

**TÜRK EKONOMİ BANKASI
ANONİM ŞİRKETİ**

**INDEPENDENT ACCOUNTANTS'
LIMITED REVIEW REPORT,
UNCONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE PERIOD ENDED
SEPTEMBER 30, 2007**

*Translated into English from the
Original Turkish Report*

To the Board of Directors of
Türk Ekonomi Bankasi A.S.
Istanbul

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

**INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT
FOR THE PERIOD JANUARY 1, 2007 – SEPTEMBER 30, 2007**

We have reviewed the accompanying balance sheet of Türk Ekonomi Bankasi A.S. ("The Bank") as at September 30, 2007 and the related statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Bank's management. As independent accountants our responsibility is to issue a report based on the review performed on these financial statements.

We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No: 5411. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is principally limited to reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information, it is substantially less in scope than an audit and therefore provides a lesser assurance. We have not performed an audit and accordingly we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of the Bank for the period ended September 30, 2007 in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency.

Additional paragraph for English translation:

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Banks's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAGIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU**

Hasan Kiliç
Partner

Istanbul, October 31, 2007

**THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.S.
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2007**

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The unconsolidated financial report for the nine months designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT

The unconsolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **thousands of New Turkish Lira**, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently reviewed and presented as attached.

October 31, 2007

Yavuz Canevi	Patrick Rene Pitton	Ismail Yanik	Varol Civil	E. Sevinç Özsen	B. Ilgaz Dogan
President of the Board of Directors	Head of the Audit Committee	Vice Chairman of the Audit Committee	General Manager	Assistant General Manager Responsible of Financial Reporting	Manager Responsible of Financial Reporting

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

Name-Surname / Title: Çigdem Basaran / Investor Relations Director

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TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

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

Türk Ekonomi Bankasi Anonim Sirketi ("the Bank"), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankasi T.A.S., was acquired by the Çolakoglu Group in 1982. Its name was changed as Türk Ekonomi Bankasi A.S. and its headquarters 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 September 30, 2007 and December 31, 2006 the shareholders' structure and their respective ownerships are summarized as follows:

Name of shareholders	Current Period		Previous Period	
	Paid in capital	%	Paid in capital	%
TEB Mali Yatirimlar A.S.	84,254	84.25	64,454	84.25
Publicly Traded	15,629	15.63	11,956	15.63
Other Shareholders	117	0.12	90	0.12
	100,000	100.00	76,500	100.00

As of September 30, 2007 Bank's paid-in-capital consists of 100,000,000 shares of TRY 1.00 nominal each.

At the meeting of the General Assembly on March 27, 2007, after completing all of the legal procedures, it was decided to increase the paid-in capital of the Bank to TRY 100,000 by TRY 23,500 within the registered capital ceiling and decided to incorporate TRY 11,750 of TRY 23,500 increase from the extraordinary reserves, and the remaining TRY 11,750 from the inflation accounting restatement differences on share capital and in exchange distribute the shareholders as bonus shares as per their proportionate shares, and the process concerning the capital increase has been completed as of June 7, 2007.

At the meeting held on August 28, 2007, the Board of Directors decided to increase the paid-in capital of the Bank to TRY 755,000 by TRY 655,000 within the registered capital ceiling subsequent to the resolution of the ceiling increase at the Extraordinary General Assembly, by injecting TRY 210,000 from the shareholders' in cash and in exchange distribute shares as per their proportionate shareholding, incorporating TRY 240,000 from the inflation accounting differences on share capital and TRY 205,000 from the extraordinary reserves and in exchange distribute bonus shares to the shareholders as per their proportionate shareholding. The Extraordinary General Assembly of the Bank resolved to increase the capital ceiling TRY 100,000 to TRY 900,000 on September 5, 2007. The increase was registered with Istanbul Trade Registry Office on September 6, 2007.

As of August 31, 2007 the main shareholder TEB Mali Yatirimlar A.S of the bank has placed TRY 90,000 to the Bank. The facility matches the definition of the subordinated loan in the article 8, clause 11 of the Communique on Equity of Banks. Since the amount has been obtained for the capital increase committed by this shareholders and the Banking Regulation and Supervision Agency approved it in the circular dated September 7, 2007, the amount has been accounted for as secondary subordinated loan. The said amount will be incorporated to the paid in capital after capital increase procedures are completed.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2007

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

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

<u>Ünvanı</u>	<u>İsmi</u>
Chairman of the Board of Directors	: Yavuz Canevi
Members of the Board of Directors	: Dr.Akin Akbaygil (* Patrick Rene Pitton (Head of Audit Committee) Ismail Yanik (Vice Chairman of Audit Committee) Jean-Jacques Marie Santini Metin Togay Michel Roger Chevalier Refael Taranto Varol Civil (General Manager)
Chairman of Inspection Committee	: Hakan Tirasin
Assistant General Managers	: Emine Sevinç Özsen Izzet Cemal Kismir Levent Çelebioglu Nilsen Altintas Nuri Tuncali Saniye Telci Turgut Boz Turgut Güney Ümit Leblebici Ünsal Aysun
Statutory Auditors	: Ayse Asardag Cihat Madanoğlu

(* Patrick Rene Pitton has joined the Board of Directors as of October 11, 2007. Alain Pierre Andre Bailly was resigned as of July 31, 2007.

Shares of the Bank owned by the above stated Chairman and Members of Board of Directors, General Manager and Assistants are negligible as per the shareholders register.

IV. Information about the persons and institutions that have qualified shares:

Name / Commercial Name	Share Amount	Share Ratio	Paid up Shares	Unpaid Shares
TEB Mali Yatirimlar A.S.	84,254	84.25%	84,254	-

The directly or indirectly authorized group that have the qualified shares in the Bank's capital is TEB Mali Yatirimlar A.S. 50% of the shares of TEB Mali Yatirimlar A.S. is controlled by BNP Paribas.

V. Summary on the Bank's Functions and Areas of Activity

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 agency functions through its branches on behalf of TEB Sigorta A.S. and TEB Yatirim Menkul Degerler A.S. As of September 30, 2007 Bank has 249 local branches and 4 foreign branches (December 31, 2006 - 169 local branches, 1 foreign branch).

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
BALANCE SHEET AS OF SEPTEMBER 30, 2007

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

I. BALANCE SHEET – ASSETS

		Reviewed Current Period 30.09.2007			Audited Prior Period 31.12.2006			
	Note Ref.	TRY	FC	Total	TRY	FC	Total	
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	341,206	1,307,878	1,649,084	251,908	713,502	965,410
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	105,054	11,308	116,362	97,710	5,440	103,150
2.1	Trading financial assets		54,793	4,240	59,033	80,266	1,375	81,641
2.1.1	Public sector debt securities		54,793	4,240	59,033	80,266	522	80,788
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Other marketable securities		-	-	-	-	853	853
2.2	Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1	Public sector debt securities		-	-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-	-
2.2.3	Other marketable securities		-	-	-	-	-	-
2.3	Derivative financial assets held for trading		50,261	7,068	57,329	17,444	4,065	21,509
III.	BANKS AND OTHER FINANCIAL INSTITUTIONS	(3)	13,726	199,865	213,591	4,324	433,364	437,688
IV.	MONEY MARKET PLACEMENTS		430,618	-	430,618	-	-	-
4.1	Interbank money market placements		430,618	-	430,618	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1,167,124	222,336	1,389,460	1,265,713	265,427	1,531,140
5.1	Share certificates		9	54	63	9	59	68
5.2	Public sector debt securities		1,167,115	222,282	1,389,397	1,265,704	265,368	1,531,072
5.3	Other marketable securities		-	-	-	-	-	-
VI.	LOANS	(5)	4,911,645	1,633,866	6,545,511	3,430,285	1,521,151	4,951,436
6.1	Loans		4,858,139	1,633,866	6,492,005	3,415,741	1,521,151	4,936,892
6.2	Non-performing loans		103,687	-	103,687	44,792	-	44,792
6.3	Specific provisions (-)		(50,181)	-	(50,181)	(30,248)	-	(30,248)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD TO MATURITY INVESTMENTS (Net)	(6)	-	-	-	-	-	-
8.1	Public sector debt securities		-	-	-	-	-	-
8.2	Other marketable securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	-	-	-
9.1	Accounted for under equity method		-	-	-	-	-	-
9.2	Unconsolidated associates		-	-	-	-	-	-
9.2.1	Financial investments		-	-	-	-	-	-
9.2.2	Non-financial investments		-	-	-	-	-	-
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	90,954	61,254	152,208	90,954	61,254	152,208
10.1	Unconsolidated financial subsidiaries		90,954	61,254	152,208	90,954	61,254	152,208
10.2	Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI.	ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	-	-	-	-	-
11.1	Consolidated under equity method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial subsidiaries		-	-	-	-	-	-
11.2.2	Non-financial subsidiaries		-	-	-	-	-	-
XII.	FINANCE LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1	Finance lease receivables		-	-	-	-	-	-
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1	Fair value hedge		-	-	-	-	-	-
13.2	Cash flow hedge		-	-	-	-	-	-
13.3	Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(12)	74,784	-	74,784	56,118	-	56,118
XV.	INTANGIBLE ASSETS (Net)	(13)	51,655	-	51,655	38,935	-	38,935
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		51,655	-	51,655	38,935	-	38,935
XVI.	TAX ASSET	(14)	83,568	-	83,568	20,186	-	20,186
16.1	Current tax asset		38,234	-	38,234	7,811	-	7,811
16.2	Deferred tax asset		45,334	-	45,334	12,375	-	12,375
XVII.	ASSETS HELD FOR SALE (Net)	(15)	-	-	-	-	-	-
XVIII.	OTHER ASSETS	(16)	110,565	8,281	118,846	22,733	8,362	31,095
TOTAL ASSETS			7,380,899	3,444,788	10,825,687	5,278,866	3,008,500	8,287,366

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
BALANCE SHEET AS OF SEPTEMBER 30, 2007

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

I. BALANCE SHEET - LIABILITIES

	Note Ref.	Reviewed Current Period 30.09.2007			Audited Prior Period 31.12.2006		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	3,606,102	3,594,824	7,200,926	2,370,384	3,055,523	5,425,907
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	246,601	3,612	250,213	67,356	1,531	68,887
III. FUNDS BORROWED	(3)	843,143	653,339	1,496,482	266,078	652,916	918,994
IV. MONEY MARKET BALANCES	(4)	225,387	-	225,387	771,004	-	771,004
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		225,387	-	225,387	771,004	-	771,004
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
VII. SUNDRY CREDITORS		130,148	13,099	143,247	68,199	34,277	102,476
VIII. OTHER LIABILITIES	(5)	177,852	1,847	179,699	34,323	1,827	36,150
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)	(6)	-	12,672	12,672	-	9,902	9,902
10.1 Finance lease payables		-	14,986	14,986	-	12,825	12,825
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	(2,314)	(2,314)	-	(2,923)	(2,923)
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(7)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(8)	53,056	12,554	65,610	33,965	12,362	46,327
12.1 General loan loss provisions		36,439	12,554	48,993	20,143	12,362	32,505
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		8,760	-	8,760	7,033	-	7,033
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		7,857	-	7,857	6,789	-	6,789
XIV. TAX LIABILITY	(9)	96,565	-	96,565	50,131	-	50,131
14.1 Current tax liability		96,565	-	96,565	50,131	-	50,131
14.2 Deferred tax liability		-	-	-	-	-	-
XV. PAYABLES RELATED TO ASSETS HELD FOR SALE	(10)	-	-	-	-	-	-
XIII. SUBORDINATED LOANS	(11)	90,000	395,180	485,180	-	299,912	299,912
XVI. SHAREHOLDERS' EQUITY	(12)	668,524	1,182	669,706	555,456	2,220	557,676
16.1 Paid-in capital		100,000	-	100,000	76,500	-	76,500
16.2 Supplementary capital		238,677	1,182	239,859	242,037	2,220	244,257
16.2.1 Share premium		1,592	-	1,592	1,592	-	1,592
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(3,841)	1,182	(2,659)	(12,231)	2,220	(10,011)
16.2.4 Tangible assets revaluation reserve		-	-	-	-	-	-
16.2.5 Intangible assets revaluation reserve		-	-	-	-	-	-
16.2.6 Bonus shares obtained from associates, subsidiaries and jointly controlled entities		-	-	-	-	-	-
16.2.7 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.8 Value increase on assets held for resale		-	-	-	-	-	-
16.2.9 Other capital reserves		240,926	-	240,926	252,676	-	252,676
16.3 Profit reserves		225,169	-	225,169	139,138	-	139,138
16.3.1 Legal reserves		20,235	-	20,235	14,950	-	14,950
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		204,934	-	204,934	124,188	-	124,188
16.3.4 Other profit reserves		-	-	-	-	-	-
16.4 Profit or loss		104,678	-	104,678	97,781	-	97,781
16.4.1 Prior year income/loss		-	-	-	-	-	-
16.4.2 Current year income/loss		104,678	-	104,678	97,781	-	97,781
16.5 Minority shares	(16)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		6,137,378	4,688,309	10,825,687	4,216,896	4,070,470	8,287,366

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS
AS OF SEPTEMBER 30, 2007

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

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref.	Reviewed Current Period 30.09.2007			Audited Prior Period 31.12.2006		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		6,822,316	4,729,352	11,551,668	2,851,566	3,902,161	6,753,727
I. GUARANTEES	(1), (3)	1,191,316	1,773,477	2,964,793	919,807	1,710,154	2,629,961
1.1. Letters of guarantee		1,127,638	918,418	2,046,056	872,720	852,899	1,725,619
1.1.1. Guarantees subject to State Tender Law		53,610	144,322	197,932	43,310	137,411	180,721
1.1.2. Guarantees given for foreign trade operations		133,564	40,001	173,565	112,691	36,584	149,275
1.1.3. Other letters of guarantee		940,464	734,095	1,674,559	716,719	678,904	1,395,623
1.2. Bank loans		-	64,962	64,962	-	50,146	50,146
1.2.1. Import letter of acceptance		-	61,071	61,071	-	50,146	50,146
1.2.2. Other bank acceptances		-	3,891	3,891	-	-	-
1.3. Letters of credit		140	669,101	669,241	87	652,014	652,101
1.3.1. Documentary letters of credit		140	543,605	543,745	87	567,695	567,782
1.3.2. Other letters of credit		-	125,496	125,496	-	84,319	84,319
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
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		59,698	80,688	140,386	44,489	85,146	129,635
1.9. Other collaterals		3,840	40,308	44,148	2,511	69,949	72,460
II. COMMITMENTS	(1), (3)	3,616,713	256,305	3,873,018	710,372	167,138	877,510
2.1. Irrevocable commitments		1,617,676	247,525	1,865,201	710,372	155,207	865,579
2.1.1. Forward asset purchase commitments		314,606	247,525	562,131	-	155,207	155,207
2.1.2. Forward deposit purchase and sales commitments		-	-	-	4,000	-	4,000
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		171,478	-	171,478	170,914	-	170,914
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		429,073	-	429,073	259,573	-	259,573
2.1.8. Tax and fund liabilities from export commitments		12,962	-	12,962	10,094	-	10,094
2.1.9. Commitments for credit card expenditure limits		689,423	-	689,423	263,871	-	263,871
2.1.10. Receivables from short sale commitments		-	-	-	-	-	-
2.1.11. Payables for short sale commitments		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		134	-	134	1,920	-	1,920
2.2. Revocable commitments		1,999,037	8,780	2,007,817	-	11,931	11,931
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		1,999,037	8,780	2,007,817	-	11,931	11,931
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	2,014,287	2,699,570	4,713,857	1,221,387	2,024,869	3,246,256
3.1. Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1. Fair value hedge		-	-	-	-	-	-
3.1.2. Cash flow hedge		-	-	-	-	-	-
3.1.3. Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2. Held for trading transactions		2,014,287	2,699,570	4,713,857	1,221,387	2,024,869	3,246,256
3.2.1. Forward foreign currency buy/sell transactions		680,148	844,636	1,524,784	280,381	361,334	641,715
3.2.1.1. Forward foreign currency transactions-buy		367,740	396,855	764,595	183,404	138,615	322,019
3.2.1.2. Forward foreign currency transactions-sell		312,408	447,781	760,189	96,977	222,719	319,696
3.2.2. Swap transactions related to f.c. and interest rates		952,957	1,105,570	2,058,527	733,356	891,599	1,624,955
3.2.2.1. Foreign currency swap-buy		76,244	867,807	944,051	17,493	767,077	784,570
3.2.2.2. Foreign currency swap-sell		866,848	227,260	1,094,108	703,630	119,836	823,466
3.2.2.3. Interest rate swaps-buy		5,957	5,434	11,391	7,488	2,716	10,204
3.2.2.4. Interest rate swaps-sell		3,908	5,069	8,977	4,745	1,970	6,715
3.2.3. Foreign currency, interest rate and securities options		381,182	408,761	789,943	207,650	520,541	728,191
3.2.3.1. Foreign currency options-buy		192,330	192,738	395,068	106,152	258,161	364,313
3.2.3.2. Foreign currency options-sell		188,852	206,023	394,875	101,498	262,380	363,878
3.2.3.3. Interest rate options-buy		-	-	-	-	-	-
3.2.3.4. Interest rate options-sell		-	-	-	-	-	-
3.2.3.5. Securities options-buy		-	-	-	-	-	-
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		-	132,645	132,645	-	53,299	53,299
3.2.4.1. Foreign currency futures-buy		-	132,645	132,645	-	53,299	53,299
3.2.4.2. Foreign currency futures-sell		-	-	-	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	-	-	-	-	-
3.2.6. Other		-	207,958	207,958	-	198,096	198,096
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		36,025,265	5,944,262	41,969,527	25,827,047	1,908,562	27,735,609
IV. ITEMS HELD IN CUSTODY		26,881,876	629,784	27,511,660	22,728,666	591,801	23,320,467
4.1. Assets under management		3,434,261	-	3,434,261	-	-	-
4.2. Investment securities held in custody		19,950,025	117,180	20,067,205	20,055,470	148,047	20,203,517
4.3. Checks received for collection		3,063,714	279,426	3,343,140	2,362,043	227,038	2,589,081
4.4. Commercial notes received for collection		433,777	167,751	601,528	311,042	146,164	457,206
4.5. Other assets received for collection		-	65,427	65,427	-	70,552	70,552
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		99	-	99	111	-	111
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		9,142,917	5,314,012	14,456,929	3,098,289	1,315,948	4,414,237
5.1. Marketable securities		240,716	12,863	253,579	249,914	80,605	330,519
5.2. Guarantee notes		4,457,954	3,901,700	8,359,654	3,699	2,297	5,996
5.3. Commodity		2,811	175,893	178,704	-	111,588	111,588
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		3,373,763	839,713	4,213,476	2,070,546	744,792	2,815,338
5.6. Other pledged items		1,067,673	383,843	1,451,516	774,130	376,666	1,150,796
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		472	466	938	92	813	905
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		42,847,581	10,673,614	53,521,195	28,678,613	5,810,723	34,489,336

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF INCOME FOR THE PERIOD FROM JANUARY 1 TO
SEPTEMBER 30, 2007

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

III. STATEMENT OF INCOME

		Reviewed Current Period 01.01-30.09.2007	Reviewed Prior Period 01.01-30.09.2006	Reviewed Current Period 01.07-30.09.2007	Reviewed Prior Period 01.07-30.09.2006
Note Ref		Toplam	Toplam	Toplam	Toplam
I.	INTEREST INCOME	1,029,170	547,147	382,153	216,388
1.1	Interest on loans	735,484	371,339	270,827	151,577
1.2	Interest received from reserve deposits	24,824	13,514	9,373	5,549
1.3	Interest received from banks	34,136	27,351	10,319	11,616
1.4	Interest received from money market placements	26,412	25,310	15,552	4,942
1.5	Interest received from marketable securities portfolio	208,193	109,587	76,042	42,703
1.5.1	Held-for-trading financial assets	19,294	6,417	10,557	1,084
1.5.2	Financial assets at fair value through profit and loss	-	-	-	-
1.5.3	Available-for-sale financial assets	188,899	103,166	65,485	41,619
1.5.4	Investments held-to-maturity	-	4	-	-
1.6	Finance lease Income	-	-	-	-
1.7	Other interest income	121	46	40	1
II.	INTEREST EXPENSE	648,472	336,480	238,788	136,636
2.1	Interest on deposits	455,896	230,227	170,423	90,724
2.2	Interest on funds borrowed	99,510	54,128	44,179	22,505
2.3	Interest on money market borrowings	91,768	51,516	23,905	23,241
2.4	Interest on securities issued	-	-	-	-
2.5	Other interest expense	1,298	609	281	166
III.	NET INTEREST INCOME (I- II)	380,698	210,667	143,365	79,752
IV.	NET FEES AND COMMISSIONS INCOME	92,484	53,564	34,524	20,240
4.1	Fees and commissions received	129,729	68,004	49,694	25,946
4.1.1	Cash loans	19,341	10,300	7,240	3,786
4.1.2	Non-cash loans	22,958	16,863	8,087	6,277
4.1.3	Other	87,430	40,841	34,367	15,883
4.2	Fees and commissions paid	37,245	14,440	15,170	5,706
4.2.1	Cash loans	1,229	1,220	465	474
4.2.2	Non-cash loans	140	46	64	15
4.2.3	Other	35,876	13,174	14,641	5,217
V.	DIVIDEND INCOME	14,756	18,531	-	-
VI.	NET TRADING INCOME	(11,622)	14,920	(5,162)	7,945
6.1	Profit/losses on trading account securities	(81,487)	39,372	(56,722)	(27,967)
6.2	Foreign exchange gains/losses	69,865	(24,452)	51,560	35,912
VII.	OTHER OPERATING INCOME	24,879	15,523	8,908	5,526
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)	501,195	313,205	181,635	113,463
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	43,987	21,346	23,834	8,186
X.	OTHER OPERATING EXPENSES (-)	325,808	195,924	115,069	69,862
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)	131,400	95,935	42,732	35,415
XII.	AMOUNT IN EXCESS RECORDED AS GAIN	-	-	-	-
XIII.	GAIN / (LOSS) ON EQUITY METHOD	-	-	-	-
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION	-	-	-	-
XV.	INCOME/(LOSS) BEFORE TAXES (XI+XII+XIII+XIV)	131,400	95,935	42,732	35,415
XVI.	PROVISION FOR TAXES ON INCOME (±)	(26,722)	(20,872)	(10,308)	(7,542)
16.1	Provision for current income taxes	(61,519)	(4,569)	(23,291)	(3,310)
16.2	Provision for deferred taxes	34,797	(16,303)	12,983	(4,232)
XVII.	NET OPERATING INCOME AFTER TAXES (XV±XVI)	104,678	75,063	32,424	27,873
17.1	Discontinued Operations	-	-	-	-
17.2	Other	-	-	-	-
XVIII.	NET PROFIT/(LOSS)	104,678	75,063	32,424	27,873
18.1	Group's profit/loss	104,678	75,063	32,424	27,873
18.2	Minority shares	-	-	-	-
	Earnings per share	1.0468	0.7589	0.3242	0.2818

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2006
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

IV. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Reviewed	Note Ref	Paid-in Capital	Effect of inflation Accounting on Capital and Other Capital Reserves	Share premium	Share certificate cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Revaluation Value Increase Fund	Marketable Securities Value Increase Fund	Total Equity
Prior Period – 01.01.-30.09.2006																
I	Beginning Balance – 31.12.2005		57,800	252,676	-	-	9,253	-	61,218	-	-	78,717	-	-	9,147	468,811
II	Corrections according to TAS 8		-	-	-	-	-	2,293	-	-	-	6,399	-	-	-	8,692
2.1	The effect of corrections of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	The effects of changes in accounting policy.		-	-	-	-	-	2,293	-	-	-	6,399	-	-	-	8,692
III	New Balance (I+II)		57,800	252,676	-	-	9,253	-	63,511	-	-	85,116	-	-	9,147	477,503
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-
V	Investments securities available for sale		-	-	-	-	-	-	-	-	-	-	-	-	(34,354)	(34,354)
VI	Hedging Transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Transfer to hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII	Investments securities available for sale		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII	Hedging transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX	Period net income/(loss)		-	-	-	-	-	-	-	-	75,063	-	-	-	-	75,063
X	Profit distribution		-	-	-	-	5,697	-	60,677	-	-	(85,116)	-	-	-	(18,742)
10.1	Dividends distributed		-	-	-	-	-	-	-	-	-	(18,742)	-	-	-	(18,742)
10.2	Transfers to reserves		-	-	-	-	5,697	-	54,278	-	-	(59,975)	-	-	-	-
10.3	Other		-	-	-	-	-	-	6,399	-	-	(6,399)	-	-	-	-
XI	Capital increase		18,700	-	1,592	-	-	-	-	-	-	-	-	-	-	20,292
11.1	Cash		18,700	-	-	-	-	-	-	-	-	-	-	-	-	18,700
11.2	Tangible assets value increase in revaluation fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3	Bonus shares from associates, subsidiaries and jointly controlled entities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.4	Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.5	Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.6	Issuance of share certificates		-	-	1,592	-	-	-	-	-	-	-	-	-	-	1,592
11.7	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.8	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII	The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII	The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV	Primary subordinated loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV	Secondary subordinated loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI	The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance 30.09.2006																
(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI)			76,500	252,676	1,592	-	14,950	-	124,188	-	75,063	-	-	-	(25,207)	519,762

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

IV. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Reviewed		Effect of inflation Accounting on Capital and Other Capital Reserves	Share premium	Share certificate cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Revaluation Value Increase Fund	Marketable Securities Value Increase Fund	Total Equity
	Note Ref	Paid-in Capital													
Current Period – 01.01.-30.09.2007															
I		76,500	252,676	1,592	-	14,950	-	124,188	-	-	97,781	-	-	(10,011)	557,676
II.															
III.														7,352	7,352
IV.															
4.1															
4.2															
V.															
VI.															
6.1															
6.2															
VII.										104,678					104,678
VIII.						5,285		92,496			(97,781)				
8.1															
8.2						5,285		100,415			(105,700)				
8.3								(7,919)			7,919				
IX.		23,500	(11,750)					(11,750)							
9.1															
9.2															
9.3															
9.4															
9.5		11,750	(11,750)												
9.6															
9.7								(11,750)							
9.8		11,750													
X.															
XI.															
XII.															
XIII.															
XIV.															
Closing Balance 30.09.2007															
(I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV)															
		100,000	240,926	1,592	-	20,235	-	204,934	-	104,678	-	-	-	(2,659)	669,706

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CASH FLOW STATEMENT FOR THE PERIOD FROM
JANUARY 1 TO SEPTEMBER 30, 2007

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

V. STATEMENT OF CASH FLOWS

	Reviewed Current Period	Reviewed Prior Period
	01.01.-30.09.2007	01.01.-30.09.2006
Note Ref		
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	539,614	(66,058)
1.1.1 Interest received	992,856	455,614
1.1.2 Interest paid	(424,611)	(306,733)
1.1.3 Dividend received	14,756	18,531
1.1.4 Fees and commissions received	129,730	68,005
1.1.5 Other income	94,742	54,895
1.1.6 Collections from previously written off loans	24,492	7,056
1.1.7 Payments to personnel and service suppliers	(173,656)	(107,842)
1.1.8 Taxes paid	(38,234)	(42,959)
1.1.9 Others	(80,461)	(212,625)
	(1)	
1.2 Changes in operating assets and liabilities	210,318	646,876
1.2.1 Net (increase) decrease in financial assets	21,485	77,148
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss	-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions	(13,879)	64,171
1.2.4 Net (increase) decrease in loans	(1,596,246)	(1,217,154)
1.2.5 Net (increase) decrease in other assets	(168,627)	(70,676)
1.2.6 Net increase (decrease) in bank deposits	(525,798)	(53,698)
1.2.7 Net increase (decrease) in other deposits	1,745,123	1,610,027
1.2.8 Net increase (decrease) in funds borrowed	554,784	229,429
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	193,476	7,629
	(1)	
I. Net cash provided from banking operations	749,932	580,818
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	84,519	(84,438)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	-	-
2.3 Fixed assets purchases	(17,616)	(12,341)
2.4 Fixed assets sales	70	219
2.5 Cash paid for purchase of financial assets available for sale	(648,889)	(955,414)
2.6 Cash obtained from sale of financial assets available for sale	772,689	891,687
2.7 Cash paid for purchase of investment securities	-	-
2.8 Cash obtained from sale of investment securities	-	100
2.9 Others	(21,735)	(8,689)
	(1)	
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities	145,922	171,183
3.1 Cash obtained from funds borrowed and securities issued	155,950	170,676
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Capital increase	-	20,292
3.4 Dividends paid	-	(18,742)
3.5 Payments for finance leases	(10,028)	(1,043)
3.6 Other	-	-
	(1)	
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(160,033)	79,468
	(1)	
V. Net increase / (decrease) in cash and cash equivalents	820,340	747,031
VI. Cash and cash equivalents at beginning of the period	1,118,666	743,090
VII. Cash and cash equivalents at end of the period	1,939,006	1,490,121

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2007

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

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

The Bank prepares financial statements and notes according to Communique on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, other communiques, pronouncements and explanations about accounting and financial reporting issued by Banking Regulation and Supervision Agency (BRSA), Turkish Commercial Code and Tax Legislation.

Accounting Policies Used

The prior period financial statements are restated in line with the principles of TAS No:1 "Fundamentals of Preparing and Presenting Financial Statements" published on Official Gazette on January 16, 2005 with No: 25702, and in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards; and other principles, methods and explanations about accounting and financial reporting issued by the BRSA. The adjustments to the prior period profits, are summarized below:

	30.09.2006	30.09.2006	31.12.2005	31.12.2005
	Profit for the Period	Extraordinary Reserves	Profit for the Period	Extraordinary Reserves
As previously reported	87,396	115,496	78,717	61,218
Foreign currency difference adjustment for subsidiaries	(9,267)	13,628	7,074	6,554
Employee benefit liability adjustment	(2,951)	(7,051)	(964)	(6,087)
Deferred tax adjustment	(115)	2,115	289	1,826
As restated	75,063	124,188	85,116	63,511

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank aims to develop and promote products for the financial needs of each customer such as SMEs, multinational companies and even small individual investors in line with Banking Legislation. The priority objective of the Bank is to maintain liquidity while fulfilling customer needs. Thus, the Bank uses 40% on average of its resources on liquid items, while the Bank also aims for the highest yield possible with effective maturity management.

The Bank aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of risk management strategy of the Bank, management of risk bearing positions of currency, interest or price movements is performed only by the Treasury Asset Liability department and using the limits defined by the Board of Directors. The Asset-Liability Committee manages the maturity mismatches while deciding the short, medium and long term strategies as well as adopting the principle of positive balance sheet margin as a pricing policy.

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II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions (continued)

The Board of Directors allows a purchase risk in treasury operations and different limits are defined by the Board for every product.

The Bank's hedging activities from the currency risk due to foreign currency available-for-sale capital instruments are explained under the Currency Risk header; and the Bank's hedging activities from interest rate risk arising from fixed interest rate deposits and floating interest rate loans are explained in detail under Interest Rate Risk header.

The Bank's Asset-Liability Committee approves the trading of various derivative instruments such as currency swaps, forwards and similar derivatives to hedge interest and currency exchange risks in line with its balance sheet structure.

III. Explanations on Forward and Option Contracts and Derivative Instruments

Fair values of foreign currency forward, swap transactions are determined by comparing the period end Bank foreign exchange rates with the contractual forward rates discounted to the balance sheet date. The resulting gain or loss is reflected to the income statement. Discounted values calculated using the fixed and floating interest rates between the transaction date and repricing date are used in determination of the fair values of interest rate swaps. Fair values of option transactions are determined by comparing the option rates discounted to the balance sheet date with the period end foreign exchange rates of the Bank and the resulting gain or loss is reflected to the income statement of the current period, taking into account the exercisability of the option. Premiums, received and paid for the option transactions, are calculated on an accrual basis using effective interest rate method. The Bank also enters into futures agreements. Futures transactions are valued daily by the primary market prices and related unrealized gains or losses are reflected in the income statement.

IV. Interest Income and Expenses

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, realized and unrealized interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as interest income only when collected.

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V. Fees and Commission Income and Expenses

Fees for various banking services are recorded as income when collected and prepaid commission income on cash and non-cash loans 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 by using effective interest rate and expensed on the related periods.

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

VI. Explanations and Disclosures on Financial Assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Risks related to these activities form a significant part among total risks the Bank undertakes. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects. Bank trades these instruments on behalf of its customers and on its own behalf.

Basically, financial assets create the majority of the commercial activities of the Bank. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. In case of application of settlement date accounting, the institution accounts for the changes that occur in the fair value of the asset in the period between commercial transaction date and settlement date as in the assets that the institution settles.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

The methods and assumptions used in determining the reasonable estimated values of all of the financial instruments are mentioned below.

Cash, Banks, and Other Financial Institutions

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash. The book values of these assets approximate their fair values.

Financial Assets at Fair Value Through Profit and Loss

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 with a pattern of short-term profit taking.

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 "Impairment Provision on Marketable Securities".

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VI. Explanations and Disclosures on Financial Assets (continued)

Held to Maturity Investments and Financial Assets Available for Sale

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability and excluding loans and receivables.

Available for sale financial assets include all securities other than 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 value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Value Increase Fund" under the equity. 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 fair values of these securities are determined using the Official Gazette prices or other valuation methods stated in TAS.

After initial recognition held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

The interests received from held to maturity investments are recorded as interest income.

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

The Bank classifies its securities as referred to above at the acquisition date of related assets.

The sale and purchase transactions of the held to maturity investments are recorded on a settlement date basis.

Loans and Provisions for Impairment

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

The Bank initially records loans and receivables at cost. In subsequent periods, in accordance with TAS, loans are measured at amortized cost using effective interest rate method.

With the amendment in the Uniform Chart of Accounts as of January 26, 2007, net foreign exchange gains and losses on the foreign currency indexed loans are presented under foreign exchange gains/losses. Statement of income for the period ended September 30, 2006 is reclassified to reflect the effect of this change.

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VI. Explanations and Disclosures on Financial Assets (continued)

Loans and Provisions for Impairment (continued)

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

Specific reserves are provided and provided for Group III, IV and V loans in accordance with the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No. 26333 dated November 1, 2006. 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 reversed from the "Provision for Loans and Other Receivables" account in the income statement. The collections made related to loans written off or provisioned in prior years are recorded to "Collections Related to the Prior Period Expenses" under "Other Operating Income" account and related interest income is credited to the "Interest Received from Non-performing Loans" account.

Releases of loan loss provisions are reversed from the "Provision and Impairment Expenses - Special Provision Expense" account.

In addition to specific loan loss provisions, within the framework of the regulation and principles referred to above; Bank records general loan loss provisions for loans and other receivables. Bank calculated the general loan provision as 0.5% for cash loans and other receivables, and 0.1% for non-cash loans until November 1, 2006. Subsequent to the change in the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No. 26333 dated November 1, 2006; Bank started to book general loan loss provision of 1% for cash loans and other receivables; and 0.2% for non-cash loans on the increase in the cash and non-cash loan portfolio as compared to their October 31, 2006 balances whereas allocating 0.5% general loan loss provision for cash loans and other receivables, and 0.1% for non-cash loans for the balances as of October 31, 2006.

VII. Explanations on Impairment of Financial Assets

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related impairment.

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence (or nonoccurrence) of one or more than one event ("loss event") after the first journalization of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of high probability the expected losses caused by the future events are not journalized.

VIII. Offsetting of Financial Assets and Liabilities

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

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IX. Explanations on Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers are being recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under securities held for trading, 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.

These transactions are short-term and consist of domestic public sector debt securities.

The income and expenses from these transactions are reflected to the “Interest Income on Marketable Securities” and “Interest Expense on Money Market Borrowings” accounts in the income statement.

As of September 30, 2007, the Bank does not have any reverse repo transactions (December 31, 2006 - None).

As of September 30, 2007, the Bank does not have any marketable securities lending transaction (December 31, 2006 - None).

X. Explanations on Assets Held for Sale and Discontinued Operations

Assets held for sale are those under a plan prepared by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low.

The Bank does not have any assets held for sale.

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately. The Bank does not have any discontinued operations.

XI. Explanations on Goodwill and Other Intangible Assets

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

Intangible assets are accounted for at restated cost until December 31, 2004 in accordance with inflation accounting and are amortized with straight-line method, after December 31, 2004 the acquisition cost and any other cost incurred so as to prepare the intangible asset ready for use less reserve for impairment, if any, and amortized on a straight-line method. The cost of assets subject to amortisation is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

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XI. Explanations on Goodwill and Other Intangible Assets (continued)

The other 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. Softwares 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. Leasehold improvements are depreciated over the lease period by straight-line method.

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

XII. Explanations on Tangible Fixed Assets

Properties are accounted for at their restated costs until December 31, 2004; after December 31, 2004 the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected, 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 accounted for at their restated costs until December 31, 2004; afterwards the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected less reserve for impairment, if any, and depreciated on a straight-line method. Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. 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	3 - 50

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

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance 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.

Bank employs independent appraisers in determining the current fair values of the real estates at year ends.

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XIII. Explanations on Leasing Transactions

Tangible fixed assets acquired by financial leases are accounted for in accordance with TAS No:17. In accordance with this standard, the leasing transactions, which consist only foreign currency liabilities, are translated to New Turkish Lira with the exchange rates prevailing at the transaction dates and they are recorded as an asset or a liability. The foreign currency liabilities are translated to New Turkish Lira with the Bank's period end exchange rates. The increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The financing cost resulting from leasing is distributed through the lease period to form a fixed interest rate.

In addition to the interest expense, the Bank records depreciation expense for the depreciable leased assets in each period. The depreciation rate is determined in accordance with TAS No:16 "Accounting Standard for Tangible Fixed Assets" and the depreciation rate used is 20% for the leased assets acquired before July 31, 2003 and 3%-50% for leased assets acquired after July 31, 2003 which is in line with Turkish Tax Legislation.

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.

XIV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits".

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. All actuarial gains and losses are recognized in the income statement.

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Bank uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually. The carrying value of employee termination benefit provisions as of September 30, 2007 is TRY 8,760 (December 31, 2006 - TRY 7,033).

Defined Contribution Plans

For defined contribution plans the Bank pays contributions to Social Security Funds on a mandatory basis. In addition to this, the employees of the Bank are members of the Foundation of TEB Employees ("TEB'liler Vakfı"). For the employees of the Bank that are the members of TEB'liler Vakfı, the Bank does not have any other liability to this foundation other than paying 20% of the first monthly contribution fee of the employee only for one time. Contribution fees are accounted as employee benefits. Based on the resolution passed in the General Assembly of TEB'liler Vakfı dated September 10, 2007, the process to liquidate TEB'liler Vakfı has started. There are no other liabilities related to employee benefits to be provisioned.

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XVI. Explanations on Taxation

Corporate tax

According to the Article 32 of the Corporate Tax Law No. 5520, accepted in the meeting of Grand National Assembly of Turkey (TBMM) on June 13, 2006 and announced in the Official Gazette dated June 21, 2006, the corporate tax rate has been decreased from 30% to 20%, effective from January 1, 2006 as per the Article 37 of the Corporate Tax Law.

The tax legislation, requires advance tax of 20% 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 between the first and twentyfifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

Tax provision related with items that are credited or charged directly to equity are charged or credited to equity. As at September 30, 2007 TRY 665 (December 31, 2006 - TRY 2,503) deferred tax which is related with items recorded in the equity was netted-off under equity in "Marketable Securities Value Increase Fund".

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Deferred Tax Liability / Asset

The Bank calculates and reflects 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 September 30, 2007 and December 31, 2006, in accordance with TAS No: 12 "Turkish Accounting Standard on Income Taxes" and the changes in 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 reserves, 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 assets and liabilities are shown in the accompanying financial statements on a net basis.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax benefit of TRY 34,797 is stated under the tax provision in the income statement (September 30, 2006 – TRY 16,303 deferred tax charge). The deferred tax asset of TRY 665 (December 31, 2006 - TRY 2,503) resulting from differences related to items that are credited or charged directly to equity is netted with these accounts.

Furthermore, as per the above circular of BRSA, deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

XVII. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

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XVIII. Explanations on Share Certificates

Based on the resolution of the Board of Directors no. 3840/28 on March 31, 2006, the Bank has increased its paid in capital of TRY 57,800 within the registered capital ceiling of TRY 100,000 by TRY 18,700, to TRY 76,500. TRY 18,700 capital increase has been decided to be used as pre-emptive rights to the shareholders and the unused pre-emptive rights to be traded on the Stock Exchange, and the whole amount to be paid in cash. As of June 30, 2006 the amount of unused pre-emptive rights is TRY 138. The increase of TRY 18,700 was registered with Istanbul Trade Registry Office on September 20, 2006 and capital increase procedures were completed.

Based on the meeting of the General Assembly on March 27, 2007, after completing all of the legal procedures, it was decided to increase the paid-in capital of the Bank to TRY 100,000 by TRY 23,500 within the registered capital ceiling and decided to incorporate TRY 11,750 of TRY 23,500 increase from the extraordinary reserves, and the remaining TRY 11,750 from the inflation accounting differences on share capital and in exchange distribute the investors as bonus shares as per their proportionate shares, and the process concerning the capital increase has been completed as of June 7, 2007.

At the meeting held on August 28, 2007, the Board of Directors decided to increase the paid-in capital of the Bank to TRY 755,000 by TRY 655,000 within the registered capital ceiling subsequent to the resolution of the ceiling increase at the Extraordinary General Assembly, by injecting TRY 210,000 from the shareholders' in cash and in exchange distribute shares as per their proportionate shareholding, incorporating TRY 240,000 from the inflation accounting differences on share capital and TRY 205,000 from the extraordinary reserves and in exchange distribute bonus shares to the shareholders as per their proportionate shareholding. The Extraordinary General Assembly of the Bank resolved to increase the capital ceiling TRY 100,000 to TRY 900,000 on September 5, 2007. The increase was registered with Istanbul Trade Registry Office on September 6, 2007.

XIX. Explanations on Acceptances

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

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Segment Reporting

The Bank mainly operates in retail and corporate banking segments.

	Retail	Corporate	Other	Total
Net interest income	37,206	224,266	119,226	380,698
Net fees and commissions income and other operating income	17,180	94,242	5,941	117,363
Trading profit / loss	10,878	16,717	(39,217)	(11,622)
Dividend income	-	-	14,756	14,756
Impairment provision for loans and other receivables	(5,850)	(36,530)	(1,607)	(43,987)
Other operating expenses	(48,278)	(105,670)	(171,860)	(325,808)
Profit before tax	11,136	193,025	(72,761)	131,400
Tax	-	-	(26,722)	(26,722)
Net profit for the period	11,136	193,025	(99,483)	104,678

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XXII. Explanations on Other Matters

Investments in Subsidiaries

According to the circular of the Banking Regulation and Supervision Agency dated July 4, 2007, foreign currency investments obtained prior to January 1, 2005 are accounted for at their TRY restated cost until December 31, 2004 and compared with the fair value or recoverable value for any impairment. The Economy Bank NV (“TEB NV”), subsidiary of the bank operating in Netherlands with capital of EUR 30 million has been accounted for at the TRY restated cost. Since any changes in the foreign exchange rates will not have an effect on the valuation of the subsidiary, the hedge for the investment risk in The Economy Bank NV (“TEB NV”) applied from the period December 31, 2006 has been ceased in the accompanying unconsolidated financial statements. The effect has been restated in the current and prior period financial statements. The amount of the effect on previous period financials has been disclosed under section three “Accounting Principles” in clause “Basis of Presentation”.

Explanation for convenience translation to English

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

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining 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 November 1, 2006 in the Official Gazette numbered 26333. The Bank's unconsolidated capital adequacy ratio in accordance with the related communiqué is 13.98%. (December 31, 2006 - 14.27%)

According to the Article 2007/2 of the Banking Regulation and Supervision Agency dated July 4, 2007, foreign currency investments obtained prior January 1, 2005 are accounted for at their TRY restated cost until December 31, 2004 and compared with the fair value or recoverable value for any impairment. The effects of the circular on the unconsolidated financial statements as of December 31, 2006, increases the capital adequacy ratio from 14.27% to 14.40% .

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 "Measurement and Assessment of Capital Adequacy of Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

The values deducted from the capital base in the shareholders' equity computation are excluded while calculating risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and impairment 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 net of 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 loan conversion rates presented in the Article 5, the Clause 1 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

Receivables from counter parties from derivative foreign currency and interest rate transactions are multiplied by the loan conversion rates presented in the Article 5, the Clause 2 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

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I. Explanations Related to the Capital Adequacy Standard Ratio (continued)

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)				
Cash	181,513	107	-	-
Matured Marketable Securities	-	-	-	-
Due From Central Bank of Turkey	1,127,474	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	6,424	204,393	-	1,015
Interbank Money Market Placements	430,000	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-
Reserve Deposits	329,509	-	-	-
Loans	196,187	65,824	1,446,244	4,700,630
Non-performing loans (Net)	-	-	-	53,506
Financial Lease Receivables	-	-	-	-
Available-For-Sale Financial Assets	1,338,275	-	-	63
Held to Maturity Investments	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-
Sundry Debtors	-	7,116	-	31,505
Interest and Income Accruals	62,218	1,760	17,707	67,070
Subsidiaries, Associates and Entities Under Common Control (Net)	-	-	-	152,208
Tangible Assets	-	-	-	74,784
Other Assets	120,688	4,380	-	12,649
Off-Balance Sheet Items				
Guarantees and Commitments	2,135,605	874,905	345,375	906,570
Derivative Financial Instruments	-	86,870	-	21,337
Non Risk Weighted Accounts				
Total Value at Risk	5,927,893	1,245,355	1,809,326	6,021,337
Total Risk Weighted Assets	-	249,071	904,663	6,021,337

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	7,175,071	5,560,811
Amount Subject to Market Risk (ASMR)	170,150	191,138
Amount Subject to Operational Risk (ASOR) (*) (**)	607,486	-
Shareholders' Equity	1,111,408	820,725
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	13.98	14.27

TRWA: Total Risk Weighted Assets

ASMR: Amount Subject to Market Risk

ASOR: Amount Subject to Operational Risk

(*) Since it is effective after June 30, 2007, no comparative data is available.

(**) Operational risk has been calculated by using the Basic Indicator Approach.

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I. Explanations Related to the Capital Adequacy Standard Ratio (continued)

Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in capital	100,000	76,500
Nominal capital	100,000	76,500
Capital commitments (-)	-	-
Paid-in Capital Indexation Difference	240,926	252,676
Share premium	1,592	1,592
Cancellation Profits	-	-
Legal reserves	20,235	14,950
First legal reserve (Turkish Commercial Code 466/1)	14,699	9,414
Second legal reserve (Turkish Commercial Code 466/2)	5,536	5,536
Other legal reserve per special legislation	-	-
Statutory reserves	-	-
Extraordinary reserves	204,934	110,560
Reserves allocated by the General Assembly	204,934	110,560
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Indexation differences of legal, statutory and extraordinary reserves	-	-
Profit	104,678	105,700
Current period net profit	104,678	105,700
Prior years' profits	-	-
Provision for possible losses up to 25% of the Core Capital	-	-
Gains on sale of associates and subsidiaries and properties to be added to capital	-	-
Primary subordinated loans up to 15% of the Core Capital	100,855	-
Losses that cannot be covered by reserves (-)	-	-
Net current period loss	-	-
Prior years' losses	-	-
Leasehold improvements (-)	45,383	33,069
Prepaid expenses (-)	24,421	11,307
Intangible assets (-)	6,273	5,866
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-
Total Core Capital	773,220	561,978
SUPPLEMENTARY CAPITAL		
General Loan Loss Reserves	48,993	32,505
45% of the revaluation reserve for movable fixed assets	-	-
45% of the revaluation reserve for properties	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	19,625	-
Secondary subordinated loans	348,306	280,989
Marketable securities value increase fund	(2,659)	(4,505)
Associates and subsidiaries	-	-
Available for sale securities	(2,659)	(4,505)
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total Supplementary Capital	414,265	308,989
TIER III CAPITAL		
CAPITAL	1,187,485	870,967
DEDUCTIONS FROM THE CAPITAL	76,077	50,242
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps ten percent or more of capitals	-	-
Shareholdings of unconsolidated banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than Ten percent of capitals which exceed the ten Percent of Bank's Core and Supplementary Capital	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	-	-
Other	-	-
Total Shareholders' Equity	1,111,408	820,725

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II. Explanations Related to 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 Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” issued on Official Gazette dated November 1, 2006 numbered 26333.

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 market forces and 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.

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured, and in the computation of capital adequacy, the amount subject to VAR calculated by using the standard method (summarised below) is taken into consideration. Beside the standart method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are historic simulation, Monte Carlo simulation and parametric method, and these results are also reported daily to the management.

a) Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	12,225
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	1,135
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	252
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	13,612
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	170,150

b) Average market risk table calculated at the end of the months during the period:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	13,758	15,572	11,674	9,201	13,535	6,592
Common Stock Risk	-	-	-	-	-	-
Currency Risk	972	1,722	551	1,619	4,450	168
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	635	1,396	28	203	635	-
Total Value Subject to Risk	192,114	215,900	170,150	137,787	191,138	109,500

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III. Explanations Related to Currency Risk

Foreign currency risk indicates the probability 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. Any possible changes in the foreign currency transactions in the Bank's positions are also 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 New 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 on a weekly basis.

As of September 30, 2007, the Bank's net long position is TRY 4,830 (December 31, 2006 - TRY 5,863 net short) resulting from short position on the balance sheet amounting to TRY 583,689 (December 31, 2006 - TRY 566,904 short) and long position on the off-balance sheet amounting to TRY 588,519 (December 31, 2006 - TRY 561,041 long).

The announced current foreign exchange buying rates of the Bank at September 30, 2007 and the previous five working days in full TRY are as follows:

	21.09.2007	24.09.2007	25.09.2007	26.09.2007	27.09.2007	28.09.2007
USD	1.22770	1.21860	1.22780	1.21670	1.21000	1.20480
CHF	1.04400	1.03870	1.04680	1.03860	1.03200	1.02770
GBP	2.47140	2.46760	2.46890	2.45020	2.44820	2.44390
JPY	1.06230	1.05820	1.06990	1.05440	1.04560	1.04310
EURO	1.72700	1.71970	1.73010	1.71900	1.71290	1.70860

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before September 30, 2007 are as follows:

	Monthly Average Foreign Exchange Rate
USD	1.25582
CHF	1.05664
GBP	2.53312
JPY	1.08459
EURO	1.74436

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III. Explanations Related to Currency Risk (continued)

Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	YEN	OTHER	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	590,614	701,507	70	15,687	1,307,878
Due From Other Banks and Financial Institutions	66,033	118,983	804	14,045	199,865
Financial Assets at Fair Value Through Profit and Loss (*****)	962	3,278	-	-	4,240
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	54	222,282	-	-	222,336
Loans (**)	1,007,394	1,079,655	41,938	154,705	2,283,692
Subsidiaries, Associates and Entities Under Common Control	61,254	-	-	-	61,254
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets (***)	778	7,063	9	176	8,026
Total Assets	1,727,089	2,132,768	42,821	184,613	4,087,291
Liabilities					
Bank Deposits	63,974	17,510	15	22,817	104,316
Foreign Currency Deposits (*)	1,051,730	2,369,620	3,021	66,137	3,490,508
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	661,872	381,396	208	5,043	1,048,519
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	6,449	5,764	25	861	13,099
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	7,937	6,525	-	76	14,538
Total Liabilities	1,791,962	2,780,815	3,269	94,934	4,670,980
Net Balance Sheet Position	(64,873)	(648,047)	39,552	89,679	(583,689)
Net Off-Balance Sheet Position	67,951	640,059	(39,542)	(79,949)	588,519
Financial Derivative Assets (*****)	263,002	1,394,410	18,570	91,230	1,767,212
Financial Derivative Liabilities (*****)	195,051	754,351	58,112	171,179	1,178,693
Non-Cash Loans (*****)	640,082	1,080,258	9,142	43,995	1,773,477
Prior Period					
Total Assets	1,516,244	1,819,861	15,984	135,912	3,488,001
Total Liabilities	1,484,463	2,446,591	6,833	117,018	4,054,905
Net Balance Sheet Position	31,781	(626,730)	9,151	18,894	(566,904)
Net Off-Balance Sheet Position	(18,475)	605,884	(9,069)	(17,299)	561,041
Financial Derivative Assets	196,607	1,100,270	4,835	68,102	1,369,814
Financial Derivative Liabilities	215,082	494,386	13,904	85,401	808,773
Non-Cash Loans (*****)	648,150	995,305	6,777	59,922	1,710,154

- (*) Gold account deposits amounting to TRY 5,044 (December 31, 2006 - TRY 15,247) are included in the foreign currency deposits.
- (**) Foreign currency indexed loans amounting to TRY 649,826 (December 31, 2006 - TRY 481,055) are included in the loan portfolio.
- (***) TRY 255 (December 31, 2006 - TRY 364) prepaid expenses is deducted from other assets and TRY 3,593 (December 31, 2006 - TRY 983) expense accruals from derivative financial instruments, and TRY 12,554 (December 31, 2006 - TRY 12,362) provision for general loan losses are deducted from other liabilities.
- (*****) Forward asset purchase-sale commitments of TRY 123,180 (December 31, 2006 - TRY 76,854) are added to derivative financial assets and TRY 123,155 (December 31, 2006 - TRY 76,864) has been added to derivative financial liabilities.
- (*****) TRY 7,068 (December 31, 2006 - TRY 1,190) income accruals from derivative financial instruments is deducted from Financial Assets at Fair Value Through Profit and Loss.
- (*****) There are no effects on the net off-balance sheet position.

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IV. Explanations Related to 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 risk management department is to protect from interest rate volatility. Duration, maturity and sensitivity analysis performed within this context are calculated by the risk management department 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 budgeted targets.

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

Since the Bank does not permit maturity mismatches or imposes limits on mismatch, a significant interest rate risk exposure is not expected.

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 Metals) and Balances with the Central Bank of Turkey.	1,200,812	-	-	-	-	448,272	1,649,084
Due From Other Banks and Financial Institutions	1,724	-	7,905	3,156	-	200,806	213,591
Financial Assets at Fair Value Through Profit and Loss	14,833	555	6,074	466	40,726	53,708	116,362
Money Market Placements	430,618	-	-	-	-	-	430,618
Available-For-Sale Financial Assets	21,849	66,071	918,458	215,990	167,029	63	1,389,460
Loans	3,372,275	357,291	518,126	591,981	1,652,332	-	6,492,005
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	534,567	534,567
Total Assets	5,042,111	423,917	1,450,563	811,593	1,860,087	1,237,416	10,825,687
Liabilities							
Bank Deposits	95,435	5,210	-	-	-	42,390	143,035
Other Deposits	5,710,814	224,546	29,593	12,400	2,421	1,078,117	7,057,891
Money Market Borrowings	225,387	-	-	-	-	-	225,387
Sundry Creditors	-	-	-	-	-	143,247	143,247
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	384,487	1,033,579	359,918	1,889	201,789	-	1,981,662
Other Liabilities	2,876	2,193	2,737	4,077	61,015	1,201,567	1,274,465
Total Liabilities	6,418,999	1,265,528	392,248	18,366	265,225	2,465,321	10,825,687
Balance Sheet Long Position	-	-	1,058,315	793,227	1,594,862	-	3,446,404
Balance Sheet Short Position	(1,376,888)	(841,611)	-	-	-	(1,227,905)	(3,446,404)
Off-Balance Sheet Long Position	-	-	-	49	11,342	-	11,391
Off-Balance Sheet Short Position	-	-	-	(32)	(8,945)	-	(8,977)
Total Position	(1,376,888)	(841,611)	1,058,315	793,244	1,597,259	(1,227,905)	2,414

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IV. Explanations Related to Interest Rate Risk (continued)

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

The other assets line in the non-interest bearing column consists of tangible assets amounting to TRY 74,784; intangible assets amounting to TRY 51,655, subsidiaries amounting to TRY 152,208 and the other liabilities line includes the shareholders' equity of TRY 669,706.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TRY %
Current Period				
Assets				
Cash (Cash In Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	1.83	2.53	-	12.93
Due From Other Banks And Financial Institutions	3.54	5.29	-	18.95
Financial Assets At Fair Value Through Profit And Loss	5.72	6.43	-	17.69
Money Market Placements	-	-	-	17.65
Available-For-Sale Financial Assets	-	5.25	-	18.09
Loans	6.41	7.55	4.13	23.61
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	3.66	5.29	-	11.74
Other Deposits	3.45	5.06	-	18.85
Money Market Borrowings	-	-	-	17.63
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4.86	7.69	1.49	17.71

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IV. Explanations Related to Interest Rate Risk (continued)

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
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	645,653	-	-	-	-	319,757	965,410
Due From Other Banks and Financial Institutions	82,111	-	2,290	1,000	-	352,287	437,688
Financial Assets at Fair Value Through Profit and Loss	45,046	12,713	3,268	2,983	38,287	853	103,150
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	291,988	663,403	76,104	74,449	425,129	67	1,531,140
Loans	2,599,403	333,953	360,262	390,693	1,252,581	-	4,936,892
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	313,086	313,086
Total Assets	3,664,201	1,010,069	441,924	469,125	1,715,997	986,050	8,287,366
Liabilities							
Bank Deposits	74,323	1,806	-	-	-	47,875	124,004
Other Deposits	4,859,484	402,218	30,645	9,415	141	-	5,301,903
Money Market Borrowings	771,004	-	-	-	-	-	771,004
Sundry Creditors	-	-	-	-	-	102,476	102,476
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	319,187	106,291	735,398	47,365	10,665	-	1,218,906
Other Liabilities	18,899	11,175	4,952	14,144	29,619	690,284	769,073
Total Liabilities	6,042,897	521,490	770,995	70,924	40,425	840,635	8,287,366
Balance Sheet Long Position	-	488,579	-	398,201	1,675,572	145,415	2,707,767
Balance Sheet Short Position	(2,378,696)	-	(329,071)	-	-	-	(2,707,767)
Off-Balance Sheet Long Position	10,204	-	-	-	-	-	10,204
Off-Balance Sheet Short Position	(6,715)	-	-	-	-	-	(6,715)
Total Position	(2,375,207)	488,579	(329,071)	398,201	1,675,572	145,415	3,489

The other assets line at the non-interest bearing column consists of tangible assets amounting to TRY 56,118; intangible assets amounting to TRY 38,935, TRY 1,959 accrued interest and income accruals, subsidiaries amounting to TRY 152,208 and the other liabilities line includes the shareholders' equity of TRY 557,676.

Average interest rates applied to monetary financial instruments

	EURO %	USD %	YEN %	TRY %
Prior Period				
Assets				
Cash (Cash In Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	1.73	2.52	-	13.12
Due From Other Banks And Financial Institutions	-	5.26	-	16.85
Financial Assets At Fair Value Through Profit And Loss	5.45	7.08	-	21.15
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	-	6.78	-	21.57
Loans	5.94	7.56	3.88	22.72
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	2.87	4.50	-	6.74
Other Deposits	3.18	5.21	-	20.32
Money Market Borrowings	-	-	-	17.50
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4.81	7.23	-	17.57

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V. Explanations Related to 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 has not been 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 TRY 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 pre-financing and syndication products to generate additional sources. Generally the Bank is in a lender position.

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V. Explanations Related to Liquidity Risk (continued)

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	Accumulated Deposits (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	448,272	1,200,812	-	-	-	-	-	1,649,084
Due From Other Banks and Financial Institutions	200,806	1,724	-	7,905	3,156	-	-	213,591
Financial Assets at Fair Value Through Profit and Loss	-	22,954	9,519	7,424	29,409	47,056	-	116,362
Money Market Placements	-	430,618	-	-	-	-	-	430,618
Available-For-Sale Financial Assets	63	-	28,457	110,630	306,574	943,736	-	1,389,460
Loans	-	3,372,275	357,291	518,126	591,981	1,652,332	-	6,492,005
Held-To-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	-	132,326	-	-	-	-	402,241	534,567
Total Assets	649,141	5,160,709	395,267	644,085	931,120	2,643,124	402,241	10,825,687
Liabilities								
Bank Deposits	42,390	95,435	5,210	-	-	-	-	143,035
Other Deposits	1,078,117	5,710,814	224,546	29,593	12,400	2,421	-	7,057,891
Funds Provided From Other Financial Institutions	-	293,353	1,011,812	83,728	41,626	551,143	-	1,981,662
Money Market Borrowings	-	225,387	-	-	-	-	-	225,387
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	143,247	-	-	-	-	-	-	143,247
Other Liabilities	-	290,862	12,611	56,730	26,462	152,484	735,316	1,274,465
Total Liabilities	1,263,754	6,615,851	1,254,179	170,051	80,488	706,048	735,316	10,825,687
Liquidity Gap	(614,613)	(1,455,142)	(858,912)	474,034	850,632	1,937,076	(333,075)	-
Prior Period								
Total Assets	672,965	2,801,916	543,703	643,210	568,446	2,772,168	284,958	8,287,366
Total Liabilities	1,114,829	5,002,969	490,062	106,900	498,360	470,245	604,001	8,287,366
Liquidity Gap	(441,864)	(2,201,053)	53,641	536,310	70,086	2,301,923	(319,043)	-

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

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SECTION FIVE

**EXPLANATIONS AND DISCLOSURES ON
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. Explanations Related to the Assets

1. a) Information on Cash and Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	62,919	109,723	50,157	75,313
Balances with the Central Bank of Turkey	277,238	1,190,226	200,718	635,346
Other	1,049	7,929	1,033	2,843
Total	341,206	1,307,878	251,908	713,502

b) Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposit (*)	277,238	328,395	200,718	281,142
Unrestricted time deposit	-	861,831	-	354,204
Restricted time deposit	-	-	-	-
Total	277,238	1,190,226	200,718	635,346

(*) TRY 328,395 (December 31, 2006 – TRY 281,142) foreign currency and TRY 2,901 domestic currency unrestricted demand deposit balance comprises of reserve deposits. Unrestricted demand deposit balance also includes average reserve deposit held in Central Bank. The interest rates applied for reserve deposits are 12.93% for TRY deposits and 1.70% - 2.33% for foreign currency deposits (December 31, 2006 – TRY 13.12% and 1.73%-2.52% for foreign currency), respectively.

2. Information on financial assets at fair value through profit and loss (net):

a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	-	-	542	-
Other	-	-	-	-
Total	-	-	542	-

a.2) Financial assets at fair value through profit and loss subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	-	-	4,223	-
Treasury bills	-	-	642	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	-	4,865	-

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 59,033 (December 31, 2006 – TRY 76,234).

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I. Explanations Related to the Assets (continued)

a.3) Positive differences related to derivative financial assets held-for-trading:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	27,816	2,365	8,659	562
Swap Transactions	18,511	4,166	8,072	3,302
Futures Transactions	-	-	-	-
Options	3,934	537	713	148
Other	-	-	-	53
Total	50,261	7,068	17,444	4,065

3.a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	12,172	15	4,324	21,109
Foreign	1,554	199,850	-	412,255
Branches and head office abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	13,726	199,865	4,324	433,364

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	43,321	154,650	124,896	13,016
USA and Canada	22,906	239,096	-	-
OECD Countries*	2,498	5,362	-	-
Off-shore banking regions	6,870	47	-	-
Other	913	84	-	-
Total	76,508	399,239	124,896	13,016

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

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I. Explanations Related to the Assets (continued)

4. Information on financial assets available-for-sale:

a.1) Information on financial assets available-for-sale given as collateral or blocked:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	2,382	160,067	-	188,531
Other	-	-	-	-
Total	2,382	160,067	-	188,531

a.2) Financial assets available-for-sale subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	244,083	-	856,760	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	244,083	-	856,760	-

Net book value of unrestricted financial assets available-for-sale is TRY 982,928 (December 31,2006 – TRY 485,849).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	1,407,265	1,544,514
Quoted on a stock exchange	1,244,757	1,355,983
Not quoted	162,508	188,531
Share certificates	63	68
Quoted on a stock exchange	-	-
Not quoted	63	68
Impairment provision(-)	(17,868)	(13,442)
Total	1,389,460	1,531,140

5. 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	232	32,960	1,384	2,768
Corporate shareholders	232	32,960	1,384	2,768
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	4,181	-	4,513	-
Total	4,413	32,960	5,897	2,768

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I. Explanations Related to the Assets (continued)

5. Information on loans: (continued)

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	6,489,613	-	-	2,392
Discount notes	111,722	-	-	-
Export loans	976,480	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	107,655	-	-	-
Foreign loans	533,134	-	-	-
Consumer loans	882,043	-	-	-
Credit cards	214,716	-	-	-
Precious metals loans	180,924	-	-	-
Other	3,482,939	-	-	2,392
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	6,489,613	-	-	2,392

c) Loans according to their maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term loans and other receivables	4,348,806	-	-	-
Non-specialized loans	4,348,806	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	2,140,807	-	-	2,392
Non-specialized loans	2,140,807	-	-	2,392
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	6,489,613	-	-	2,392

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I. Explanations Related to the Assets (continued)

5. Information on loans: (continued)

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

	Short Term	Medium and Long Term	Total
Consumer Loans -TRY	36,340	755,696	792,036
Housing Loans	969	350,145	351,114
Car Loans	4,573	171,450	176,023
General Purpose Loans	30,611	223,407	254,018
Other	187	10,694	10,881
Consumer Loans -Indexed to FC	1,000	64,286	65,286
Housing Loans	425	38,372	38,797
Car Loans	283	22,366	22,649
General Purpose Loans	292	3,548	3,840
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards -TRY	206,912	-	206,912
With Installments	55,366	-	55,366
Without Installments	151,546	-	151,546
Individual Credit Cards -FC	1,614	-	1,614
With Installments	-	-	-
Without Installments	1,614	-	1,614
Personnel Loans-TRY	1,139	2,392	3,531
Housing Loans	-	130	130
Car Loans	-	31	31
General Purpose Loans	963	2,231	3,194
Other	176	-	176
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	211	-	211
With Installments	39	-	39
Without Installments	172	-	172
Personnel Credit Cards-FC	1	-	1
With Installments	-	-	-
Without Installments	1	-	1
Overdraft Account TRY(Real Person) (*)	21,190	-	21,190
Overdraft Account FC(Real Person)	-	-	-
Total	268,407	822,374	1,090,781

(*) Overdraft Account includes TRY 438 of personnel loans.

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I. Explanations Related to the Assets (continued)

5. Information on loans: (continued)

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

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRY	71,571	541,885	613,456
Business Loans	193	19,499	19,692
Car Loans	11,901	201,790	213,691
General Purpose Loans	59,477	319,223	378,700
Other	-	1,373	1,373
Commercial loans with installment facility - Indexed to FC	17,451	151,621	169,072
Business Loans	-	1,610	1,610
Car Loans	2,624	81,819	84,443
General Purpose Loans	14,827	65,500	80,327
Other	-	2,692	2,692
Commercial loans with installment facility -FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TRY	5,490	-	5,490
With Installments	-	-	-
Without Installments	5,490	-	5,490
Corporate Credit Cards-FC	488	-	488
With Installments	-	-	-
Without Installments	488	-	488
Overdraft Account-TRY(Legal Entities)	-	-	-
Overdraft Account-FC(Legal Entities)	-	-	-
Total	95,000	693,506	788,506

f) Loans according to borrowers:

	Current Period	Prior Period
Public	-	-
Private	6,492,005	4,936,892
Total	6,492,005	4,936,892

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	5,958,871	4,818,168
Foreign loans	533,134	118,724
Total	6,492,005	4,936,892

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	-	210
Indirect loans granted to subsidiaries and associates	-	-
Total	-	210

i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	5,212	1,270
Loans and receivables with doubtful collectibility	11,947	1,778
Uncollectible loans and receivables	33,022	27,200
Total	50,181	30,248

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I. Explanations Related to the Assets (continued)

5. Information on loans: (continued)

j) Information on non-performing loans: (Net):

j.1) Information on loans and other receivables included in non-performing loans which are restructured or rescheduled: None.

j.2) The movement of non-performing loans:

	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	9,329	3,676	31,787
Additions (+)	75,333	6,526	1,528
Transfers from other categories of non-performing loans (+)	-	35,572	7,536
Transfers to other categories of non-performing loans (-)	35,572	7,536	-
Collections (-)	15,840	6,655	1,997
Write-offs (-)	-	-	-
Current period end balance	33,250	31,583	38,854
Specific provision (-)	5,212	11,947	33,022
Net Balances on Balance Sheet	28,038	19,636	5,832

j.3) Information on foreign currency non-performing loans and other receivables: None.

k) Main principles of liquidating loans and receivables:

According to the “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published on Official Gazette No. 26333 dated November 1, 2006; loans and other receivables for which the collection is believed to be impossible are written off by complying with the requirements of the Tax Procedural Law in accordance with the decision of the upper management of the Bank.

6. Information on held-to-maturity investments:

a.1) Information on held-to-maturity investments given as collateral or blocked: None (December 31, 2006 – None).

a.2) Held-to-maturity investments subject to repurchase agreements: None (December 31, 2006 – None).

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I. Explanations Related to the Assets (continued)

6. Information on held-to-maturity investments (Net): (continued)

- b) Information on public sector debt investments held-to-maturity: None (December 31, 2006 – None).
- c) Information on held-to-maturity investments: None (December 31, 2006 – None).
- d) Movement of held-to-maturity investments:

	Current Period	Prior Period
Beginning balance	-	101
Foreign currency differences on monetary assets	-	-
Purchases during year	-	-
Disposals through sales and redemptions	-	(101)
Impairment provision (-)	-	-
Closing Balance	-	-

7. Information on associates (Net):

- a.1) Information on the unconsolidated associates: None. (December 31, 2006 – None)
- b.1) Information on the consolidated associates: None. (December 31, 2006 – None)
- b.2) Valuation of consolidated associates: None. (December 31, 2006 – None)
- b.3) Consolidated associates which are quoted on the stock exchange: None. (December 31, 2006 – None)

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I. Explanations Related to the Assets (continued)

8. Information on subsidiaries (Net):

a) Information on the unconsolidated subsidiaries: None.

b) Information on the consolidated subsidiaries:

b.1) 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
TEB Finansal Kiralama A.S.	Istanbul/Turkey	100.00	100.00
TEB Factoring A.S.	Istanbul/Turkey	100.00	100.00
TEB Yatırım Menkul Değerler A.S.	Istanbul/Turkey	74.94	100.00
TEB Portföy Yönetimi A.S.	Istanbul/Turkey	46.77	100.00

Information on the consolidated subsidiaries with the order 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) 1,243,425	117,078	6,879	72,333	1,239	10,231	9,708	-
(ii) 514,143	63,203	66,532	28,373	1,083	(1,652)	(18,303)	-
(ii) 357,500	18,937	390	31,485	-	5,989	7,444	-
(iii) 59,144	37,473	1,352	9,078	814	9,822	9,837	-
(iv) 10,652	9,878	560	1,104	369	2,497	4,713	-

(*) Represents the amounts in the financial statements as of December 31, 2006.

(i) Represents financial figures of foreign currency subsidiaries translated at period end foreign exchange rates for balance sheet as of September 30, 2007 and nine months' average rates for profit and loss.

(ii) Represents statutory financial figures based on tax procedural law as of September 30, 2007.

(iii) Represents consolidated financial figures of TEB Yatırım and TEB Portföy based on Capital Markets Board regulations as of September 30, 2007.

(iv) Represents financial figures based on Capital Markets Board regulations as of September 30, 2007.

b.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	152,208	152,859
Movements during the period	-	(651)
Purchases	-	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (*)	-	(651)
Revaluation increase	-	-
Provision for impairment	-	-
Balance at the end of the period	152,208	152,208
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) The Board of Directors of Petek International Holdings B.V. passed a resolution on October 26, 2004 to liquidate the company.

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I. Explanations Related to the Assets (continued)

8. Information on subsidiaries (Net) (continued):

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

			Current Period	Prior Period
Banks	/	The Economy Bank N.V.	61,254	61,254
Leasing Companies	/	TEB Finansal Kiralama A.S.	40,190	40,190
Factoring Companies	/	TEB Factoring A.S.	22,324	22,324
Other Financial Subsidiaries	/	TEB Yatırım Menkul Değerler A.S.	26,382	26,382
		TEB Portföy Yönetimi A.S.	2,058	2,058
Total			152,208	152,208

b.4) Consolidated subsidiaries quoted on the stock exchange: None.

9. Information on entities under common control: None.

10. Information on finance lease receivables (Net): None.

11. Information on derivative financial assets for hedging purposes: None.

12. Information on tangible assets (Net) :

	Opening Balance December 31, 2006	Additions	Disposals	Other	Ending Balance September 30, 2007
Cost:					
Land and buildings	9,637	-	-	-	9,637
Leased tangible assets	43,242	13,463	-	-	56,705
Vehicles	378	39	(44)	-	373
Other	79,315	17,577	(501)	-	96,391
Total Cost	132,572	31,079	(545)	-	163,106
Accumulated Depreciation:					
Land and buildings	(2,937)	(150)	-	-	(3,087)
Leased tangible assets	(30,628)	(2,708)	-	-	(33,336)
Vehicles	(289)	(26)	28	-	(287)
Other	(42,600)	(9,308)	296	-	(51,612)
Total Accumulated Depreciation	(76,454)	(12,192)	324	-	(88,322)
Net Book Value	56,118	18,887	(221)	-	74,784

a) If impairment amount on individual asset recorded or reversed in the current period is material for the overall financial statements:

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

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

b) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.

c) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

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I. Explanations Related to the Assets (continued)

13. Information on intangible assets :

	Opening Balance December 31, 2006	Additions	Disposals	Other	Ending Balance September 30, 2007
Cost:					
Leasehold improvements	52,455	18,797	(2,502)	-	68,750
Other intangible assets	17,102	2,937	-	-	20,039
Total Cost	69,557	21,734	(2,502)	-	88,789
Accumulated Depreciation:					
Leasehold improvements	(19,418)	(6,483)	2,502	-	(23,399)
Other intangible assets	(11,204)	(2,531)	-	-	(13,735)
Total Accumulated Depreciation	(30,622)	(9,014)	2,502	-	(37,134)
Net Book Value	38,935	12,720	-	-	51,655

- Disclosures for book value, description and remaining depreciation time for a specific intangible fixed asset that is material to the financial statements: None.
- Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition : None.
- The book value of intangible fixed assets that are pledged or restricted for use: None.
- Amount of purchase commitments for intangible fixed assets: None.
- Information on revalued intangible assets according to their types: None.
- Amount of total research and development expenses recorded in income statement within the period if any: None.
- Positive or negative consolidation goodwill on entity basis arising from consolidated entities: Not applicable.
- Information on goodwill: None.
- Movements on goodwill in the current period: None.

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I. Explanations Related to the Assets (continued)

14. Explanations on deferred tax asset:

- a) As of September 30, 2007, deferred tax asset computed on the temporary differences is TRY 45,334 (December 31, 2006 – TRY 12,375). 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 in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.
- d) Movement of deferred tax:

	Current Period	Prior Period
At January 1, 2007	12,375	8,072
Effect of change in tax rate	-	(807)
Deferred tax (charge)/benefit	34,797	(1,313)
Deferred tax (charge)/benefit (Net)	34,797	(2,120)
Deferred tax journalized in Shareholders' Equity	(1,838)	6,423
Deferred Tax Asset	45,334	12,375

15. Information on assets held for sale: None.

16. Information on other assets:

- a) Breakdown of other assets

	Current Period	Prior Period
Clearing Account (*)	36,787	-
Collateral Given for Derivative Financial Assets	7,269	7,965
Transaction Cost Related to Financial Liabilities	5,054	2,786
Prepaid Rent Expenses	3,475	3,275
Prepaid Insurance Premiums	2,021	147
Advances Given	637	360
Other Prepaid Expenses	13,873	3,954
Receivables from Credit Card Payments	30,301	3,880
Other	19,429	8,728
Total	118,846	31,095

(*) In prior periods, other banks' cheques sent to the other banks for clearing purposes, have been recorded in off-balance sheet from sending to collection; and after cash collection they were being taken out from these accounts and recorded to the customers' deposit accounts. This period, upon the announcement that was sent to all banks by BRSA, they are recorded to related clearing accounts in the balance sheet after the approval of the related clearing office for the mentioned cheques.

- 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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SECTION FIVE

II. 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	Accumulated Deposits	Total
Saving deposits	114,013	-	960,377	1,027,221	9,020	10,137	317	-	2,121,085
Foreign currency deposits	638,962	-	1,792,940	958,139	72,150	20,377	2,830	-	3,485,398
Residents in Turkey	600,491	-	1,765,771	941,332	70,375	18,501	2,830	-	3,399,300
Residents abroad	38,471	-	27,169	16,807	1,775	1,876	-	-	86,098
Public sector deposits	9,112	-	1,526	2,844	109,438	-	-	-	122,920
Commercial deposits	297,360	-	528,148	371,427	1,691	163	-	-	1,198,789
Other institutions deposits	14,894	-	68,253	40,912	322	245	-	-	124,626
Precious metals deposits	3,776	-	1,127	-	85	85	-	-	5,073
Interbank deposits	42,390	-	73,066	27,403	176	-	-	-	143,035
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	88	-	42,726	-	-	-	-	-	42,814
Foreign Banks	16,502	-	30,339	27,403	176	-	-	-	74,420
Special finance houses	25,800	-	1	-	-	-	-	-	25,801
Other	-	-	-	-	-	-	-	-	-
Total	1,120,507	-	3,425,437	2,427,946	192,882	31,007	3,147	-	7,200,926

72.93% of the Bank deposits and 49.45% of other deposits of the Bank consist of foreign currency deposits.

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	Accumulated Deposits	Total
Saving deposits	78,146	-	544,406	939,730	5,135	4,374	243	-	1,572,034
Foreign currency deposits	615,465	-	1,530,759	647,230	90,690	52,744	2,053	-	2,938,941
Residents in Turkey	573,219	-	1,474,744	639,698	76,623	50,598	2,053	-	2,816,935
Residents abroad	42,246	-	56,015	7,532	14,067	2,146	-	-	122,006
Public sector deposits	725	-	2,794	-	-	-	-	-	3,519
Commercial deposits	242,203	-	361,184	101,654	791	148	-	-	705,980
Other institutions deposits	13,009	-	16,241	36,903	20	9	-	-	66,182
Precious metals deposits	14,930	-	-	115	57	145	-	-	15,247
Interbank deposits	47,875	-	51,760	23,334	1,035	-	-	-	124,004
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	69	-	40	1,011	1,035	-	-	-	2,155
Foreign Banks	13,044	-	51,720	22,323	-	-	-	-	87,087
Special finance houses	34,762	-	-	-	-	-	-	-	34,762
Other	-	-	-	-	-	-	-	-	-
Total	1,012,353	-	2,507,144	1,748,966	97,728	57,420	2,296	-	5,425,907

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

Saving Deposits	Under the guarantee of saving deposit insurance	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit	Exceeding the limit of saving deposit
	Current Period(*)	Prior Period(*)	Current Period(*)	Prior Period(*)
Saving deposits	651,112	516,610	1,368,334	1,043,618
Foreign currency saving deposits	366,782	310,722	1,168,330	1,076,286
Other deposits in the form of saving deposits	951	1,113	3,514	5,008
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	1,018,845	828,445	2,540,178	2,124,912

(*) 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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II. Explanations Related to the Liabilities (continued)

b.2) Saving deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Foreign branches' saving deposits	6,063	8,124
Off-shore banking regions' saving deposits	-	-
Total	6,063	8,124

2. Information on derivative financial liabilities:

a) Negative differences table related to derivative financial liabilities held-for-trading:

Derivative Financial Liabilities Held for Trading	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	23,736	1,958	8,989	302
Swap Transactions	219,366	1,078	58,079	834
Futures Transactions	-	-	-	-
Options	3,499	557	288	168
Other	-	19	-	227
Total	246,601	3,612	67,356	1,531

3. a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	63,235	100,347	56,560	109,213
From Foreign Banks, Institutions and Funds	779,908	552,992	209,518	543,703
Total	843,143	653,339	266,078	652,916

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	734,355	502,411	204,492	509,116
Medium and long-term	108,788	150,928	61,586	143,800
Total	843,143	653,339	266,078	652,916

c) Additional explanation related to the concentrations of the Bank's major liabilities:

Bank diversifies its funding resources by the customer deposits and by the foreign borrowings. As of September 30, 2007, the Parent Bank has replaced its EUR 210,000,000 syndication loan under foreign borrowings, which has a one year extension option, with maturity of two years contracted on November 18, 2005 with the loan of EUR 205,000,000 maturing on November 13, 2007.

Bank makes analysis of its customers that provide the maximum amount of funds within the branches and throughout the Bank, in consideration of profitability. Bank takes short and long term preventive measures to spread its customers on a wider spectrum on the basis of customer concentration in the branches.

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II. Explanations Related to the Liabilities (continued)

4. Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	225,355	-	770,983	-
Financial institutions and organizations	217,856	-	765,830	-
Other institutions and organizations	1,281	-	584	-
Real persons	6,218	-	4,569	-
From foreign transactions	32	-	21	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	32	-	21	-
Total	225,387	-	771,004	-

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

6. Explanations on financial lease obligations (Net):

- a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the bank:

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

- b) The explanation on modifications in agreements and new obligations resulting from such modifications: None.
- c) Explanation on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	13,618	11,331	7,036	5,213
Between 1-4 Years	1,368	1,341	5,789	4,689
More than 4 Years	-	-	-	-
Total	14,986	12,672	12,825	9,902

- d) Explanations regarding operational leases:

Except for the Head-Office-Istanbul and Izmir-Ege Kurumsal Branch buildings, all branch premises of TEB are leased under operational leases. During the period ended September 30, 2007, operational lease expenses amounting to TRY 33,004 have been recorded in the profit and loss accounts. The lease periods vary between 1 and 10 years and lease agreements are cancelable subject to a certain period of notice.

- e) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

7. Information on derivative financial liabilities for hedging purposes: None.

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II. Explanations Related to the Liabilities (continued)

8. Information on provisions:

- a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	41,573	25,649
Provisions for Second Group Loans and Receivables	-	-
Provisions for non-Cash Loans	6,132	3,958
Other	1,288	2,898
Total	48,993	32,505

- b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses on the foreign currency indexed loans amounting to TRY 55,312 (December 31, 2006 - TRY 12,108) is netted of from loans on the balance sheet.
- c) The specific provisions provided for unindemnified non cash loans amount to TRY 417 (December 31,2006 - TRY 207).
- d) Information on employee termination benefits and unused vacation accrual:

Bank has calculated reserve for employee termination benefits by using actuarial valuations as determined in the TAS No:19 and reflected this in the financial statements.

As of September 30, 2007, TRY 8,760 (December 31, 2006 - TRY 7,033) reserve for employee termination benefits was provided against a total liability of TRY 24,333 (December 31, 2006 - TRY 19,506). The ratio of provision of this benefit to undiscounted total liabilities is 36% (December 31, 2006 - 36%).

As of September 30, 2007, the Bank provided a reserve of TRY 5,673 (December 31,2006 - TRY 5,770) for the unused vacations. The balance is classified under other provisions in the financial statements.

- d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	7,033	6,044
Utilized / Paid	2,476	1,800
Arising during the year	(749)	(811)
Total	8,760	7,033

- e) Information on other provisions:

- e.1) Provisions for possible losses: None.

- e.2) The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total of provisions:

	Current Period	Prior Period
Provision for employee benefits	5,673	5,770
Provision for promotion of credit cards and banking services	1,767	812
Other	417	207
Total	7,857	6,789

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II. Explanations Related to the Liabilities (continued)

8. Information on provisions (continued)

f) Liabilities on pension rights: None.

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

f.2) Liabilities resulting from all kinds of pension funds, foundations etc, which provide post retirement benefits for the employees: None.

9. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Corporate taxes:

	Current Period	Prior Period
Provision for corporate taxes	61,519	26,807

a.2) Information on taxes payable:

	Current Period	Prior Period
Taxation on Securities	11,155	5,909
Property Tax	589	517
Banking Insurance Transaction Tax (BITT)	9,303	6,517
Foreign Exchange Transaction Tax	1,159	1,071
Value Added Tax Payable	283	543
Other (*)	4,013	3,062
Total	26,502	17,619

(*) Others include stamp taxes payable amounting to TRY 403 (December 31,2006 - TRY 300).

b) Information on premiums :

	Current Period	Prior Period
Social Security Premiums -Employee	3,261	2,174
Social Security Premiums -Employer	4,597	3,070
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	229	153
Unemployment Insurance-Employer	457	308
Other	-	-
Total	8,544	5,705

c) Explanations on deferred tax liabilities, if any: None.

10. Information on liabilities regarding assets held for sale: None.

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II. Explanations Related to the Liabilities (continued)

11. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any: (continued)

The Bank has signed an agreement with the International Finance Corporation (IFC) on July 17, 2002, for a subordinated loan of USD 15 million. The maturity of the loan is October 14, 2011 and interest rate is LIBOR+2.85% .

The Bank has signed another agreement with the IFC on June 27, 2005, for a subordinated loan. The facility is a USD 50 million subordinated loan, with a maturity of June 29, 2015 and with an interest rate of LIBOR+3.18% .

The Bank has signed an agreement with the Economy Luxembourg S.A on October 31, 2006 for a subordinated loan. The facility is a EUR 110 million subordinated loan, with a maturity of October 31, 2016, and with an interest rate of 6.10% .

The Bank has obtained a primary subordinated loan by issuing a bond amounting USD 100 million as of July 31, 2007. The investor of the bond is IFC International Finance Corporation (IFC). The maturity of the borrowing is indefinite with six monthly interest payment. The interest rate is defined as 6 month Libor+3.5% until July 31, 2007. In case the borrowed amount is not repaid at that date, the interest rate will be revised as 6 month Libor+ 5.25 % .

As of August 31, 2007 the main shareholder TEB Mali Yatirimlar A.S of the bank has placed TRY 90,000 to the Bank. The facility matches the definition of the subordinated loan in the article 8, clause 11 of the Communiqué on Equity of Banks. Since the amount has been obtained for the capital increase committed by this shareholder and the Banking Regulation and Supervision Agency approved it in the circular dated September 7, 2007, the amount has been accounted for as secondary subordinated loan. The said amount will be incorporated to the paid in capital after capital increase procedures are completed.

Each of the five of the above facilities match BRSA's subordinated loan-capital definitions and contribute the Bank's capital adequacy ratio in a positive manner, as well as creating long term financing.

a) Information on subordinated loans:

	Current Period		Prior Period	
	TRY	TRY	TRY	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	90,000	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	395,180	-	299,912
Total	90,000	395,180	-	299,912

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II. Explanations Related to the Liabilities (continued)

12. Information on Shareholders' Equity:

- a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock	100,000	76,500
Preferred stock	-	-

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

Capital System	Paid-in capital	Ceiling
Registered Capital System	100,000	900,000

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

Based on the meeting of the General Assembly on March 27, 2007, after completing all of the legal procedures, it was decided to increase the paid-in capital of the Bank to TRY 100,000 by TRY 23,500 within the registered capital ceiling and decided to incorporate TRY 11,750 of TRY 23,500 increase from the extraordinary reserves, and the remaining TRY 11,750 from the inflation accounting differences on share capital and in exchange distribute the shareholders as bonus shares as per their proportionate shares, and the process concerning the capital increase was completed as of June 7, 2007.

At the meeting held on August 28, 2007, the Board of Directors decided to increase the paid-in capital of the Bank to TRY 755,000 by TRY 655,000 within the registered capital ceiling subsequent to the resolution of the ceiling increase at the Extraordinary General Assembly, by injecting TRY 210,000 from the shareholders' in cash and in exchange distribute shares as per their proportionate shareholding, incorporating TRY 240,000 from the inflation accounting differences on share capital and TRY 205,000 from the extraordinary reserves and in exchange distribute bonus shares to the shareholders as per their proportionate shareholding. The Extraordinary General Assembly of the Bank resolved to increase the capital ceiling TRY 100,000 to TRY 900,000 on September 5, 2007. The increase was registered with Istanbul Trade Registry Office on September 6, 2007.

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II. Explanations Related to the Liabilities (continued)

12. Information on Shareholders' Equity: (continued)

- d) Information on share capital increases from revaluation funds: None.
- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.
- f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

Prior year income, profitability and liquidity of the Bank is closely monitored and reported to Board of Directors, Asset and Liability Committee, and Risk Management by the Budget and Financial Control Group. This group tries to forecast the effects of interest, currency and maturity fluctuations that change these indicators with static and dynamic scenario analysis. Net asset value, which is defined as the difference of fair values of assets and liabilities, is measured. Expectations are made for Bank's future interest income via simulations of net interest income and scenario analysis.

- g) Information on preferred shares:

7% of the Bank's remaining net income after tax subsequent to deducting legal reserves and first dividends, corresponding to the Bank's 60,000 shares of YTL 30 (in full TRY) is distributed to the founder shares. At the Board of Directors meeting dated February 10, 2005 numbered 3702/11, it is decided to transfer 6 founder shares to the Bank's parent company, TEB Mali Yatirimlar.

- h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Associates, Subsidiaries, and Entities Under Common Control	-	-	-	-
Valuation Difference	(3,841)	1,182	(12,231)	2,220
Foreign Exchange Difference	-	-	-	-
Total	(3,841)	1,182	(12,231)	2,220

	Current Period	Prior Period
Foreign currency marketable securities value increase fund	1,182	2,220
Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities available for sale related to the above amount	-	-
Total	1,182	2,220

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II. Explanations Related to the Liabilities (continued)

13. Information on legal reserves:

	Current Period	Prior Period
First legal reserves	14,699	9,414
Second legal reserves	5,536	5,536
Other legal reserves appropriated in accordance with special legislation	-	-
Total	20,235	14,950

14. Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	204,934	124,188
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Total	204,934	124,188

15. Other Information on Shareholders' Equity:

According to the Article of the Banking Regulation and Supervision Agency as of July 4, 2007, foreign currency investments obtained prior to January 1, 2005 are accounted for at their TRY restated cost until December 31, 2004 and compared with the fair value or recoverable value for any diminution. The Economy Bank NV ("TEB NV"), subsidiary of the bank operating in Netherlands with capital of EUR 30 million has been accounted for at the TRY restated cost. Since any changes in the foreign exchange rates will not have an effect on the valuation of the subsidiary, the hedge for the investment risk in The Economy Bank NV ("TEB NV") applied from the period December 31, 2006 has been ceased in the accompanying unconsolidated financial statements. The effect has been restated in the current and prior period financial statements. The amount of the effect on previous period financials has been disclosed under section three "Accounting Principles" in clause "Basis of Presentation".

16. Information on minority shares: None.

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SECTION FIVE

III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments

1. Information on off-balance sheet liabilities:

- a) Nature and amount of irrevocable loan commitments: Credit card expenditure limit commitments are TRY 689,423 and TRY 263,871; payment commitments for checks are TRY 429,073 and TRY 259,573 as of September 30, 2007 and December 31, 2006 respectively.

- b) Possible losses and commitments related to off-balance sheet items including items listed below:

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 guarantee and other letters of credits:

As of September 30, 2007 total guarantees and commitments consist of letters of guarantee amounting to TRY 2,046,056, (December 31, 2006 - TRY 1,725,619) acceptances amounting to TRY 64,962 (December 31, 2006 - TRY 50,146) and letters of credit amounting to TRY 669,241 (December 31, 2006 - TRY 652,101).

- b.2) Guarantees, suretyships, and similar transactions: The Bank has other guarantees and suretyships amounting to TRY 184,534 as of September 30, 2007 (December 31, 2006 – TRY 202,095).

- c) c.1) Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	234,036	208,044
With maturity of 1 year or less than 1 year	46,762	38,436
With maturity of more than 1 year	187,274	169,608
Other non-cash loans	2,730,757	2,421,917
Total	2,964,793	2,629,961

- c.2) Information on sectoral risk breakdown of non-cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	14,025	1.17	11,536	0.65	13,872	1.51	12,737	0.74
Farming and Raising livestock	10,888	0.91	9,842	0.55	10,702	1.17	12,652	0.74
Forestry	2,763	0.23	1,220	0.07	2,953	0.32	85	-
Fishery	374	0.03	474	0.03	217	0.02	-	-
Manufacturing	631,502	53.01	1,026,014	57.86	502,475	54.63	958,657	56.06
Mining	48,155	4.04	22,095	1.25	33,412	3.63	24,756	1.45
Production	575,118	48.28	994,735	56.09	465,769	50.64	911,627	53.31
Electric, gas and water	8,229	0.69	9,184	0.52	3,294	0.36	22,274	1.30
Construction	221,919	18.63	256,076	14.44	142,803	15.53	268,917	15.72
Services	311,019	26.11	230,782	12.99	247,371	26.89	243,073	14.21
Wholesale and retail trade	161,939	13.59	63,555	3.58	115,931	12.61	56,811	3.32
Hotel, food and beverage services	6,865	0.58	8,733	0.49	4,186	0.46	9,698	0.57
Transportation and telecommunication	39,593	3.32	62,314	3.51	33,878	3.68	53,278	3.12
Financial institutions	32,003	2.69	52,741	2.97	32,141	3.49	86,573	5.06
Real estate and renting services	22,495	1.89	29,350	1.65	12,224	1.33	29,839	1.74
Self-employment services	21,350	1.79	3,776	0.21	28,644	3.11	2,122	0.12
Education services	1,538	0.13	11	0.00	841	0.09	-	-
Health and social services	25,236	2.12	10,302	0.58	19,526	2.12	4,752	0.28
Other	12,851	1.08	249,069	14.04	13,286	1.44	226,770	13.27
Total	1,191,316	100.00	1,773,477	100.00	919,807	100.00	1,710,154	100.00

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III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments (continued)

c.3) Information on I st and II nd Group non-cash loans:

Non-cash loans	I st Group		II nd Group	
	TRY	FC	TRY	FC
Letters of guarantee	1,127,638	918,418	-	-
Bank acceptances	-	64,962	-	-
Letters of credit	140	669,101	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	63,538	120,996	-	-
Total	1,191,316	1,773,477	-	-

The Bank provided reserve of TRY 417 for non-cash loans not yet indemnified amounting to TRY 1,591.

2. Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I):	4,485,531	3,031,241	-	-
Forward transactions	1,524,784	641,715	-	-
Swap transactions	2,038,159	1,608,036	-	-
Futures transactions	132,645	53,299	-	-
Option transactions	789,943	728,191	-	-
Interest related derivative transactions (II) :	20,368	16,919	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	20,368	16,919	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Other trading derivative transactions (III)	207,958	198,096	-	-
A.Total trading derivative transactions (I+II+III)	4,713,857	3,246,256	-	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
Total Derivative Transactions (A+B)	4,713,857	3,246,256	-	-

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

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

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III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments (continued)

2. Information related to derivative financial instruments: (continued)

As of September 30, 2007 breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TRY equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Future Buy	Future Sell
Current Period								
TRY	367,740	312,408	82,201	870,756	192,330	188,852	-	-
USD	227,353	354,033	776,129	134,125	158,760	161,611	132,645	-
EURO	159,238	80,243	7,397	33,471	43,139	43,573	-	-
Other	10,264	13,505	89,715	64,733	839	839	-	-
Total	764,595	760,189	955,442	1,103,085	395,068	394,875	132,645	-
Prior Period								
TRY	183,404	96,977	24,981	708,375	106,152	101,498	-	-
USD	32,804	172,927	724,655	61,164	161,294	165,514	53,299	-
EURO	82,374	48,321	-	28,698	96,867	96,866	-	-
Other	23,437	1,471	45,138	31,944	-	-	-	-
Total	322,019	319,696	794,774	830,181	364,313	363,878	53,299	-

3. Explanations on contingent liabilities and assets:

a.1) The Bank's share in contingent liabilities arising from entities under common control together with other venturer: None.

a.2) Share of entity under common control in its own contingent liabilities: None.

a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in entity under common control: None.

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

b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes. As of September 30, 2007 there are no contingent assets that need to be explained. (December 31, 2006 - None)

b.2) A provision is made for contingent liabilities, if realization is probable and the amount can reliably be determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: As of September 30, 2007 there are no contingent liabilities that need to be explained. (December 31, 2006 - None)

4. Custodian and intermediary services:

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

Investment securities held in custody include investment fund participation certificates which are accounted for with their number of shares. As of balance sheet date the total number of shares is 19,175,506 thousand (December 31, 2006 - 18,779,675 thousand) and the total fair value is TRY 2,877,799 (December 31, 2006 - TRY 2,480,927).

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III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments
(continued)

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

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

Moody's Investor Services: May 2007

View	Positive
Bank Financial Strength	D+
Foreign Currency Deposits	B1/NP
TRY Deposits	Baa1 / P-2

Fitch Ratings: May 2007

Foreign Currency Commitments	
Long term	BB
Short term	B
View	Stable
New 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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SECTION FIVE

IV. Explanations Related to the Income Statement

1. a) Information on interest on loans:

Current Period	Group I		Group II	
	TRY	FC	TRY	FC
Interest on loans				
Short term loans	481,564	53,441	-	-
Medium and long term loans	173,380	26,120	-	-
Interest on non-performing loans	979	-	-	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	655,923	79,561	-	-

Prior Period	Group I		Group II	
	TRY	FC	TRY	FC
Interest on loans				
Short term loans	217,662	45,976	-	-
Medium and long term loans	87,580	19,465	-	-
Interest on non-performing loans	656	-	-	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	305,898	65,441	-	-

b) Information on interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	2,565	-	1,879
Domestic banks	4,915	303	7,603	1,251
Foreign banks	3,974	22,379	3,928	12,690
Branches and head office abroad	-	-	-	-
Total	8,889	25,247	11,531	15,820

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	19,003	291	6,328	89
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	174,359	14,540	86,818	16,348
Held-to-maturity securities	-	-	4	-
Total	193,362	14,831	93,150	16,437

d) Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest received from associates and subsidiaries	718	103

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IV. Explanations Related to the Income Statement (continued)

2. a) Information on interest on funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
The Central Bank of Turkey	-	-	-	-
Domestic banks	7,488	5,078	4,091	4,933
Foreign banks	53,992	15,621	23,379	15,085
Branches and head office abroad	-	-	-	-
Other financial institutions	-	17,331	-	6,640
Total	61,480	38,030	27,470	26,658

b) Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest expense to associates and subsidiaries	620	98

c) Information on interest expense to marketable securities issued: None.

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

Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TRY								
Bank deposits	1	4,623	-	-	-	-	-	4,624
Saving deposits	2	134,433	109,836	1,377	814	34	-	246,496
Public sector deposits	-	376	150	9,438	-	-	-	9,964
Commercial deposits	15	65,690	22,534	351	14	-	-	88,604
Other deposits	4	7,178	4,393	8	14	-	-	11,597
7 days call accounts	-	-	-	-	-	-	-	-
Total	22	212,300	136,913	11,174	842	34	-	361,285
Foreign Currency								
Foreign currency deposits	47	58,726	30,776	2,722	859	58	-	93,188
Bank deposits	-	1,395	-	-	-	-	-	1,395
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	9	1	-	17	1	-	-	28
Total	56	60,122	30,776	2,739	860	58	-	94,611
Grand Total	78	272,422	167,689	13,913	1,702	92	-	455,896

3. Information on dividend income:

	Current Period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	4	-
Other	14,752	18,531
Total	14,756	18,531

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IV. Explanations Related to the Income Statement (continued)

4. Information on net trading income:

	Current Period	Prior Period
Income	1,523,416	1,041,674
Gains on capital market operations	350,860	193,625
Gains on derivative financial instruments	322,060	161,821
Other	28,800	31,804
Foreign exchange gains(*)	1,172,556	848,049
Losses (-)	1,535,038	1,026,754
Losses on capital market operations	432,347	154,253
Losses on derivative financial instruments	412,081	138,792
Other	20,266	15,461
Foreign exchange losses (*)	1,102,691	872,501

(*) As of September 30, 2007, the foreign exchange gain on the foreign currency indexed loans is TRY 2,176 (September 30, 2006 - TRY 67,772). As of September 30, 2007 the foreign exchange loss on the foreign currency indexed loans is TRY 74,391 (September 30, 2006 - TRY 6,102).

5. Information on other operating income:

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

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	20,143	12,126
III. Group Loans and Receivables	4,232	378
IV. Group Loans and Receivables	10,249	1,884
V. Group Loans and Receivables	5,662	9,864
General provision expenses	18,678	6,515
Provision expenses for possible losses	-	-
Marketable securities impairment losses	5,166	2,703
Financial assets at fair value through profit and loss	663	24
Investment securities available for sale	4,503	2,679
Impairment provision expense	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control	-	-
Investments held to maturity	-	-
Other	-	2
Total	43,987	21,346

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IV. Explanations Related to the Income Statement (continued)

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	173,656	107,842
Reserve for employee termination benefits	2,476	2,116
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	12,192	7,723
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	9,014	4,944
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets held for resale	-	-
Depreciation expenses of assets held for resale	-	-
Impairment expenses of assets held for sale	-	-
Other operating expenses	107,569	58,203
Rent expenses	33,004	18,877
Maintenance expenses	2,623	1,286
Advertisement expenses	21,430	12,832
Other expenses	50,512	25,208
Loss on sales of assets	13	174
Other(*)	20,888	14,292
Total	325,808	195,294

(*) Included in other, there is an amount of TRY 4,539 (September 30, 2006 – TRY 2,831) for premiums paid to Saving Deposit Insurance Fund.

8. Information on profit or loss before tax:

Profit before tax of the Bank has increased by 37.0% for the period ended September 30, 2007 as compared to the restated prior year figure according to the decree issued on November 1, 2006. In comparison with prior year, The Bank's net interest income, net fees and commissions income and provision and operating expenses increased by 80.7%, 72.7% and 70.2%, respectively.

9. Information on tax provision:

- As of September 30, 2007, current tax charge is TRY 61,519 (September 30, 2006 – TRY 4,569) and deferred tax benefit is TRY 34,797 (September 30, 2006 – TRY 16,303 deferred tax charge).
- Deferred tax benefit on temporary differences is TRY 34,797 (September 30, 2006 – TRY 16,303 deferred tax charge).
- Deferred tax benefit or charge for temporary differences, on carried forward tax losses or tax exemptions or deductions: None.

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IV. Explanations Related to the Income Statement (continued)

9. Information on tax provision (continued)

d) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	131,400	95,935
Corporate tax rate	20%	20%
Tax calculated:	26,280	19,187
Tax effect of TAS adjustments	-	2,444
Tax effect of disallowables	67,116	9,300
Tax effect of income not taxable	(31,877)	(26,362)
Deferred tax (benefit) / charge	(34,797)	16,303
Total	26,722	20,872

10. Information on net operating income after taxes:

The profit of the Bank increased for the period ended September 30, 2007 by 39.5 % as compared to the restated prior year profit according to the decree issued on November 1, 2006.

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

- 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 the complete understanding of the Bank's performance for the period: None.
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.
- Profit or loss attributable to minority shares: None.

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IV. Explanations Related to the Income Statement (continued)

11. The explanations on net income / loss for the period: (continued)

- d) If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Credit cards commissions and fees	37,260	9,105
Import letters of credit commissions	4,930	4,805
Bank's enquiry and company search fees and commissions	14,306	6,894
Settlement expense provision, eft, swift, agency commissions	7,753	5,731
Insurance Commissions	4,425	2,409
Transfer Commissions	2,777	1,525
Commissions and fees earned from correspondent banks	2,804	1,602
Other	13,175	8,770
Total	87,430	40,841

	Current Period	Prior Period
<u>Other fees and commissions given</u>		
Credit cards commissions and fees	28,355	8,735
Commissions and fees paid to correspondent banks	1,371	1,063
Settlement and swift commissions	2,035	1,437
Other	4,115	1,939
Total	35,876	13,174

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

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SECTION FIVE

V. 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*	Subsidiaries, associates and entities under common control		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	210	9,276	4,081	2,768	14,845	36,540
Balance at end of period	342	8,134	34,329	32,960	2,362	24,013
Interest and commission income	718	56	3,056	1	7,536	48

Included in the balances above, the Bank has foreign bank accounts amounting to TRY 342 under subsidiaries and associates, TRY 3,350 under direct and indirect corporate and real person shareholders and TRY 901 under other entities included in the risk group.

b) Prior Period:

Related Parties*	Subsidiaries, associates and entities under common control		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	-	4,349	-	16,179	10,091	3,075
Balance at end of period	210	9,276	4,081	2,768	14,845	36,540
Interest and commission income received	111	25	1,981	2	1,345	26

Included in the balances above, the Bank has foreign bank accounts amounting to TRY 2,697 with respect to direct and indirect corporate and real person shareholders and TRY 2,166 other entities included in the risk group.

c.1) Information on related party deposits balances :

Related parties (*)	Subsidiaries, associates and entities under common control		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	24,849	26,104	377,579	580,396	72,584	49,618
Balance at end of period	3,865	24,849	568,328	377,579	27,778	72,584
Interest on deposits	620	98	39,987	17,277	2,502	2,144

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

Related Parties (*)	Subsidiaries, associates and entities under common control		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
Financial Assets at Fair Value Through Profit and Loss						
Beginning of period	707	13,983	169,091	177,256	11,768	2,867
End of period	3,980	707	1,021,064	169,091	38,766	11,768
Total income/loss	(1,050)	(815)	(29,193)	13,255	(39)	23
Hedging transactions purposes						
Beginning of period	-	-	-	-	-	-
End of period	-	-	-	-	-	-
Total income/loss	-	-	-	-	-	-

(*) 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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V. Explanations on the Risk Group of the Bank (continued)

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 normal course of its banking activities, the Bank conducted various business transactions with related parties at 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	% Compared to the Amounts in the Financial Statements
Cash loans	37,033	0.57
Non-cash loans	65,107	2.20
Deposits	599,971	8.33
Derivative financial instruments	1,063,810	22.57

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

- c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements: Explained in b).
- d) Transactions accounted 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 September 30, 2007 the total leasing obligations related to these agreements amounted to TRY 12,672. Additionally, the Bank provides agency services for TEB Yatirim Menkul Degerler A.S. and TEB Sigorta A.S via its branches.

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 1.07%. Details of these loans are explained in the Section V, Note V- 1a.

As of September 30, 2007 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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SECTION SIX

INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

I. Explanations on the Independent Accountants' Limited Review Report:

The unconsolidated interim financial statements of the Bank were reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and the independent accountants' limited review report dated October 31, 2007 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors : None.