596

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

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

TURK EKONOMI BANKASI A.S.
STATEMENTS OF OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES
AS OF JUNE 30, 2005 AND DECEMBER 31, 2004
(Currency-Thousands of New Turkish lira)

III- STATEMENTS OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref. (Section 5)	Current Period 30.06.2005			Prior Period 31.12.2004		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		1,277,907	2,168,307	3,446,214	1,073,061	1,776,026	2,849,087
I. GUARANTEES	IV-2,3	565,073	900,487	1,465,560	510,828	845,913	1,356,741
1.1 Letters of guarantee		553,480	475,286	1,028,766	502,232	402,647	904,879
1.1.1 Guarantees subject to State Tender Law		31,667	35,662	67,329	31,235	2,206	33,441
1.1.2 Guarantees given for foreign trade operations		107,162	35,954	143,116	124,129	19,962	144,091
1.1.3 Other letters of guarantee		414,651	403,670	818,321	346,868	380,479	727,347
1.2 Bank acceptances		83	50,941	51,024	-	45,697	45,697
1.2.1 Import acceptances		83	50,941	51,024	-	45,697	45,697
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		49	365,062	365,111	-	387,810	387,810
1.3.1 Documentary letters of credit		49	320,340	320,389	-	311,083	311,083
1.3.2 Other letters of credit		-	44,722	44,722	-	76,727	76,727
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		11,406	-	11,406	8,589	-	8,589
1.9 Other suretyships		55	9,198	9,253	7	9,759	9,766
II. COMMITMENTS		427,844	442,233	870,077	367,447	249,924	617,371
2.1 Irrevocable commitments		427,844	410,635	838,479	367,447	229,558	597,005
2.1.1 Asset purchase commitments		-	197,243	197,243	10,400	149,380	159,780
2.1.2 Deposit purchase and sales commitments		-	213,392	213,392	-	80,178	80,178
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		96,434	-	96,434	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	160,196	-	160,196	131,835	-	131,835
2.1.8 Tax and fund liabilities from export commitments		27,258	-	27,258	30,008	-	30,008
2.1.9 Commitments for credit card expenditure limits	IV-2	142,034	-	142,034	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		1,922	-	1,922	1,741	-	1,741
2.2 Revocable commitments		-	31,598	31,598	-	20,366	20,366
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	31,598	31,598	-	20,366	20,366
III. DERIVATIVE FINANCIAL INSTRUMENTS		284,990	825,587	1,110,577	194,786	680,189	874,975
3.1 Forward foreign currency buy/sell transactions		108,975	244,613	353,588	94,055	344,120	438,175
3.1.1 Forward foreign currency transactions-buy		36,577	138,203	174,780	15,551	200,620	216,171
3.1.2 Forward foreign currency transactions-sell		72,398	106,410	178,808	78,504	143,500	222,004
3.2 Swap transactions related to f.c. and interest rates		109,288	401,075	510,363	67,247	305,244	372,491
3.2.1 Foreign currency swap-buy		-	244,651	244,651	35,336	145,445	180,781
3.2.2 Foreign currency swap-sell		109,288	150,431	259,719	31,911	152,729	184,640
3.2.3 Interest rate swaps-buy		-	2,940	2,940	-	3,424	3,424
3.2.4 Interest rate swaps-sell		-	3,053	3,053	-	3,646	3,646
3.3 Foreign currency and interest rate options		66,727	146,459	213,186	33,484	30,825	64,309
3.3.1 Foreign currency options-buy		33,856	73,166	107,022	16,815	15,348	32,163
3.3.2 Foreign currency options-sell		32,871	73,293	106,164	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		-	16,578	16,578	-	-	-
3.4.1 Foreign currency futures-buy		-	16,578	16,578	-	-	-
3.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.5 Interest rate futures		-	-	-	-	-	-
3.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.6 Other		-	16,862	16,862	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		13,146,467	1,257,267	14,403,734	2,427,590	1,056,303	3,483,893
IV. ITEMS HELD IN CUSTODY		12,428,717	435,318	12,864,035	1,867,392	368,300	2,235,692
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		10,836,848	190,044	11,026,892	650,139	165,413	815,552
4.3 Checks received for collection		1,478,177	127,283	1,605,460	1,148,048	101,209	1,249,257
4.4 Commercial notes received for collection		113,609	60,505	174,114	69,205	49,296	118,501
4.5 Other assets received for collection		83	57,486	57,569	-	52,382	52,382
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		-	-	-	-	-	-
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		717,750	802,604	1,520,354	560,198	676,154	1,236,352
5.1 Marketable securities		107,696	17,805	125,501	29,513	13,511	43,024
5.2 Guarantee notes		4,793	2,573	7,366	4,537	4,741	9,278
5.3 Commodity		2,213	197,608	199,821	4,717	170,992	175,709
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		394,973	381,669	776,642	355,224	302,716	657,940
5.6 Other pledged items		208,075	202,949	411,024	166,207	184,194	350,401
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	19,345	19,345	-	11,849	11,849
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		14,424,374	3,425,574	17,849,948	3,500,651	2,832,329	6,332,980

The accompanying notes are an integral part of these statements.

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

TURK EKONOMI BANKASI A.S.
INCOME STATEMENTS FOR THE INTERIM PERIODS ENDED JUNE 30, 2005 AND 2004
(Currency-Thousands of New Turkish Lira)

IV- STATEMENTS OF INCOME

	Note Ref.	Reviewed	Reviewed	Reviewed	Reviewed
		Current Period 30.06.2005	Prior period 30.06.2004	01.04.2005 - 30.06.2005	01.04.2004 - 30.06.2004
	(Section 5)	Total	Total	Total	Total
I. INTEREST INCOME	III-1	215,165	205,156	110,361	105,470
1.1 Interest on loans		135,741	112,556	68,896	62,732
1.1.1 Interest on YTL loans		111,898	92,540	56,019	52,105
1.1.1.1 Short term loans		97,017	82,348	48,208	45,419
1.1.1.2 Medium and long term loans		14,881	10,192	7,811	6,686
1.1.2 Interest on foreign currency loans		23,456	19,776	12,656	10,496
1.1.2.1 Short term loans		17,555	16,829	9,275	8,774
1.1.2.2 Medium and long term loans		5,901	2,947	3,381	1,722
1.1.3 Interest on loans under follow-up		387	240	221	131
1.1.4 Premiums received from Resource Utilization Support Fund		-	-	-	-
1.2 Interest received from reserve deposits		3,581	3,869	1,901	1,949
1.3 Interest received from banks		20,614	6,688	11,896	3,106
1.3.1 The Central Bank of Turkey		2,302	19	819	-
1.3.2 Domestic banks		9,607	4,719	3,902	1,919
1.3.3 Foreign banks		8,705	1,950	7,175	1,187
1.3.4 Branches and head office abroad		-	-	-	-
1.4 Interest received from money market placements		6,104	41,782	3,811	21,976
1.5 Interest received from marketable securities portfolio		49,086	38,875	23,852	14,327
1.5.1 Trading securities		7,131	8,227	4,013	3,414
1.5.2 Available-for-sale securities		34,155	17,414	16,102	4,898
1.5.3 Held to maturity securities		7,800	13,234	3,737	6,015
1.6 Other interest income		39	1,386	5	1,380
II. INTEREST EXPENSE	III-2	105,304	111,221	55,921	53,960
2.1 Interest on deposits		71,063	95,390	38,522	47,625
2.1.1 Bank deposits		4,095	9,719	1,779	4,976
2.1.2 Saving deposits		27,766	43,360	12,305	22,485
2.1.3 Public sector deposits		-	49	-	32
2.1.4 Commercial deposits		21,118	29,808	14,120	14,120
2.1.5 Other institutions deposits		1,450	778	422	309
2.1.6 Foreign currency deposits		16,634	11,598	9,896	5,666
2.1.7 Precious metals vault accounts		-	78	-	37
2.2 Interest on money market borrowings		19,712	5,104	9,725	970
2.3 Interest on funds borrowed		14,177	10,528	7,665	5,226
2.3.1 The Central Bank of Turkey		-	-	-	-
2.3.2 Domestic banks		4,260	3,979	1,940	1,945
2.3.3 Foreign banks		7,735	4,708	4,573	2,308
2.3.4 Branches and head office abroad		-	-	-	-
2.3.5 Other financial institutions		2,182	1,841	1,152	973
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		352	199	9	139
III. NET INTEREST INCOME (I - II)		109,861	93,935	54,440	51,510
IV. NET FEES AND COMMISSIONS INCOME		15,760	13,740	7,894	6,866
4.1 Fees and commissions received		23,969	20,676	11,389	10,289
4.1.1 Cash loans		3,075	1,688	1,682	814
4.1.2 Non-cash loans		6,083	6,589	2,132	3,362
4.1.3 Other		14,811	12,399	7,575	6,113
4.2 Fees and commissions paid		8,209	6,936	3,495	3,423
4.2.1 Cash loans		3,095	1,358	655	725
4.2.2 Non-cash loans		18	12	10	7
4.2.3 Other		5,096	5,566	2,830	2,691
V. DIVIDEND INCOME		-	-	-	-
5.1 Trading securities		-	-	-	-
5.2 Available-for-sale securities		-	-	-	-
VI. NET TRADING INCOME/LOSS		23,314	2,581	14,228	(15,955)
6.1 Profit/losses on trading transactions (Net)		27,084	12,336	12,338	5,268
6.1.1 Profit on trading transactions		71,018	49,555	33,056	22,994
6.1.1.1 Profit on derivative financial instruments		51,744	33,771	24,552	16,496
6.1.1.2 Other		19,274	15,784	8,504	6,498
6.1.2 Losses on trading transactions (-)		(43,934)	(37,219)	(20,718)	(17,726)
6.1.2.1 Losses on derivative financial instruments		(36,683)	(27,374)	(17,308)	(11,840)
6.1.2.2 Other		(7,251)	(9,845)	(3,410)	(5,886)
6.2 Foreign exchange gains/losses (Net)		(3,770)	(9,755)	1,890	(21,223)
6.2.1 Foreign exchange gains		169,322	110,873	96,847	67,149
6.2.2 Foreign exchange losses (-)		(173,092)	(120,628)	(94,957)	(88,372)
VII. OTHER OPERATING INCOME	III-3	4,963	12,586	2,711	9,819
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		153,898	122,842	79,273	52,240
IX. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	III-4	17,621	13,012	8,883	1,443
X. OTHER OPERATING EXPENSES (-)		83,066	67,942	46,140	35,757
XI. NET OPERATING INCOME (IX-X-XI)		53,211	41,888	24,250	15,040
XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	III-5	7,942	6,279	-	-
XIII. NET MONETARY GAIN/(LOSS)		-	(18,884)	-	(3,465)
XIV. INCOME BEFORE TAXES (XII+XIII+ XIV)		61,153	29,283	24,250	11,575
XV. PROVISION FOR TAXES ON INCOME (-)	III-6	19,080	8,146	8,708	(2,550)
15.1 Provision for income taxes		22,481	5,854	12,628	(5,750)
15.2 Provision for deferred taxes		(3,401)	2,292	(3,920)	3,200
XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV-XV)		42,073	21,137	15,542	14,125
XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES		-	122	-	(2)
17.1 Extraordinary net income/expense before taxes		-	122	-	(2)
17.1.1 Extraordinary income		-	122	-	(2)
17.1.2 Extraordinary expense (-)		-	-	-	-
17.2 Provision for taxes on extraordinary income (-)		-	-	-	-
XVIII. NET PROFIT/LOSSES FOR THE PERIOD (XVI+XVII+XVIII)	III-7	42,073	21,259	15,542	14,123
Earnings/Losses per share (Full amount)		0.000364	0.000184	0.000135	0.000122

The accompanying notes are an integral part of these statement

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

TURK EKONOMI BANKASI A.S.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS ENDED JUNE 30, 2005 AND 2004
(Currency- Thousands of New Turkish Lira)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid-in Capital	Effect of inflation Accounting on Capital and Capital Other Reserves	Share premium	Share certificate cancellation profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Value Increase Fund Revaluation Fund	Marketable Securities Value Increase Fund	Total
Prior Period - 30.06.2004													
I. Balances at the end of prior period	55,125	252,384	-	-	2,780	-	-	57,947	2,647	665	-	126	371,674
II. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance	55,125	252,384	-	-	2,780	-	-	57,947	2,647	665	-	126	371,674
IV. Net Profit or Losses	-	-	-	-	-	-	-	21,259	-	-	-	-	21,259
V. Profit Distribution	-	-	-	-	4,058	-	-	(57,947)	38,902	-	-	-	(14,987)
5.1 Dividends distributed	-	-	-	-	-	-	-	-	(14,987)	-	-	-	(14,987)
5.2 Transfers to legal reserves	-	-	-	-	4,058	-	-	(57,947)	53,889	-	-	-	-
5.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Increase in capital	2,675	292	-	-	-	-	-	-	(2,302)	(665)	-	-	-
6.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Revaluation Fund	2,675	292	-	-	-	-	-	-	(2,302)	(665)	-	-	-
6.3 Value Increase Fund Revaluation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
6.4 Marketable Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
6.5 Adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
6.6 Issuance of share certificates at end of period	-	-	-	-	-	-	-	-	-	-	-	-	-
6.7 Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-
6.8 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Others	-	-	-	-	-	-	-	-	-	-	-	(3,998)	(3,998)
Balances (I+II+IV+V+VI+VII+VIII)	57,800	252,676	-	-	6,838	-	-	21,259	39,247	-	-	(3,998)	373,948
Current Period - 30.06.2005													
I. Balances at the end of prior period	57,800	252,676	-	-	6,838	-	39,247	33,800	-	-	-	3,836	394,197
Increases in the period:	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Investments securities available for sale	-	-	-	-	-	-	-	-	-	-	-	(1,804)	(1,804)
2.1 Net fair value gains/losses	-	-	-	-	-	-	-	-	-	-	-	(1,804)	(1,804)
III. Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1 Net fair value gains/losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred Amounts	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Investments securities available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Transferred to net income	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1 Transferred to net income	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2 Transferred to assets	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Net Profit or Losses	-	-	-	-	-	-	-	42,073	-	-	-	-	42,073
VII. Profit Distribution	-	-	-	-	2,415	-	21,971	(33,800)	-	-	-	-	(9,414)
7.1 Dividends distributed	-	-	-	-	-	-	-	(9,414)	-	-	-	-	(9,414)
7.2 Transfers to legal reserves	-	-	-	-	2,415	-	21,971	(24,386)	-	-	-	-	-
7.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Increase in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2 Revaluation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
8.3 Value Increase Fund Revaluation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
8.4 Marketable Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
8.5 Adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
8.6 Issuance of share certificates at end of period	-	-	-	-	-	-	-	-	-	-	-	-	-
8.7 Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-
8.8 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balances (I+II+III+IV+V+VI+VII+VIII+IX)	57,800	252,676	-	-	9,253	-	61,218	42,073	-	-	-	2,032	425,052

The accompanying notes are an integral part of these statements.

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXIII)TURK EKONOMI BANKASI A.S.
STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIODS ENDED JUNE 30, 2005 AND 2004
(Currency-Thousands of New Turkish lira)

VI. STATEMENTS OF CASH FLOWS

	Note Ref.	Current Period 30.06.2005	Prior Period 30.06.2004
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		82,413	26,770
1.1.1 Interest received		208,857	199,640
1.1.2 Interest paid		(104,050)	(101,624)
1.1.3 Dividend received		7,942	6,279
1.1.4 Fees and commissions received		23,969	20,676
1.1.5 Other income		36,751	15,032
1.1.6 Collections from previously written off loans and other receivables		3,013	3,777
1.1.7 Payments to personnel and service suppliers		(49,495)	(34,729)
1.1.8 Taxes paid		(15,185)	(19,235)
1.1.9 Others		(29,389)	(63,046)
1.2 Changes in operating assets and liabilities		(147,928)	289,428
1.2.1 Net (increase) decrease in trading securities		(65,384)	(38,170)
1.2.2 Net (increase) decrease in due from banks and other financial institutions		(27,000)	16,096
1.2.3 Net (increase) decrease in loans		(568,006)	(177,483)
1.2.4 Net (increase) decrease in other assets		(20,306)	(4,574)
1.2.5 Net increase (decrease) in bank deposits		109,174	(20,308)
1.2.6 Net increase (decrease) in other deposits		333,187	361,850
1.2.7 Net increase (decrease) in funds borrowed		73,361	134,083
1.2.8 Net increase (decrease) in matured payables		-	-
1.2.9 Net increase (decrease) in other liabilities		17,046	17,934
I. Net cash provided from banking operations		(65,515)	316,198
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(139,629)	(143,515)
2.1 Cash paid for purchase of investments, associates and subsidiaries		-	-
2.2 Cash obtained from sale of investments, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(8,795)	(5,679)
2.4 Fixed assets sales		129	311
2.5 Cash paid for purchase of securities available for sale		(511,125)	(160,436)
2.6 Cash obtained from sale of securities available for sale		380,162	-
2.7 Cash paid for purchase of investment securities		(898)	(25,486)
2.8 Cash obtained from sale of investment securities		898	47,775
2.9 Extraordinary items		-	-
2.10 Other s		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(9,679)	(15,496)
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		(9,414)	(14,987)
3.5 Payments for finance leases		(265)	(631)
3.6 Extraordinary items		-	122
3.7 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		(1,630)	(6,434)
V. Net increase / (decrease) in cash and cash equivalents(I+II+III)		(216,453)	150,753
VI. Cash and cash equivalents at beginning of the year	V-1	1,098,878	1,318,238
VII. Cash and cash equivalents at end of the year	V-1	882,425	1,468,991

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)

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(Currency-Thousands of New Turkish lira)**

SECTION THREE

ACCOUNTING PRINCIPLES

I- Basis of Presentation

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

Restatement of Financial Statements to The Current Period Purchasing Power

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 “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 are expressed in purchasing power of December 31, 2004 for comparative presentation purposes.

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 Bank’s functional and presentation currency is YTL and current period financial statements together with prior period/year comparative figures is presented in thousands of YTL, in accordance with BRSA’s circular dated January 5, 2005.

Other Basis of Valuation

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

Changes in Accounting Policies and Valuation Methods in the Current Period

Accounting policies that are applied in the preparation of year-end financials except for 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 III. Section.

II- Explanations on Forward and Option Contracts and Derivative Instruments

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

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

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Foreign Currency Assets and Liabilities

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

III- Offsetting of Financial Assets and Liabilities

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

IV- Interest Income and Expense

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

V- Fees and Commission Income and Expense

Fees for various banking services are recorded as income when collected and prepaid commission income is recorded as income by using effective interest rate in the related period..

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

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

VI- Securities Held for Trading

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

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

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VII- Sales and Repurchase Agreements and Lending of Securities

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

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

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

As of June 30, 2005, the Bank does not have any reverse repo transactions (December 31, 2004 - None).

As of June 30, 2005, the Bank does not have any lent marketable securities (December 31, 2004 - None).

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

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

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

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

After the initial recognition, available for sale securities are measured at fair values and the unrealized gain/loss originating from the difference between the initial cost and the fair value is recorded in "Securities Value Increase Fund" under the equity. The difference between fair value and amortized cost of investments by using effective interest rate method is considered while calculating value increase/decrease of investments. 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 Bank are those generated by lending money and exclude those that are held with the intention of trading or selling in near future.

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

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

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

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

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

IX- Investments in Associates

Turkish Lira Investments in associates which are quoted at the stock exchange are remeasured at fair value based on quoted bid prices and any positive difference between fair value price and cost is included under shareholders' equity at "Marketable Securities Value Increase Fund" account in the financial statements. Unquoted investments in associates are reflected at restated costs until December 31, 2004, computed by using relevant conversion factors considering purchase and capital contribution dates excluding share capital increases from internally generated funds such as the revaluation fund . A provision is set when there is evidence for permanent impairment in value of the related asset.

X- Investments in Subsidiaries

Turkish lira investments in subsidiaries are reflected at restated costs until December 31, 2004, computed by using relevant conversion factors considering purchase and capital contribution dates excluding share capital increases from internally generated amounts such as the revaluation fund. Foreign currency denominated subsidiaries are valued with period-end foreign exchange rates. A provision is set when there is evidence for permanent impairment in value of the subsidiaries.

XI- Originated Loans and Receivables and Provisions for Impairment

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

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

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

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

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

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

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XII- Goodwill and Other Intangible Assets

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

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

The intangible assets of the Bank comprise mainly softwares. The requirements of the Turkish Tax Procedural Code are taken into consideration in determining the useful lives and no other specific criteria are used. Useful lives of such 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 Bank by the Bank's personnel and the related expenses are not capitalized. Software is purchased only in emergency cases and for special projects.

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

XIII- Tangible Fixed Assets

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

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

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

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

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

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

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

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XIV- Leasing Transactions

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

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

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

The Bank does not have any leasing transactions as lessor.

XV- Provisions and Contingent Liabilities

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

XVI- Liabilities Regarding Employee Benefits

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

The Bank has no employees contracted for determined periods.

As of June 30, 2005 and December 31, 2004, the arithmetic average of the actual payments realized for the previous five years are 8.54% and 8.35% respectively and this forms the base of the provision amount that is set for the retirement and notice pay liabilities.

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

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

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XVII- Taxation

Corporate tax

Beginning with 2003, the effective corporation tax rate is 30% in accordance with Law No. 4842, published on April 24, 2003. However, with Law No. 5035 published at January 2, 2004, only for the year 2004 the corporation tax 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. 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, 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. YTL 863 of current tax liability, relating to items classified under equity is charged to "Marketable securities value increase fund"

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

Deferred tax

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

As of June 30, 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 Bank calculated deferred tax asset on all deductible temporary differences except for general loan reserve, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis.

The deferred tax asset net is included in other assets and deferred tax liability net is reflected under other external resources on the balance sheets. YTL 3,401 of deferred tax provision credit is stated under the tax provision in the income statement. YTL 89 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.

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XVIII- Additional Explanations on Borrowings

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

XIX- Paid-in Capital and Share Certificates

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

XX- Acceptances

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

XXI- Government Incentives

There are no government incentives utilized by the Bank.

XXII- Securities at Custody

Securities held by the Bank at custody on behalf of clients are not included in the balance sheet since they are not assets of the Bank. As of June 30, 2005, securities at custody in the off-balance sheet includes investment funds as thousand shares.

XXIII- Other Matters

Explanation for convenience translation to English

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

There are no other matters required to be disclosed.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I- Capital Adequacy Standard Ratio

The method used for risk measurement for capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks ", which was published on January 31, 2002 in the Official Gazette numbered 24657. As of June 30, 2005, the Bank's capital adequacy ratio is 15.13% (December 31, 2004 - 14.29%).

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

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

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

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

Information related to the capital adequacy ratio:

	Risk Weight			
	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non-Cash Loans				
Balance Sheet items (Net)	982,775	301,609	250,459	1,807,876
Cash	78,242	54	-	-
Due from banks	580,438	273,303	-	221
Interbank money market placements	-	-	-	-
Receivables from reverse repo transactions	-	-	-	-
Reserve deposits	205,562	-	-	-
Special finance houses	-	-	-	-
Loans	108,773	23,141	242,652	1,756,190
Loans under follow-up (Net)	-	-	-	10,427
Subsidiaries, associates and investments held to maturity	-	-	-	-
Miscellaneous receivables	-	-	-	1,207
Marketable securities held to maturity (Net)	-	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-
Financial lease receivables	-	-	-	-
Leased assets (Net)	-	-	7,807	-
Fixed assets (Net)	-	-	-	27,862
Other assets	9,760	5,111	-	11,969
Off balance sheet items	470,127	606,868	420,794	65,915
Guarantees and pledges	25,171	601,985	113,098	35,841
Commitments	442,233	-	307,696	-
Other off balance sheet items	-	-	-	-
Transactions related with derivative financial instruments	-	-	-	9,587
Interest and income accruals	2,723	4,883	-	20,487
Non risk weighted accounts	-	-	-	-
Total Value at Risk	1,452,902	908,477	671,253	1,873,791
Total Risk Weighted Assets	-	181,695	335,627	1,873,791

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Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets	2,391,113	1,784,135
Amount Subject to Market Risk	58,045	48,009
Shareholders' Equity	370,659	261,749
Shareholders' Equity / (TRWA + ASMR) *100	15.13	14.29

TRWA: Total Risk Weighted Assets
ASMR: Amount subject to market risk

Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	57,800	57,800
Nominal capital	57,800	57,800
Capital commitments (-)	-	-
Other Capital Reserves	252,676	252,676
Share Premium and Cancellation Profits	-	-
Legal Reserves	9,253	6,838
First legal reserve (Turkish Commercial Code 466/1)	5,479	3,789
Second legal reserve (Turkish Commercial Code 466/2)	3,774	3,049
Other legal reserve per special legislation	-	-
Statute Reserves	-	-
Extraordinary reserves	61,218	39,247
Reserves allocated by the General Assembly	61,218	39,247
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Profit	42,073	33,800
Current period profit	42,073	33,800
Prior years' profit	-	-
Loss (-)	-	-
Current period loss	-	-
Prior years' loss	-	-
Total Main Capital	423,020	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 improvements	-	-
Increase in the Value of Revaluation Fund	-	-
Foreign Exchange Differences	-	-
General Reserves	13,676	10,235
Provisions for Possible Losses	-	-
Subordinated Loans	85,090	16,036
Marketable Securities Value Increase Fund	2,032	3,836
Associates and subsidiaries	-	-
Available for sale securities	2,032	3,836
Structured positions	-	-
Total Supplementary Capital	100,798	30,107
TIER III CAPITAL		
CAPITAL	523,818	420,468
DEDUCTIONS FROM THE CAPITAL	153,159	158,719
Investments in financial companies which mainly operate in money and capital markets, or insurance sector with permissions and licenses provided in accordance with special laws	139,979	146,474
Leasehold improvements	7,441	6,846
Start-up costs	-	-
Prepaid expenses	5,739	5,399
The negative difference between the market values and the carrying amounts for investments, subsidiaries, other investments and fixed assets	-	-
Subordinated loans given to other banks which operate in Turkey	-	-
Goodwill (Net)	-	-
Capitalized expenses	-	-
Total Shareholder's Equity	370,659	261,749

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

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II- Market Risk

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

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

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

	Amount
Capital to be employed for interest rate risk – standard method	3,475
Capital to be employed for general market risk	3,475
Capital to be employed for specific risk	-
Capital to be employed for options subject to interest rate risk	-
Capital to be employed for common stock position risk – Standard method	-
Capital to be employed for general market risk	-
Capital to be employed for specific risk	-
Capital to be employed for options subject to common stock position risk	-
Capital to be employed for currency risk – Standard method	1,168
Capital liability	600
Capital to be employed for options subject to currency risk	568
Total Value-at-risk (VAR)-Internal Model	-
Total capital to be employed for market risk	4,643
Amount subject to market risk	58,045

III- Foreign Currency Risk

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

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

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

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

As of June 30, 2005, the Bank's net short position is YTL 13,501 (December 31, 2004 - YTL 3,006 net short) resulting from short position amounting to YTL 139,017 (December 31, 2004 - YTL 52,455) on the balance sheet and long position amounting to YTL 125,516 (December 31, 2004 - YTL 49,449) on the off-balance sheet.

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

	23.06.2005	24.06.2005	27.06.2005	28.06.2005	29.06.2005	30.06.2005
USD	1.34980	1.34660	1.34480	1.34290	1.34130	1.33370
CHF	1.11950	1.11580	1.05890	1.05110	1.04410	1.03760
GBP	2.52660	2.51340	2.45820	2.44470	2.42900	2.39630
JPY	1.27830	1.27250	1.22820	1.22050	1.21360	1.20400
EUR	1.73510	1.72860	1.63610	1.62620	1.61670	1.61000

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

	Monthly Average Foreign Exchange Rate
USD	1.33905
CHF	1.11146
GBP	2.50706
JPY	1.26051
EUR	1.72170

Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	YEN	OTHER FC	TOTAL
Assets					
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	46,661	701,510	358	5,940	754,469
Due from other banks and financial institutions	21,590	134,607	70	12,242	168,509
Trading securities	16	243	-	521	780
Money market placements	-	-	-	-	-
Investment securities available-for-sale	-	191,412	-	-	191,412
Loans (**)	413,752	694,870	5,827	34,302	1,148,751
Investments in associates and subsidiaries	49,025	-	-	-	49,025
Investment securities held-to-maturity	-	-	-	-	-
Property and equipment	-	-	-	-	-
Goodwill	-	-	-	-	-
Other assets	3,637	11,325	17	119	15,098
Total Assets	534,681	1,733,967	6,272	53,124	2,328,044
Liabilities					
Bank deposits	3,552	6,314	415	18,203	28,484
Foreign currency deposits (*)	348,026	1,435,190	802	42,825	1,826,843
Money market borrowings	-	-	-	-	-
Funds provided from other financial institutions	44,921	520,862	-	13,243	579,026
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	4,743	5,082	644	6	10,475
Other liabilities	5,164	16,191	-	878	22,233
Total liabilities	406,406	1,983,639	1,861	75,155	2,467,061
Net Balance Sheet Position	128,275	(249,672)	4,411	(22,031)	(139,017)
Net Off-Balance Sheet Position	(129,543)	236,359	(4,377)	23,077	125,516
Financial derivative assets	79,148	424,488	3,881	65,341	572,858
Financial derivative liabilities	208,691	188,129	8,258	42,264	447,342
Non-cash loans (***)	301,824	556,286	5,950	36,427	900,487
Prior Period					
Total Assets	395,514	1,691,316	1,453	27,877	2,116,160
Total Liabilities	431,118	1,642,826	1,700	92,971	2,168,615
Net Balance Sheet Position	(35,604)	48,490	(247)	(65,094)	(52,455)
Net Off-Balance Sheet Position	35,469	(52,882)	267	66,595	49,449
Non-cash loans (***)	324,935	475,005	11,582	34,391	845,913

(*) Gold account deposits amounting to YTL 1,236 (December 31, 2004 - YTL 1,689) are included in the foreign currency deposits.

(**) Foreign currency indexed loans amounting to YTL 212,655 (2004 - YTL 158,143) are included in the loan portfolio.

(***) 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)

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IV- Interest Rate Risk

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

The first priority of the Bank's risk management is to protect from interest rate volatility. All types of sensitivity analysis performed within 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 Bank. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budget targets.

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

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

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

	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Current Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	717,744	-	-	-	-	146,552	864,296
Due from banks and other financial institutions	220,524	27,000	15,000	11,000	-	-	273,524
Trading securities	1,352	46,181	557	4,403	22,461	-	74,954
Money market placements	-	-	-	-	-	-	-
Securities available-for-sale	-	264,340	70,385	4,234	124,538	9	463,506
Loans	798,251	284,901	320,396	361,039	366,169	-	2,130,756
Securities held-to-maturity	65,350	99	-	-	-	-	65,449
Other assets	-	-	-	-	-	272,102	272,102
Total Assets	1,803,221	622,521	406,338	380,676	513,168	418,663	4,144,587
Liabilities							
Bank deposits	114,856	11,347	1,047	1,000	-	-	128,250
Other deposits	1,640,619	118,664	85,406	18,812	84	633,974	2,497,559
Money market borrowings	234,954	-	-	-	-	-	234,954
Miscellaneous payables	-	-	-	-	-	40,509	40,509
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	49,692	354,690	129,830	35,663	100,239	-	670,114
Other liabilities	1	-	-	-	3,690	569,510	573,201
Total Liabilities	2,040,122	484,701	216,283	55,475	104,013	1,243,993	4,144,587
Balance Sheet Interest Sensitivity Gap	(236,901)	137,820	190,055	325,201	409,155	(825,330)	-
Off Balance Sheet Interest Sensitivity Gap	(113)	-	-	-	-	-	(113)
Total Interest Sensitivity Gap	(237,014)	137,820	190,055	325,201	409,155	(825,330)	(113)

The other assets line at the non-interest bearing column consists of property and equipments amounting to YTL 43,110, intangible assets amounting to YTL 2,860, YTL 44,800 of accrued interest and income receivables, subsidiaries amounting to YTL 139,979 and the other liabilities line consists of shareholders' equity with a total amount of YTL 452,052.

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	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Prior Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	942,255	-	-	-	-	103,498	1,045,753
Due from banks and other financial institutions	128,826	21,000	5,000	16,000	-	-	170,826
Trading securities	2,246	1,099	2,791	2,659	775	-	9,570
Money market placements	95,000	-	-	-	-	-	95,000
Securities available-for-sale	38,872	100,974	-	31,795	160,893	9	332,543
Loans	651,309	284,674	285,342	121,173	232,586	-	1,575,084
Securities held-to-maturity	65,349	100	-	-	-	-	65,449
Other assets	-	-	-	-	-	271,371	271,371
Total Assets	1,923,857	407,847	293,133	171,627	394,254	374,878	3,565,596
Liabilities							
Bank deposits	74,722	19,776	1,000	-	-	-	95,498
Other deposits	1,249,114	207,422	36,132	23,909	9,144	638,651	2,164,372
Money market borrowings	158,532	-	-	-	-	-	158,532
Miscellaneous payables	-	-	-	-	-	39,052	39,052
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	51,209	302,027	88,260	51,049	104,208	-	596,753
Other liabilities	51	99	101	-	3,699	507,439	511,389
Total Liabilities	1,533,628	529,324	125,493	74,958	117,051	1,185,142	3,565,596
Balance Sheet Interest Sensitivity Gap	390,229	(121,477)	167,640	96,669	277,203	(810,264)	-
Off Balance Sheet Interest Sensitivity Gap	(163)	-	(59)	-	-	-	(222)
Total Interest Sensitivity Gap	390,066	(121,477)	167,581	96,669	277,203	(810,264)	(222)

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

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) and balances with the Central Bank of Turkey	1.20	1.24	-	10.48
Due from banks and other financial institutions	2.05	3.05	-	15.89
Trading securities	5.00	5.25	-	17.40
Money market placements	-	-	-	14.50
Securities available-for-sale	-	5.30	-	18.00
Loans	5.48	5.85	3.90	24.00
Securities held-to-maturity	-	-	-	17.70
Liabilities				
Bank deposits	2.10	3.29	-	16.52
Other deposits	2.35	2.82	-	17.91
Money market borrowings	-	-	-	-
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	3.79	3.98	-	16.50

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

V- Liquidity Risk

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

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

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

According to the general policies of the Bank, the matching of the maturity and interest rate structure of assets, and liabilities is always established within the asset liability management strategies. A positive difference is tried to be established between the yields of YTL and foreign currency assets and liabilities on the balance sheet and their costs. According to this strategy, the Bank manages its maturity risk within the limits determined by Bank's Management.

When the funding and liquidity sources are considered, the Bank covers majority of its liquidity need by deposits, and in addition to this source, it makes use of prefinancing and syndication products to generate additional sources. Generally the Bank's position is lender position.

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Presentation of assets and liabilities according to their remaining maturities :

Current Period	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Undistributed (*)	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and Balances with the Central Bank of Turkey	146,552	717,744	-	-	-	-	-	864,296
Due from banks and other financial institutions	113,457	107,067	27,000	15,000	11,000	-	-	273,524
Trading securities	-	1,068	3,380	635	4,846	65,025	-	74,954
Money market placements	-	-	-	-	-	-	-	-
Securities available-for-sale	9	-	-	-	4,234	459,263	-	463,506
Loans	-	798,251	284,901	320,396	361,039	366,169	-	2,130,756
Securities held-to-maturity	-	-	-	65,350	99	-	-	65,449
Other assets	-	35,257	4,786	5,341	4,976	19,186	202,556	272,102
Total Assets	260,018	1,659,387	320,067	406,722	386,194	909,643	202,556	4,144,587
Liabilities								
Bank deposits	11,336	103,520	11,347	1,047	1,000	-	-	128,250
Other deposits	633,974	1,640,619	118,664	85,406	18,812	84	-	2,497,559
Money market borrowings	-	234,954	-	-	-	-	-	234,954
Funds provided from other financial institutions	-	49,692	87,950	295,060	35,663	201,749	-	670,114
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	40,509	-	-	-	-	-	-	40,509
Other liabilities	-	85,594	3,702	7,347	24,018	11,398	441,142	573,201
Total Liabilities	685,819	2,114,379	221,663	388,860	79,493	213,231	441,142	4,144,587
Net Liquidity Gap	(425,801)	(454,992)	98,404	17,862	306,701	696,412	(238,586)	-
Prior Period								
Total Assets	167,625	1,780,865	310,490	310,378	282,293	508,222	205,723	3,565,596
Total Liabilities	700,848	1,549,614	270,673	107,127	359,268	171,654	406,412	3,565,596
Net Liquidity Gap	(533,223)	231,251	39,817	203,251	(76,975)	336,568	(200,689)	-

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

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SECTION FIVE

FOOTNOTES AND EXPLANATIONS ON
UNCONSOLIDATED FINANCIAL STATEMENTS

I- Footnotes And Explanations Related to the Assets**1. Information related to the account of the Central Bank of Turkey:**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted demand deposit	68,256	-	21,918	-
Unrestricted time deposit	-	512,182	-	752,085
Total	68,256	512,182	21,918	752,085

2. Information about trading portfolio:

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	-
Others	-	-	-	-
Total	453	-	866	-

b) Trading securities subject to repurchase agreements:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government bonds	11,759	-	3,138	-
Treasury bills	3,103	-	4,786	-
Other government debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	14,862	-	7,924	-

As of June 30, 2005, trading securities which are not given as collateral amount to YTL 59,639 (December 31, 2004 - YTL 780).

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(Currency-Thousands of New Turkish lira)****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 and share certificates.

b) Information on available for sale portfolio:

	Current Period	Prior Period
Debt securities	466,226	335,290
Quoted in a stock exchange	406,214	277,089
Not quoted	60,012	58,201
Share certificates	9	9
Quoted in a stock exchange	-	-
Not quoted	9	9
Provision for impairment (-)	(2,729)	(2,756)
Total	463,506	332,543

c) Available for sale securities given as collateral or blocked: Available for sale securities, given as collateral consist of public sector debt securities of YTL 103,810 (December 31, 2004 - YTL 41,150) given as collateral for regulatory requirements.

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	28,488	75,322	41,150	-
Others	-	-	-	-
Total	28,488	75,322	41,150	-

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government bonds	174,262	-	147,941	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	174,262	-	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	1,169	5,335	31	13,024
Corporate shareholders	1,169	5,335	31	13,024
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	2,490	-	2,115	-
Total	3,659	5,335	2,146	13,024

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	2,123,641	-	-	7,115
Discount notes	36,594	-	-	-
Export loans	674,453	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	70,136	-	-	-
International loans	24,501	-	-	-
Consumer loans	151,993	-	-	-
Credit cards	25,099	-	-	-
Precious metals loans	28,957	-	-	-
Other	1,111,908	-	-	7,115
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	2,123,641	-	-	7,115

c) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

	Short Term	Medium and Long Term	Total	Interest Income	Accrual
Consumer Loans-YTL	20,452	99,670	120,122	-	1,281
Real Estate Loans	571	26,283	26,854	-	227
Automotive Loans	3,467	48,969	52,436	-	527
Consumer Loans	12,868	24,418	37,286	-	527
Other	3,546	-	3,546	-	-
Consumer Loans -Indexed to FC	1,482	28,622	30,104	-	214
Real Estate Loans	81	15,422	15,503	-	108
Automotive Loans	783	11,305	12,088	-	69
Consumer Loans	618	1,895	2,513	-	37
Other	-	-	-	-	-
Consumer Loans-FC	-	-	-	-	-
Real Estate Loans	-	-	-	-	-
Automotive Loans	-	-	-	-	-
Consumer Loans	-	-	-	-	-
Other	-	-	-	-	-
Individual Credit Cards-YTL	22,465	-	22,465	-	-
With Installments	371	-	371	-	-
Without Installments	22,094	-	22,094	-	-
Individual Credit Cards-FC	616	-	616	-	-
With Installments	-	-	-	-	-
Without Installments	616	-	616	-	-
Personnel Loans-YTL	811	956	1,767	-	23
Real Estate Loans	-	-	-	-	-
Automotive Loans	-	-	-	-	-
Consumer Loans	744	956	1,700	-	23
Other	67	-	67	-	-
Personnel Loans- Indexed to FC	-	-	-	-	-
Real Estate Loans	-	-	-	-	-
Automotive Loans	-	-	-	-	-
Consumer Loans	-	-	-	-	-
Other	-	-	-	-	-
Personnel Loans-FC	-	-	-	-	-
Real Estate Loans	-	-	-	-	-
Automotive Loans	-	-	-	-	-
Consumer Loans	-	-	-	-	-
Other	-	-	-	-	-
Personnel Credit Cards-YTL	711	-	711	-	-
With Installments	14	-	14	-	-
Without Installments	697	-	697	-	-
Personnel Credit Cards-FC	12	-	12	-	-
With Installments	-	-	-	-	-
Without Installments	12	-	12	-	-
Total	46,549	129,248	175,797	-	1,518

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d) Information on commercial loans with installments and corporate credit cards:

	Short Term	Medium and Long Term	Total	Interest Income	Accrual
Commercial loans with installment facility-YTL	14,397	42,076	56,473		567
Real Estate Loans	40	1,359	1,399		16
Automotive Loans	4,515	30,268	34,783		366
Consumer Loans	9,578	10,309	19,887		180
Other	264	140	404		5
Commercial loans with installment facility - Indexed to FC	5,823	54,399	60,222		199
Real Estate Loans	-	756	756		4
Automotive Loans	1,581	38,717	40,298		123
Consumer Loans	4,204	14,830	19,034		72
Other	38	96	134		-
Commercial loans with installment facility -FC	-	-	-		-
Real Estate Loans	-	-	-		-
Automotive Loans	-	-	-		-
Consumer Loans	-	-	-		-
Other	-	-	-		-
Corporate Credit Cards-YTL	1,173	-	1,173		-
With Installments	-	-	-		-
Without Installments	1,173	-	1,173		-
Corporate Credit Cards-FC	122	-	122		-
With Installments	-	-	-		-
Without Installments	122	-	122		-
Total	21,515	96,475	117,990		766

e) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	2,106,255	1,558,832
Foreign loans	24,501	16,252
Total	2,130,756	1,575,084

f) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	40	17
Indirect loans granted to subsidiaries and investments	-	-
Total	40	17

g) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	314	255
Loans and receivables with doubtful collectibility	1,809	1,045
Uncollectible loans and receivables	11,054	9,944
Total	13,177	11,244

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period end balance	1,799	5,096	13,986
Additions (+)	5,777	132	-
Transfers from other categories of loans under follow-up (+)	-	4,926	4,953
Transfers to other categories of loans under follow-up (-)	4,926	4,953	-
Collections (-)	1,037	389	1,587
Write-offs (-)	-	2	171
Effect of Inflation (-)	-	-	-
Current period end balance	1,613	4,810	17,181
Specific provision (-)	314	1,809	11,054
Net Balances on Balance Sheet	1,299	3,001	6,127

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

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

a) Information on held to maturity portfolio:

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

b) Movement of held to maturity portfolio :

	Current Period	Prior Period
Beginning balance	65,449	97,675
Effect of inflation (-)	-	(10,037)
Foreign currency differences on monetary assets	-	-
Purchases during year	898	25,807
Disposals through sales and redemptions	(898)	(47,996)
Impairment provision	-	-
Closing Balances	65,449	65,449

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

	Current Period				Prior Period			
	Cost		Amortized Cost		Cost		Amortized Cost	
	YTL	FC	YTL	FC	YTL	FC	YTL	FC
Held to Maturity Portfolio								
Given as collateral or blocked	1,319	-	1,372	-	65,449	-	67,637	-
Subject to repo transactions	64,130	-	66,881	-	-	-	-	-
Held for structural position	-	-	-	-	-	-	-	-
Receivables from securities lending	-	-	-	-	-	-	-	-
Collaterals on securities lending	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Closing Balances	65,449	-	68,253	-	65,449	-	67,637	-

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- c.2) Marketable securities held to maturity given as collateral consist of public sector debt securities of YTL 1,319 (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	
	YTL	FC	YTL	FC
Bonds	-	-	-	-
Bills and similar investment securities	1,319	-	65,449	-
Other	-	-	-	-
Total	1,319	-	65,449	-

- c.3) Securities held-to-maturity subject to repurchase agreements given as collateral consist of public sector debt securities of YTL 64,130 (December 31, 2004-None), given as collateral for regulatory requirements.

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government bonds	64,130	-	-	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	64,130	-	-	-

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

6. Information on participations (Net):

- a.1) Information on the unconsolidated participations : None.
- a.2) Based on the line on (a.1), there are not any unconsolidated participations.
- a.3) Out of group members / shareholders who has the control power with the Parent Company and/or other members of the financial group are explained : None.
- a.4) Reasoning of not consolidating the unconsolidated participations and accounting policy of the Bank for participations: None.
- b.1) Information on the consolidated participations :

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

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

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- b.2) Valuation of the consolidated participations: None.
- b.3) Sectoral information related to the consolidated participations: None.
- b.4) Consolidated participations which are quoted in a stock exchange: None.
- b.5) Information related to the consolidated participations: None.
- b.6) Information on investments which are sold in current period : None.
- b.7) Consolidated participations purchased in the current period: None.

7. Information on subsidiaries (Net):

- a) Information on the unconsolidated subsidiaries:
- b) Information on the consolidated subsidiaries:
- b.1) Information on the consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	146,474	138,270
Movements during the period	(6,495)	8,204
Purchases (*)	-	24,712
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (**)	-	(11,105)
Revaluation increase (***)	(6,495)	(5,403)
Provision for impairment	-	-
Balance at the end of the period	139,979	146,474
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) As of December 31, 2004, YTL 10,724 was the reclassification of TEB Sigorta A.S. as a subsidiary and YTL 13,988 was due to the increase in the shareholding percentages of other subsidiaries.

(**) As of December 31, 2004, the "Sales" amount consisted of YTL 10,724 due to disposal of TEB Sigorta A.S. and YTL 381 due to disposal of TEB Kiyetli Madenler A.S.

(***) For the prior period the amount represents the effects of devaluation and inflation on foreign subsidiaries, for the current period, represents just the effects of devaluation.

- b.2) Valuation of the consolidated subsidiaries:

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

	Current Period	Prior Period
Valuation with cost	139,979	146,474
Valuation with fair value	-	-
Valuation with equity method	-	-

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

		Current Period	Prior Period
Banks /	Economy Bank	48,300	54,700
Leasing Companies /	TEB Leasing	40,191	40,191
Factoring Companies /	TEB Factoring	22,324	22,324
Other Financial Sub. /	TEB Yatirim	26,382	26,382
	TEB Portfoy	2,058	2,058
	Petek International Holdings B.V.	724	819
Total		139,979	146,474

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

b.5) Information on the consolidated subsidiaries:

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

Information on the consolidated subsidiaries as presented in the table above :

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (*)	Fair Value
(i) 1,198,891	89,134	7,095	27,003	210	4,175	8,799	-
(i) 727	724	-	-	-	22	(69)	-
(ii) 35,656	26,456	1,139	1,295	57	2,672	1,720	-
(iii) 301,127	83,576	98,366	16,080	1,421	3,816	8,906	-
(iii) 101,604	12,576	178	3,454	-	1,135	1,410	-
(iv) 9,213	7,803	462	155	593	1,684	4,272	-

(*) Represents December 31, 2004 figures.

(i) Represents financial figures of foreign currency subsidiaries translated at period end foreign exchange rates for balance sheet and yearly average rates for profit and loss.

(ii) Represents consolidated financial figures of TEB Yatirim and TEB Portfoy based on Capital Market Board regulations as of March 31, 2005.

(iii) Represents statutory financial figures based on tax procedural law as of March 31, 2005.

(iv) Represents financial figures based on Capital Market Board regulations as of March 31, 2005.

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

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

8. Information on other investments (Net): None.

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

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10. Explanations related to interest and income accruals :

- a) Information about accrued interest and income receivables:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Accrued interest and income receivables				
Interest accruals - due	228	16	37	-
Interest accruals - not due	10,308	9,838	8,499	7,147
Loan commissions and other income accruals - due	-	-	-	-
Loan commissions and other income accruals - not due	75	22	19	7
Total	10,611	9,876	8,555	7,154

- b) Information on other interest and income accruals :

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Other interest and income accruals				
Trading securities	2,033	2	145	1
Securities available for sale	5,945	2,135	9,025	366
Securities held to maturity	2,804	-	3,421	-
Interest accruals of reverse repo transactions	-	-	-	-
Interest accruals of reserve deposits	1,307	596	1,455	354
Income accruals of financial derivative instruments	1,698	2,090	1,459	5,658
Interest and income accruals	-	224	-	147
Income accrual of foreign exchange gains	1,698	1,866	1,459	5,511
Income accruals on factoring receivables	-	-	-	-
Others	4,879	824	4,801	2,004
Total	18,666	5,647	20,306	8,383

11. Information on deferred tax assets:

- a) As of June 30, 2005, deferred tax asset computed on the temporary differences is amounting to YTL 5,111 (December 31, 2004 – YTL 1,800). There are no carried forward tax losses or tax exemptions or deductions over which deferred tax asset is computed.
- b) Temporary differences over which deferred tax asset are not computed and recorded on the balance sheet in prior periods and tax exemptions on which deferred tax is not computed in previous terms: None.
- c) Provision provided for deferred tax and deferred tax arise from reversal of these provisions: None.

12. Information on other assets:

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

	Current Period	Prior Period
Prepaid Taxes	9,760	13,870
Receivables From Fund Participation Certificates	4,081	3,212
Transaction Cost Related to Financial Liabilities	2,383	2,874
Prepaid Rent Expenses	1,387	1,417
Advances Given	99	161
Others	6,898	3,410
Total	24,608	24,944

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

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II- Footnotes And Explanations Related to the 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	34,903	-	172,355	64,242	18,382	3,445	28,555
Foreign currency deposits	451,679	-	887,629	352,225	64,545	61,870	7,659
Residents in Turkey	418,898	-	876,880	334,272	63,350	61,109	6,059
Residents abroad	32,781	-	10,749	17,953	1,195	761	1,600
Public sector deposits	5,117	-	-	-	-	-	-
Commercial deposits	101,792	-	180,722	7,526	7,026	184	-
Other institutions deposits	39,247	-	7,125	88	5	2	-
Precious metals deposits	1,236	-	-	-	-	-	-
Interbank deposits	11,336	-	77,302	35,564	3,048	1,000	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	64	-	66,064	-	-	-	-
Foreign Banks	5,745	-	11,238	35,564	3,048	1,000	-
Special finance houses	5,527	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	645,310	-	1,325,133	459,645	93,006	66,501	36,214

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

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

Saving Deposits	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit	
	Current Period(*)	Prior Period	Current Period(*)	Prior Period
Saving deposits	134,079	118,980	190,492	280,872
Foreign currency saving deposits	236,359	249,931	903,368	868,477
Other deposits in the form of saving deposits	232	297	631	1,314
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	370,670	369,208	1,094,491	1,150,663

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

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b.2) 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	7,000	14,294
Total	7,000	14,294

2. Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From domestic transactions	234,947	-	158,527	-
Financial institutions and organizations	220,000	-	150,000	-
Other institutions and organizations	5,755	-	2,110	-
Real persons	9,192	-	6,417	-
From foreign transactions	7	-	5	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	7	-	5	-
Total	234,954	-	158,532	-

3. a) Information on funds borrowed:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term	91,088	345,402	31,546	392,220
Medium and long-term	-	146,933	-	152,942
Total	91,088	492,335	31,546	545,162

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	167	282

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

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

8. Information on financial lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	589	1	259	251
1-4 years	3,536	3,110	3,542	2,547
More than 4 years	590	580	1,181	1,152
Total	4,715	3,691	4,982	3,950

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9. Information on interest and expense accruals:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Accrued interest on deposits	6,416	2,159	9,374	1,856
Accrued interest on funds borrowed	2,140	7,307	1,307	4,254
Accrued interest on funds	-	-	-	-
Accrued interest on repurchase agreement transactions	101	-	78	-
Accrued interest on derivative financial instruments	12,500	2,313	7,519	2,906
Accrued interest and expense	1	321	-	341
Foreign exchange losses accrued	12,499	1,992	7,519	2,565
Accrued interest on factoring payables	-	-	-	-
Other interest and expense accruals	3,096	28	1,843	46
Total	24,253	11,807	20,121	9,062

10. Provisions and subordinated loans :

a) Information on general provisions::

	Current Period	Prior Period
General provisions	13,676	10,235
Provisions for First Group Loans and Receivables	11,975	8,692
Provisions for Second Group Loans and Receivables	36	49
Provisions for Non Cash Loans	1,665	1,494
Total	13,676	10,235

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

c) Information on subordinated loans:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	86,691	-	20,045
Total	-	86,691	-	20,045

d) The foreign exchange losses on the foreign currency indexed loans amounting to YTL 8,759 (December 31, 2004 – YTL 9,862) is netted of from loans at the balance sheet.

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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 Bank and if so, amount of registered share capital ceiling :

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

- c) Information on share capital increases and their sources; other information on increased capital shares in current period: None.
- d) Information on share capital increases from revaluation funds:
- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments : None.
- f) Indicators of the Bank's income, profit and liquidity for the previous periods and within these indicators possible affects on capital foresighting uncertainty : Not applicable.
- g) Information on privileged shares :

7% of the Bank's remaining net income after tax after deducting legal reserves and first dividends, corresponding to the Bank's 60,000 shares of YTL 30 (in full YTL) is distributed to the founder shares. In the Board of Directors meeting dated February 10, 2005 numbered 3702/11, it is decided to transfer 6 founder shares to the parent company, 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	-	-
Common stock canceling profit	-	-
Other equity instruments	-	-
Total common stock issue	115,600,000	115,600,000

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

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

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III- Footnotes And Explanations Related To the Income Statement

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

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

Other fees and commission income amounting to YTL 14,811 (June 30, 2004 - YTL 12,399) includes fees and commissions on credit cards amounting to YTL 3,333 (June 30, 2004 - YTL 2,746) and on import letters of credit amounting to YTL 2,633 (June 30, 2004 - YTL 2,804), and other fee and commission expense amounting to YTL 5,096 (June 30, 2004 - YTL 5,566) includes fees and commissions on credit cards amounting to YTL 3,179 (June 30, 2004 - YTL 3,629).

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

	Current Period	Prior Period
Interest received from participations and subsidiaries	18	11

b) Information on financial lease income: None.

c) Interest received from reverse repurchase agreement transactions: None.

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

	Current Period	Prior Period
Interest expense to participations and subsidiaries	56	54

b) Information on financial lease expenses :

	Current Period	Prior Period
Financial lease expense	6	42

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	
YTL							
Bank deposits	-	3,384	-	-	-	-	3,384
Saving deposits	4	12,163	7,095	5,116	296	3,092	27,766
Public sector deposits	-	-	-	-	-	-	-
Commercial deposits	10	18,655	1,670	519	188	76	21,118
Other deposits	-	604	846	-	-	-	1,450
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	14	34,806	9,611	5,635	484	3,168	53,718
Foreign Currency							
Foreign currency deposits	42	10,215	4,926	974	301	176	16,634
Bank deposits	-	711	-	-	-	-	711
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	42	10,926	4,926	974	301	176	17,345
Total	56	45,732	14,537	6,609	785	3,344	71,063

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- d) Interest expense on repurchase agreements :

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest expense on repurchase agreements	19,712	-	5,104	-

3. Information on other operating income :

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

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	2,886	2,534
III. Group	345	354
IV. Group	1,643	395
V. Group	898	1,785
General provision expenses	3,624	2,258
Provision expenses for possible losses	-	-
Foreign exchange differences on foreign currency losses	9,611	3,428
Marketable securities impairment expense	1,446	2,144
Trading securities	13	264
Investment securities available for sale	1,433	1,880
Impairment provision expense	-	2,618
Participations	-	-
Subsidiaries	-	2,618
Joint ventures	-	-
Investment securities held to maturity	-	-
Other	54	30
Total	17,621	13,012

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

	Current Period	Prior Period
Income and loss from subsidiaries (+/-)	7,942	6,279
Income and loss from participations (+/-)	-	-
Total	7,942	6,279

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

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

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

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- 6.a) As of June 30, 2005, current tax expense is YTL 22,481 (June 30, 2004 – YTL 5,854) and deferred tax income is YTL 3,401 (June 30, 2004 – YTL 2,292 deferred tax expense).
- b) Deferred tax income on temporary differences is YTL 3,401 (June 30, 2004 – YTL 2,292 deferred tax expense).
- c) Deferred tax income or expense on no carried forward tax losses or tax exemptions or deductions: None.
- 7. The explanations on net income / loss for the period:**
- a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period : None.
- b) Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods : None.
- 8. Nature and amount of changes in accounting estimates, which have a material effects on current period or expected to have a material effect on subsequent periods : None.**

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

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

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

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

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

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

b.1) For contingent assets, if realization probability is close to certain, then it is accounted. If realization probability is high, then it is explained in the footnotes. As of June 30, 2005 there are no contingent assets that need to be explained.

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

2. Information on off-balance sheet liabilities :

a) Nature and amount of irrevocable loan commitments : Credit card expenditure limit commitments are YTL 142,034 and YTL 123,660; payment commitments for checks are YTL 160,196 and YTL 131,835 as of June 30, 2005 and December 31, 2004 respectively.

b) Nature and amount of contingent loss and commitments from off-balance sheet items including below statements:

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

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

As of June 30, 2005 total guarantees and commitments consist of letter of guarantees amounting to YTL 1,028,766, (December 31, 2004 - YTL 904,879) acceptances amounting to YTL 51,024 (December 31, 2004 - YTL 45,697) and letters of credit amounting to YTL 365,111 (December 31, 2004 -YTL 387,810).

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

3.a) Non-cash loans:

	Current Period	Prior Period
Guarantees given against cash loans	87,333	102,809
With maturity of 1 year or less than 1 year	28,643	58,639
With maturity of more than 1 year	58,690	44,170
Other non-cash loans	1,378,227	1,253,932
Total	1,465,560	1,356,741

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

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

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

Moody's Investor Services: February 2005

Bank Financial Strength	D+
Long Term Deposits	B2

Fitch Ratings: March 2005

Foreign Currency Commitments

Long Term	BB-
Short Term	B
View	Stable

Turkish Lira Commitments

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

Individual Rating	C/D
Support Points	3

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V- Footnotes And Explanations Related To The Statement Of Cash Flows

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

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

Beginning of the period	Current Period	Prior Period
Cash	80,049	74,759
Cash equivalents	1,018,829	1,243,479
End of the period	Current Period	Prior Period
Cash	76,463	79,893
Cash equivalents	805,962	1,389,098

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

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VI- Footnotes And Explanations on the Risk Group of the Bank**1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances :**

a) Current Period :

Related Parties (*)	Participations		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	17	2,549	31	13,024	547	3,352
Balance at end of period	40	2,462	1,169	5,335	119	3,649
Interest and commission income	4	14	165	4	213	22

b) Prior Period :

Related Parties (*)	Participations		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	133	8,657	803	1,532	706	4,851
Balance at end of period	17	2,549	31	13,024	547	3,352
Interest and commission income received	2	13	152	1	1	4

c.1) Information on related party deposits balances:

Related parties (*)	Participations		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposits						
Balance at beginning of period	10,190	15,863	237,410	188,691	40,452	1,654
Balance at end of period	8,951	10,190	564,404	237,410	43,728	40,452
Interest on deposits	56	54	9,957	910	463	1,223

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

Related Parties (*)	Participations		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Trading transactions						
Beginning of period	129,693	97,284	5,282	25,656	-	38,525
End of period	56,196	129,693	5,314	5,282	18,436	-
Total income/loss	10	3,478	(140)	93	182	981
Hedging transactions purposes						
Beginning of period	-	-	-	-	-	-
End of period	-	-	-	-	-	-

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

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2. Disclosures for related parties

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

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

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

	Amount	% According to the Amounts at the Financial Statements
Cash loans	1,328	0.06
Non-cash loans	11,446	0.78
Deposits	617,083	23.50
Forward transactions and option agreements	79,946	7.20

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

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

The Bank enters into lease agreements with TEB Finansal Kiralama A.S. As of June 30, 2005 the total leasing obligations related to these agreements amounted to YTL 3,691. Additionally, the Bank provides agency services for TEB Sigorta A.S. and TEB Yatirim Menkul Degerler A.S.

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

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.36%. Amounts of these loans are explained in the note VI- 1a.

As of June 30, 2005 the Bank has no purchases and sale of real estate and other assets, transfer of information as a result of research and development and management contracts with the related parties.

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VII- Footnotes And Explanations on 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 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 June 30, 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. Participations and subsidiaries denominated in foreign currency were converted to Turkish Lira with the exchange rates prevailing and year-end.

All items in the statement of income 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.

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Wholesale prices indices and conversion factors that were used to restate the accompanying the financial statements as of December 31, 2004, reflecting the restatement for the changes in the general purchasing power of the Turkish is as follows;

Dates	Indexed	Conversion Factors
December 31, 2004	8,403.8	1.000
June 30, 2004	7,982.7	1.053
December 31, 2003	7,382.1	1.138
December 31, 2002	6,478.8	1.297

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

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

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

Financial statements for the period ended June 30, 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.

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VIII- Explanations Related To Subsequent Events

- a) Disclosure related to subsequent events and their impact on the financial statements as required by the related standard: There are no significant events.

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SECTION SIX

INDEPENDENT LIMITED REVIEW REPORT

I- Explanations on The Independent Limited Review Report

The unconsolidated interim financial statements of the Bank were reviewed by Guney Serbest Muhasebeci Mali Musavirlik A.S. (An Affiliated Firm of Ernst & Young International) and the review report dated August 4, 2005 is presented preceding the financial statements.

II- Other Footnotes and Explanations Prepared by Independent Auditor: None