

**TÜRK EKONOMİ BANKASI
ANONİM ŞİRKETİ**

**CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
JUNE 30, 2007**

To the Board of Directors of
Türk Ekonomi Bankası A.Ş.
İstanbul

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed balance sheet of Türk Ekonomi Bankası A.Ş. as of June 30, 2007 and the related condensed statements of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards (“IFRS”). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MUŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU**

İstanbul, August 24, 2007

INDEX

	Page No.
Consolidated Balance Sheet	1
Consolidated Income Statement	2
Consolidated Statement of Changes in Shareholders' Equity	3
Consolidated Cash Flow Statement	4
Notes to Consolidated Financial Statements	5-13

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2007

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

	Notes	June 30, 2007	December 31, 2006
ASSETS			
Cash and cash equivalents		500,790	419,909
Deposits with banks and other financial institutions		683,170	1,041,575
Other money market placements		370,629	1,194
Reserve deposits at central banks		658,048	568,168
Financial assets at fair value through profit and loss		215,898	84,729
Derivative financial instruments		25,789	22,280
Loans and advances		6,454,860	5,749,833
Factoring receivables		366,627	293,321
Minimum lease payments receivable		336,569	323,486
Investment securities:			
- Available-for-sale		725,193	699,145
- Held-to-maturity		10,198	11,057
Loaned securities		868,930	861,624
Investment in associates		-	-
Premises and equipment		136,229	97,194
Intangible assets		8,710	7,881
Deferred tax asset		43,103	18,259
Other assets		134,202	50,170
Total assets		11,538,945	10,249,825
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from other banks		186,449	188,200
Customers' deposits		7,366,928	6,537,503
Other money market deposits		788,028	771,004
Derivative financial instruments		171,889	69,121
Factoring payables		116,229	111,072
Funds borrowed:			
- Subordinated debt		280,819	297,490
- Other funds borrowed		1,632,181	1,450,948
Other liabilities		261,816	163,056
Provisions		12,406	9,888
Income taxes payable		23,081	19,702
Deferred tax liability		-	-
Total liabilities		10,839,826	9,617,984
EQUITY			
Share capital issued		100,000	76,500
Premium in excess of par		1,592	1,592
Adjustment to share capital		240,926	252,676
Unrealized gains/(losses) on available-for-sale investments, net of tax		(2,886)	(10,123)
Other reserves and retained earnings		359,487	311,196
Equity attributable to equity holders of the parent		699,119	631,841
Minority interest		-	-
Total equity		699,119	631,841
Total liabilities and equity		11,538,945	10,249,825

The accompanying policies and explanatory notes are integral part of these consolidated financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED JUNE 30, 2007

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

	Notes	January 1 – June 30, 2007	January 1 – June 30, 2006
Interest income			
Interest on loans and advances		528,985	258,508
Interest on securities		134,077	68,377
Interest on deposits with banks and other financial institutions		61,608	43,023
Interest on other money market placements		11,108	20,717
Interest on financial leases		17,729	14,498
Other interest income		81	51
Total interest income		753,588	405,174
Interest expense			
Interest on customer deposits		(319,639)	(165,745)
Interest on other money market deposits		(67,863)	(28,275)
Interest on funds borrowed and deposits from other banks		(87,368)	(51,787)
Other interest expense		-	-
Total interest expense		(474,870)	(245,807)
Net interest income		278,718	159,367
Fees and commissions and other operating income			
Fees and commissions income		106,512	72,820
Fees and commissions expenses		(27,199)	(11,318)
Foreign exchange gain		(18,596)	4,969
Gains less losses on trading securities		(1,577)	(2,178)
Gains less losses on investment securities		3,846	5,442
Other income		991	122
Net banking income		342,695	229,224
Operating expenses			
Salaries and employee benefits		(129,779)	(81,335)
Other expenses		(77,252)	(46,194)
Depreciation and amortization		(14,111)	(8,633)
Taxes other than on income		(7,423)	(4,807)
Gross operating income		114,130	88,255
(Provisions for) / recoveries from impairment of loan, lease, factoring receivables		(34,322)	(13,961)
Net operating income		79,808	74,294
Income from associates		-	(72)
Gain/(loss) on sale of fixed assets and investments		27	(84)
Profit from operating activities before income tax		79,835	74,138
Income tax – current		(42,805)	(5,751)
Income tax – deferred		26,273	(12,322)
Net profit for the year		63,303	56,065
Attributable to :			
Equity holders of the parent		63,303	56,065
Minority interest		-	-
Net profit		63,303	56,065
Earnings per share (full TRY)	7	0.6330	0.5731

The accompanying policies and explanatory notes are integral part of these consolidated financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED JUNE 30, 2007

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

	Attributable to equity holders of the parent							Minority interest	Total equity	
	Notes	Share Capital	Premium in excess of Par	Adjustment to share capital	Unrealized gains/(losses) on available-for-sale investments, net of tax	Currency translation reserve	Other reserves and retained earnings	Total		
At January 1, 2006		57,800	-	252,676	9,354	(26,399)	215,140	508,571	-	508,571
Currency translation differences		-	-	-	-	11,909	-	11,909	-	11,909
Net changes in unrealized gains / (losses) on available-for-sale investments		-	-	-	(39,028)	-	-	(39,028)	-	(39,028)
Exchange differences arising on transaction of foreign operations		-	-	-	-	12,264	-	12,264	-	12,264
Gain/(loss) on hedge of the net investment in the foreign operations		-	-	-	-	(12,264)	-	(12,264)	-	(12,264)
Total income and expenses for the period recognized directly in equity		-	-	-	(39,028)	11,909	-	(27,119)	-	(27,119)
Net profit for the period		-	-	-	-	-	56,065	56,065	-	56,065
Total income / expenses for the period		-	-	-	(39,028)	11,909	56,065	28,946	-	28,946
Dividends paid		-	-	-	-	-	(18,742)	(18,742)	-	(18,742)
Capital increase		18,562	-	-	-	-	-	18,562	-	18,562
At June 30, 2006		76,362	-	252,676	(29,674)	(14,490)	252,463	537,337	-	537,337
At January 1, 2007		76,500	1,592	252,676	(10,123)	(18,323)	329,519	631,841	-	631,841
Currency translation differences		-	-	-	-	(3,262)	-	(3,262)	-	(3,262)
Net changes in unrealized gains / (losses) on available-for-sale investments		-	-	-	7,237	-	-	7,237	-	7,237
Exchange differences arising on transaction of foreign operations		-	-	-	-	(2,790)	-	(2,790)	-	(2,790)
Gain/(loss) on hedge of the net investment in the foreign operations		-	-	-	-	2,790	-	2,790	-	2,790
Total income and expenses for the period recognized directly in equity		-	-	-	7,237	(3,262)	-	3,975	-	3,975
Net profit for the period		-	-	-	-	-	63,303	63,303	-	63,303
Total income / expenses for the period		-	-	-	7,237	(3,262)	63,303	67,278	-	67,278
Dividends paid		-	-	-	-	-	-	-	-	-
Capital increase		23,500	-	(11,750)	-	-	(11,750)	-	-	-
At June 30, 2007		100,000	1,592	240,926	(2,886)	(21,585)	381,072	699,119	-	699,119

The accompanying policies and explanatory notes are integral part of these consolidated financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2007

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

	Notes	January 1 – June 30, 2007	January 1 – June 30, 2006
Cash flows from operating activities			
Interest received		761,203	289,700
Interest paid		(360,503)	(189,842)
Fees and commissions received		106,512	72,820
Trading income		2,269	3,264
Fees and commissions paid		(27,199)	(11,318)
Cash payments to employees and other parties		(125,426)	(80,474)
Cash received from other operating activities		991	122
Other operating activities		(366,475)	(151,517)
Income taxes paid		(19,806)	(5,751)
Cash flows from operating activities before changes in operating assets and liabilities		(28,434)	(72,996)
Changes in operating assets and liabilities			
Net (increase) / decrease in trading securities		(131,676)	125,359
Net (increase) / decrease in reserve deposits at central banks		(87,112)	(212,199)
Net (increase) / decrease in due from banks and other financial institutions		5,922	131,851
Net (increase) / decrease in loans and advances		(693,862)	(1,260,888)
Net (increase) / decrease in factoring receivables		(72,764)	(84,100)
Net (increase) / decrease in minimum lease payments receivable		(12,725)	(91,969)
Net (increase) / decrease in other assets		(84,034)	(40,216)
Net increase / (decrease) in deposits from other banks		(1,751)	22,080
Net increase / (decrease) in customers' deposits		827,068	1,741,031
Net increase / (decrease) in other money market deposits		17,024	(308,081)
Net increase / (decrease) in factoring payables		5,157	45,816
Net increase / (decrease) in other liabilities		364,350	16,827
Net cash (used in) provided by operating activities		135,597	85,511
Cash flows from investing activities			
Purchases of available for sale securities		(376,706)	(1,086,341)
Proceeds from sale and redemption of available for sale securities		321,549	924,419
Proceeds from redemption of held to maturity securities		-	(1,331)
Purchases of premises and equipment		(51,704)	(10,313)
Proceeds from the sale of premises and equipment		70	81
Purchases of intangible assets		(2,664)	(410)
Proceeds from the sale of intangible assets		-	15
Net cash provided by (used in) investing activities		(109,455)	(173,880)
Cash flows from financing activities			
Proceeds from funds borrowed and debt securities		6,145,021	2,316,004
Repayment of funds borrowed and debt securities		(5,951,650)	(1,704,128)
Issue of share capital		-	18,562
Dividends paid to equity holders of the parent		-	(18,742)
Net cash provided by (used in) financing activities		193,371	611,696
Effect of net foreign exchange differences		(95,888)	76,500
Net increase/ (decrease) in cash and cash equivalents		95,191	526,831
Cash and cash equivalents at beginning of the period		1,459,398	1,230,570
Cash and cash equivalents at end of the period		1,554,589	1,757,401

The accompanying policies and explanatory notes are integral part of these consolidated financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2007

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

1. CORPORATE INFORMATION

General

Türk Ekonomi Bankası A.Ş. (the Bank) was incorporated in Turkey in 1927 under the name of Kocaeli Halk Bankası T.A.Ş. and in 1982 was acquired by the Çolakoğlu Group. Its name was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to İstanbul. Certain shares of the Bank, representing 20% of the total, were listed on the İstanbul Stock Exchange in February 2000. Currently the publicly traded shares are 15.63%. TEB's shares are also listed and traded on the London Stock Exchange as GDR's since 2000. The registered office address of TEB is at Meclis-i Mebusan Caddesi, No: 57, Fındıklı-İstanbul Turkey.

TEB Mali Yatırımlar A.Ş., the ultimate shareholder of the Group by 84.25% shares, sold shares representing 50% of its capital to BNP Paribas on February 10, 2005.

The accompanying consolidated financial statements of the Bank were authorized for issue by the management on July 12, 2007. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

Nature of Activities of the Group

For the purposes of the accompanying consolidated financial statements, the Bank and its consolidated subsidiaries are referred to as "the Group".

The operations of the Group consist of banking, leasing, factoring, securities brokerage and portfolio management, which are conducted mainly with local customers.

The subsidiaries included in consolidation and effective shareholding percentages of the Group as of June 30, 2007 and December 31, 2006 are as follows:

	Place of Incorporation	Effective Shareholding And Voting Rights %	
		June 30, 2007	December 31, 2006
The Economy Bank N.V. (Economy Bank)	Netherlands	100.0	100.0
Stichting Custody Services TEB	Netherlands	100.0	100.0
Kronenburg Vastgoed B.V.	Netherlands	100.0	100.0
TEB Finansal Kiralama A.Ş. (TEB Leasing)	Turkey	100.0	100.0
TEB Factoring A.Ş. (TEB Factoring)	Turkey	100.0	100.0
TEB Yatırım Menkul Değerler A.Ş. (TEB Yatırım)	Turkey	100.0	100.0
TEB Portföy Yönetimi A.Ş. (TEB Portföy)	Turkey	100.0	100.0

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2007

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

1. CORPORATE INFORMATION (continued)

The principal activities of the consolidated subsidiaries are as follows:

Economy Bank - Commercial bank, which deals mainly in foreign trade finance, corporate banking, private banking and correspondent banking services.

Stichting Custody Services TEB - Holding securities of customers, located in the Netherlands.

Kronenburg Vastgoed B.V. - Real Estate Company founded with the purpose of the ownership of property possessed by Economy Bank in the Netherlands.

TEB Leasing – Providing financial leasing services to corporate customers, investing in industrial machinery and equipment, various equipment and transport vehicles.

TEB Factoring - Providing both domestic and export factoring services to industrial and commercial enterprises in Turkey.

TEB Yatırım - Rendering fixed income and equity brokerage and corporate finance services in line with the rules of the Capital Markets Board of Turkey.

TEB Portföy – Managing mutual funds, which are made up of customers' assets of capital market instruments. It also manages individual customer portfolios.

2. BASIS OF PREPARATION

The interim financial statements as of June 30, 2007 have been prepared in accordance with IAS 34 (Interim Financial Reporting).

The interim financial statements have been prepared on a basis consistent with the accounting policies set out in the financial statements of the Bank for the year ended December 31, 2006.

Loaned securities are the securities that are subject to repurchase agreements. Adjustment to share capital is the inflation adjustments made to paid in capital as per IAS 29 (Financial Reporting in Hyperinflationary Economies) during inflationary periods.

3. SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

On June 12, 2007, the paid-in capital of the Bank was increased to TRY 100,000 by TRY 23,500 based on the resolution of the General Assembly meeting held on March 27, 2007 and bonus shares were distributed to the shareholders based on their ownership percentages. The increase in paid-in capital was funded from general reserves and adjustment to share capital at equal amounts.

The Group purchased a land for TRY 19,800 in March 2007.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2007

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

4. SEGMENT INFORMATION

Business segments

The Group is organized into two main business segments which are organized and managed separately according to the nature of the products and services provided.

As of and period ended June 30, 2007

	Retail Banking	Corporate Banking	Other	Eliminations	Group
External revenues	81,687	512,979	254,054	(2,379)	846,341
Revenues from other segments	-	-	-	-	-
Total revenues	81,687	512,979	254,054	(2,379)	846,341
Segment result (A)	(152,729)	293,810	(60,492)	(754)	79,835
Unallocated costs (B)	-	-	-	-	-
Operating profit (A-B)	(152,729)	293,810	(60,492)	(754)	79,835
Dividend income	-	-	19,119	(19,119)	-
Profit before income tax	(152,729)	293,810	(41,373)	(19,873)	79,835
Income tax	-	-	(16,532)	-	(16,532)
Net profit	(152,729)	293,810	(57,905)	(19,873)	63,303
Assets and Liabilities					
Segment assets	987,435	5,834,052	4,395,214	-	11,216,701
Investment in associates	-	-	-	-	-
Unallocated assets	-	-	322,998	(754)	322,244
Total assets	987,435	5,834,052	4,718,212	(754)	11,538,945
Segment liabilities	4,310,642	3,125,922	3,105,959	-	10,542,523
Unallocated liabilities	-	-	297,303	-	297,303
Total liabilities	4,310,642	3,125,922	3,403,262	-	10,839,826
Other segment information					
Capital expenditures					
Tangible fixed assets	-	-	-	-	51,704
Intangible fixed assets	-	-	-	-	2,664
Depreciation	-	-	-	-	12,284
Amortization	-	-	-	-	1,827

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2007

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

4. SEGMENT INFORMATION (continued)

Period ended June 30, 2006

	Retail Banking	Corporate Banking	Other	Eliminations	Group
External revenues	66,327	253,011	164,154	(2,112)	481,380
Revenues from other segments	-	-	-	-	-
Total revenues	66,327	253,011	164,154	(2,112)	481,380
Segment result (A)	(9,923)	85,688	10,764	(12,319)	74,210
Unallocated costs (B)	-	-	-	-	-
Operating profit (A-B)	(9,923)	85,688	10,764	(12,319)	74,210
Dividend income	-	-	22,592	(22,664)	(72)
Profit before income tax	(9,923)	85,688	33,356	(34,983)	74,138
Income tax	-	-	(18,073)	-	(18,073)
Net profit	(9,923)	85,688	15,283	(34,983)	56,065

As of December 31, 2006

Assets and Liabilities

Segment assets	776,735	5,266,420	4,033,166	-	10,076,321
Investment in associates	-	-	-	-	-
Unallocated assets	-	-	173,504	-	173,504
Total assets	776,735	5,266,420	4,206,670	-	10,249,825
Segment liabilities	3,508,830	3,103,493	2,813,015	-	9,425,338
Unallocated liabilities	-	-	192,646	-	192,646
Total liabilities	3,508,830	3,103,493	3,005,661	-	9,617,984

Period ended June 30, 2006

Other segment information

Capital expenditures

Tangible fixed assets	-	-	-	-	10,313
Intangible fixed assets	-	-	-	-	410
Depreciation	-	-	-	-	7,490
Amortization	-	-	-	-	1,143

Geographical segments

The Group's geographical segments are based on the location of Group's assets. The Group's activities are conducted predominantly in Turkey and Turkey is the home country of the parent bank, which is also the main operating company. The areas of operation include all the primary business segments.

Total assets and total liabilities are based on the country in which the branch or subsidiary is located. Segment revenue from external customers included in operating income is based on the geographical location of customers or counterparties. The Group conducts majority of its business activities with local customers in Turkey.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2007**

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

4. SEGMENT INFORMATION (continued)**Period ended June 30, 2007**

	Turkey	European Union	Total
Other segment information			
Segment assets	9,884,955	1,331,742	11,216,697
Investment in associates	-	-	-
Unallocated assets	314,103	8,145	322,248
Total assets	10,199,058	1,339,887	11,538,945
Capital expenditures			
Tangible fixed assets	51,554	150	51,704
Intangible fixed assets	2,651	13	2,664

Year ended December 31, 2006

	Turkey	European Union	Total
Other segment information			
Segment assets	8,651,498	1,424,823	10,076,321
Investment in associates	-	-	-
Unallocated assets	164,684	8,820	173,504
Total assets	8,816,182	1,433,643	10,249,825
Capital expenditures			
Tangible fixed assets	10,283	30	10,313
Intangible fixed assets	410	-	410

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2007

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

5. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions. The Group is controlled by the Çolakoğlu family and BNP Paribas Group each of which directly or indirectly own 50% of the shares of Parent of the Bank. For the purpose of these consolidated financial statements, unconsolidated subsidiaries, associates, shareholders, Çolakoğlu Group companies, TEB'liler Foundation and BNP Paribas Group entities are referred to as related parties. Related parties also include individuals that are principal owners, management and members of the Group's Board of Directors and their families.

In the course of conducting its business, the Group conducted various business transactions with related parties. These include primarily loans, deposits and borrowing transactions. The significant outstanding balances with related parties at year-ends and relating expense and income for the years are as follows:

June 30, 2007:

Related party	Cash loans	Non-cash loans	Funds borrowed	Deposits taken	Deposits with banks	Other current assets	Other liabilities	Notional amount of derivative transactions	Interest income	Interest expenses	Other operating income	Other operating expense
Direct/Indirect shareholders	320	97,057	175,561	695,427	196	2,867	30,738	637,485	1,683	29,328	244	1,951
Others	5,369	60,169	164,649	746,278	1,215	44,005	748	5,649	3,110	50,291	3,734	422

December 31, 2006:

Related party	Cash loans	Non-cash loans	Funds borrowed	Deposits taken	Deposits with banks	Other current assets	Other liabilities	Notional amount of derivative transactions	Interest income (*)	Interest expenses (*)	Other operating income (*)	Other operating expense (*)
Direct/Indirect shareholders	1,409	2,765	131,404	377,579	2,697	-	5,768	173,855	2,269	13,317	9,143	-
Others	12,901	53,964	221,115	815,971	2,166	3	751	10,279	668	27,474	1,282	207

* Figures are shown as of June 30, 2006.

No provisions have been recognized in respect of loans given to related parties (2006 - nil).

Compensation of Key Management Personnel of the Group

The executive and non-executive members of Board of Directors and management received remuneration and fees totaling approximately TRY 8,664 as of June 30, 2007. (June 30, 2006 – TRY 6,199) comprising mainly salaries and other short-term benefit

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2007

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

6. COMMITMENTS AND CONTINGENCIES

In the normal course of business activities, the Group undertakes various commitments and incurs certain contingent liabilities that are not presented in the financial statements including:

	June 30, 2007	December 31, 2006
Letters of guarantee issued	2,007,070	1,732,145
Letters of credit	1,047,421	889,026
Acceptance credits	52,732	50,146
Total non-cash loans	3,107,223	2,671,317
Other commitments	2,725,388	660,554
Credit card limit commitments	612,179	260,614
Letters of guarantee obtained	140,797	114,579
Total	6,585,587	3,707,064

Fiduciary Activities

The Group provides custody, investment management and advisory services to third parties. Those assets that are held in a fiduciary capacity are not included in the accompanying financial statements.

The nominal values of the assets (excluding investment funds) held by the Group in agency or custodian capacities and financial assets under portfolio management amounted to TRY 807,682 as at June 30, 2007 (December 31, 2006 - TRY 896,625). As of June 30, 2007, securities at custody include investment funds with market value of TRY 902,111. (December 31, 2006 - TRY 718,070)

The Group has seventeen investment funds, which were established under the regulations of the Turkish Capital Markets Board. In accordance with the funds' charters, the Group purchases and sells marketable securities on behalf of funds, markets their participation certificates and provides other services in return for a management fee and undertakes management responsibility for their operations.

Letters of Guarantee Given to İstanbul Stock Exchange (ISE) and İstanbul Gold Market (IGM)

As of June 30, 2007, in line with the requirements of IGM, letters of guarantee amounting to USD 1,410,000 (December 31, 2006 - USD 1,410,000) had been obtained from local banks and were provided to IGM for transactions conducted in that market.

As of June 30, 2007, according to the general requirements of the ISE, letters of guarantee amounting to TRY 5,029 and USD 10,500,000 (December 31, 2006 - TRY 4,429 and USD 12,500,000) had been obtained from various local banks and were provided to ISE for bond and stock market transactions. Also, as of June 30, 2007 according to the general requirements, letters of guarantee amounting to TRY 1,313 (December 31, 2006 - TRY 1,213), were given to the Capital Markets Board.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2007

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

6. COMMITMENTS AND CONTINGENCIES (continued)

Litigation

In the normal course of its operations, the Group can be constantly faced with legal disputes, claims and complaints. The necessary provision, if any, for those cases are provided based on management estimates and professional advice.

Other

Except for the Head-Office-İstanbul and İzmir-Konak Branch buildings, all branch premises of TEB are leased under operational leases. The lease periods vary between 1 and 10 years and lease agreements are cancelable subject to a certain period of notice. There are no restrictions placed upon the lessee by entering into these leases.

7. EARNINGS PER SHARE

Basic earnings per share (EPS) are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

In Turkey, companies can increase their share capital by making a pro rata distribution of shares ("Bonus Shares") to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and revaluation surplus. For the purpose of the EPS calculation such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Bank, are regarded similarly. Accordingly the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares, which are shown in the table below, without consideration through June 30, 2007.

Number of Shares (in millions) Issued Attributable to								
Opening	Cash	Transfers from Retained Earnings	Transfers From Revaluation Surplus	Transfers From Adjustment to Share Capital	Reinvestment of Dividend Payments	Total	Closing	
1995 and before	150	3,000	250	-	-	3,400	3,400	
1996	3,400	-	330	-	1,270	1,600	5,000	
1997	5,000	1,022	596	-	4,382	6,000	11,000	
1998	11,000	529	682	-	7,277	14,000	25,000	
1999	25,000	600	2,062	-	16,338	19,000	44,000	
2000	44,000	-	-	-	26,068	66,250	110,250	
2001	110,250	-	-	-	-	-	110,250	
2002	110,250	-	-	-	-	-	110,250	
2003	110,250	5,350	-	-	-	5,350	115,600	
2004	115,600	-	-	-	-	-	115,600	
2005	115,600	-	-	-	-	-	115,600	
2006(*)	57,800	-	-	-	-	18,700	76,500	
2007	76,500	11,750	-	11,750	-	23,500	100,000	

(*) In the Extraordinary General Assembly Meeting dated May 31, 2006, the shares with nominal value of TRY 0.0005 has been decided to be changed to nominal value of TRY 0.001 (full TRY), based on the amendment in the Turkish Commercial Law No: 5274. Thus, the total number of shares has been declined and 115,600 million number of shares each of which is equivalent to TRY 0.0005 (full TRY) has been replaced with 57,800 million number of shares each of which are equivalent to TRY 0.001 (full TRY). Related with this replacement, rights of the shareholders arising from the shares owned are reserved. After the capital increases in June 30, 2006 and the sale of unused pre-emptive rights in August 11, 2006, total number of shares have become 76,500 million, each of which are equivalent to TRY 0.001 (full TRY).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2007

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

7. EARNINGS PER SHARE (continued)

On June 12, 2007, the paid-in capital of the Bank was increased to TRY 100,000 by TRY 23,500 based on the resolution of the General Assembly meeting held on March 27, 2007 and bonus shares were distributed to the shareholders based on their ownership percentages. The increase in paid-in capital was funded from general reserves and adjustment to share capital at equal amounts.

There is no dilution of shares as of June 30, 2007 and December 31, 2006.

The following reflects the income (in full TRY) and share data (in thousand) used in the basic earnings per share computations:

	June 30, 2007	June 30, 2006
Net profit / (loss) attributable to ordinary shareholders for basic earnings per share	0.6330	0.5731
Weighted average number of ordinary shares (in millions) for basic earnings per share	100,000	97,823

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

8. SUBSEQUENT EVENTS

As of July 31, 2007, the Parent Bank has obtained a primary subordinated loan by issuing debt securities abroad amounting to USD 100,000,000. The investor of the issued debt securities is the International Finance Corporation (IFC); the loan is at call, with an interest rate of six-month LIBOR + 3.5% until July 31, 2017. After this date, the interest rate will be revised as six-month LIBOR + 5.25% if the issued amount is not repaid. The loan amount has positively affected the Capital Adequacy Ratio of the Parent Bank as of the date of recording it.