

**TÜRK EKONOMİ BANKASI  
ANONİM ŞİRKETİ  
AND ITS FINANCIAL SUBSIDIARIES**

INDEPENDENT ACCOUNTANTS'  
LIMITED REVIEW REPORT  
CONSOLIDATED 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 EKONOMI BANKASI ANONİM SİRKETİ AND ITS FINANCIAL SUBSIDIARIES**

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

We have reviewed the accompanying consolidated balance sheet of Türk Ekonomi Bankasi A.S. ("The Bank") and its subsidiaries (together "the Group") as at September 30, 2007 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the period then ended. These consolidated 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 consolidated 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. Since 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 Articles No: 37 and 38 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.S.**

Member of **DELOITTE TOUCHE TOHMATSU**

Hasan Kiliç  
Partner

Istanbul, October 31, 2007

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

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The consolidated 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 PARENT BANK
- CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE PARENT BANK
- INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP WHICH IS UNDER CONSOLIDATION
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT

The subsidiaries, associates and jointly controlled entities, financial statements of which are consolidated within the framework of the reporting package are as follows:

**Subsidiaries**

1. The Economy Bank N.V.
2. Stichting Custody Services TEB
3. Kronenburg Vastgoed B.V.
4. TEB Finansal Kiralama A.S.
5. TEB Yatirim Menkul Degerler A.S.
6. TEB Factoring A.S.
7. TEB Portföy Yönetimi A.S.

The consolidated interim 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 President of the Board of Directors	Patrick Rene Pitton Head of the Audit Committee	Ismail Yanik Vice Chairman of the Audit Committee	Varol Civil General Manager	E. Sevinç Özsen Assistant General Manager Responsible of Financial Reporting	B. Ilgaz Dogan Manager Responsible of Financial Reporting
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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 CONSOLIDATED 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. The Parent 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 Parent 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 Parent 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
	<b>100,000</b>	<b>100.00</b>	<b>76,500</b>	<b>100.00</b>

As of September 30, 2007 Parent 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 Parent 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 Parent 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 Parent 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 Parent bank has placed TRY 90,000 to the Parent 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 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 capital increase after capital increase procedures are completed.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED 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>Title</u>	<u>Name</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 Madanoglu

(\* 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 Parent 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 in the Parent Bank:**

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 Parent 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 Parent Bank's Functions and Areas of Activity**

The Parent Bank's operating areas include, retail, commercial and corporate banking, fund management operations and project financing. Besides the daily banking operations, the Parent 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 the Parent Bank has 249 local branches and 4 foreign branches (December 31, 2006 - 169 local branches, 1 foreign branch).

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2007**  
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

**I- CONSOLIDATED BALANCE SHEET – ASSETS**

		Reviewed Current Period 30.09.2007			Audited Prior Period 31.12.2006			
	Note Ref.	TRY	FC	Total	TRY	FC	Total	
<b>I.</b>	<b>CASH AND BALANCES WITH THE CENTRAL BANK</b>	(1)	<b>341,206</b>	<b>1,307,881</b>	<b>1,649,087</b>	<b>251,973</b>	<b>713,513</b>	<b>965,486</b>
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	(2)	<b>106,803</b>	<b>18,498</b>	<b>125,301</b>	<b>101,888</b>	<b>11,319</b>	<b>113,207</b>
2.1	Trading financial assets		56,533	10,480	67,013	84,205	6,723	90,928
2.1.1	Public sector debt securities		54,906	9,234	64,140	80,266	522	80,788
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Other marketable securities		1,627	1,246	2,873	3,939	6,201	10,140
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		50,270	8,018	58,288	17,683	4,596	22,279
<b>III.</b>	<b>BANKS AND OTHER FINANCIAL INSTITUTIONS</b>	(3)	<b>19,528</b>	<b>693,665</b>	<b>713,193</b>	<b>4,428</b>	<b>1,059,737</b>	<b>1,064,165</b>
<b>IV.</b>	<b>MONEY MARKET PLACEMENTS</b>		<b>439,133</b>	<b>-</b>	<b>439,133</b>	<b>1,194</b>	<b>-</b>	<b>1,194</b>
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		8,515	-	8,515	1,194	-	1,194
<b>V.</b>	<b>FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(4)	<b>1,186,781</b>	<b>224,451</b>	<b>1,411,232</b>	<b>1,289,983</b>	<b>265,427</b>	<b>1,555,410</b>
5.1	Share certificates		9	54	63	9	59	68
5.2	Public sector debt securities		1,186,772	222,282	1,409,054	1,289,974	265,368	1,555,342
5.3	Other marketable securities		-	2,115	2,115	-	-	-
<b>VI.</b>	<b>LOANS</b>	(5)	<b>5,018,094</b>	<b>2,235,758</b>	<b>7,253,852</b>	<b>3,538,736</b>	<b>2,203,525</b>	<b>5,742,261</b>
6.1	Loans		4,964,588	2,235,758	7,200,346	3,524,192	2,203,525	5,727,717
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)
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>	(17)	<b>313,018</b>	<b>115,098</b>	<b>428,116</b>	<b>209,281</b>	<b>91,580</b>	<b>300,861</b>
<b>VIII.</b>	<b>HELD TO MATURITY INVESTMENTS (Net)</b>	(6)	<b>1,555</b>	<b>6,438</b>	<b>7,993</b>	<b>1,655</b>	<b>9,402</b>	<b>11,057</b>
8.1	Public sector debt securities		1,555	6,438	7,993	1,655	9,402	11,057
8.2	Other marketable securities		-	-	-	-	-	-
<b>IX.</b>	<b>INVESTMENTS IN ASSOCIATES (Net)</b>	(7)	<b>12</b>	<b>-</b>	<b>12</b>	<b>12</b>	<b>-</b>	<b>12</b>
9.1	Accounted for under equity method		-	-	-	-	-	-
9.2	Unconsolidated associates		12	-	12	12	-	12
9.2.1	Financial investments		12	-	12	12	-	12
9.2.2	Non-financial investments		-	-	-	-	-	-
<b>X.</b>	<b>INVESTMENTS IN SUBSIDIARIES (Net)</b>	(8)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.1	Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
<b>XI.</b>	<b>ENTITIES UNDER COMMON CONTROL (Net)</b>	(9)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1	Consolidated under equity method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial subsidiaries		-	-	-	-	-	-
11.2.2	Non-financial subsidiaries		-	-	-	-	-	-
<b>XII.</b>	<b>FINANCE LEASE RECEIVABLES (Net)</b>	(10)	<b>68,265</b>	<b>298,170</b>	<b>366,435</b>	<b>51,216</b>	<b>276,466</b>	<b>327,682</b>
12.1	Finance lease receivables		86,261	335,904	422,165	63,703	310,822	374,525
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		(17,996)	(37,734)	(55,730)	(12,487)	(34,356)	(46,843)
<b>XIII.</b>	<b>DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	(11)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1	Fair value hedge		-	-	-	-	-	-
13.2	Cash flow hedge		-	-	-	-	-	-
13.3	Hedge of net investment risks in foreign operations		-	-	-	-	-	-
<b>XIV.</b>	<b>TANGIBLE ASSETS (Net)</b>	(12)	<b>95,742</b>	<b>6,687</b>	<b>102,429</b>	<b>57,335</b>	<b>7,363</b>	<b>64,698</b>
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>	(13)	<b>54,313</b>	<b>191</b>	<b>54,504</b>	<b>41,351</b>	<b>183</b>	<b>41,534</b>
15.1	Goodwill		1,205	-	1,205	1,205	-	1,205
15.2	Other		53,108	191	53,299	40,146	183	40,329
<b>XVI.</b>	<b>TAX ASSET</b>	(14)	<b>86,633</b>	<b>2,717</b>	<b>89,350</b>	<b>22,317</b>	<b>4,408</b>	<b>26,725</b>
16.1	Current tax asset		39,062	2,717	41,779	7,811	4,408	12,219
16.2	Deferred tax asset		47,571	-	47,571	14,506	-	14,506
<b>XVII.</b>	<b>ASSETS HELD FOR SALE (Net)</b>	(15)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVIII.</b>	<b>OTHER ASSETS</b>	(16)	<b>147,939</b>	<b>34,504</b>	<b>182,443</b>	<b>55,993</b>	<b>28,035</b>	<b>84,028</b>
<b>TOTAL ASSETS</b>			<b>7,879,022</b>	<b>4,944,058</b>	<b>12,823,080</b>	<b>5,627,362</b>	<b>4,670,958</b>	<b>10,298,320</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2007**  
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

**I- CONSOLIDATED BALANCE SHEET - LIABILITIES**

	Note Ref.	Reviewed Current Period 30.09.2007			Audited Prior Period 31.12.2006		
		TRY	FC	Total	TRY	FC	Total
<b>I. DEPOSITS</b>	(1)	3,733,569	4,583,146	8,316,715	2,489,200	4,236,505	6,725,705
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)	252,391	4,157	256,548	67,380	1,738	69,118
<b>III. FUNDS BORROWED</b>	(3)	1,017,115	1,127,594	2,144,709	387,291	1,009,132	1,396,423
<b>IV. MONEY MARKET BALANCES</b>	(4)	236,190	-	236,190	794,689	-	794,689
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		10,803	-	10,803	23,685	-	23,685
4.3 Funds provided under repurchase agreements		225,387	-	225,387	771,004	-	771,004
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
<b>VII. SUNDRY CREDITORS</b>		138,131	27,283	165,414	74,038	60,275	134,313
<b>VIII. OTHER LIABILITIES</b>	(5)	181,963	1,847	183,810	39,301	2,365	41,666
<b>IX. FACTORING PAYABLES</b>	(12)	73,696	45,894	119,590	67,213	43,859	111,072
<b>X. FINANCE LEASE PAYABLES (Net)</b>	(6)	-	-	-	-	-	-
10.1 Finance lease payables		-	-	-	-	-	-
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	-	-	-	-	-
<b>XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	(7)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(8)	62,677	12,554	75,231	41,136	12,362	53,498
12.1 General loan loss provisions		39,570	12,554	52,124	20,143	12,362	32,505
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		9,287	-	9,287	7,516	-	7,516
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		13,820	-	13,820	13,477	-	13,477
<b>XIII. TAX LIABILITY</b>	(9)	103,576	3,243	106,819	51,428	4,208	55,636
14.1 Current tax liability		103,562	3,243	106,805	51,428	4,208	55,636
14.2 Deferred tax liability		14	-	14	-	-	-
<b>XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE</b>	(10)	-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(11)	90,000	395,180	485,180	-	299,912	299,912
<b>XVI. SHAREHOLDERS' EQUITY</b>	(13)	665,872	67,002	732,874	553,204	63,084	616,288
16.1 Paid-in capital		100,000	-	100,000	76,500	-	76,500
16.2 Supplementary capital		238,924	1,161	240,085	241,993	2,220	244,213
16.2.1 Share premium		1,661	-	1,661	1,661	-	1,661
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(3,663)	1,161	(2,502)	(12,344)	2,220	(10,124)
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		223,005	55,610	278,615	121,098	51,156	172,254
16.3.1 Legal reserves		36,423	-	36,423	28,756	-	28,756
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		209,984	56,121	266,105	111,333	50,868	162,201
16.3.4 Other profit reserves		(23,402)	(511)	(23,913)	(18,991)	288	(18,703)
16.4 Profit or loss		103,943	10,231	114,174	113,613	9,708	123,321
16.4.1 Prior year income/loss		-	-	-	-	-	-
16.4.2 Current year income/loss		103,943	10,231	114,174	113,613	9,708	123,321
16.5 Minority shares	(17)	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,555,180</b>	<b>6,267,900</b>	<b>12,823,080</b>	<b>4,564,880</b>	<b>5,733,440</b>	<b>10,298,320</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED 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- CONSOLIDATED 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
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>		<b>6,948,700</b>	<b>5,207,513</b>	<b>12,156,213</b>	<b>2,879,707</b>	<b>4,329,843</b>	<b>7,209,550</b>
<b>I. GUARANTEES</b>	(1), (3)	<b>1,233,516</b>	<b>2,003,437</b>	<b>3,236,953</b>	<b>941,311</b>	<b>1,993,013</b>	<b>2,934,324</b>
1.1. Letters of guarantee		1,169,838	940,578	2,110,416	894,223	873,447	1,767,670
1.1.1. Guarantees subject to State Tender Law		53,610	144,322	197,932	43,310	139,001	182,311
1.1.2. Guarantees given for foreign trade operations		133,564	54,905	188,469	134,124	52,513	186,637
1.1.3. Other letters of guarantee		982,664	741,351	1,724,015	716,789	681,933	1,398,722
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	874,922	875,062	88	911,619	911,707
1.3.1. Documentary letters of credit		140	743,298	743,438	88	827,300	827,388
1.3.2. Other letters of credit		-	131,624	131,624	-	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	82,667	142,365	44,489	87,852	132,341
1.9. Other collaterals		3,840	40,308	44,148	2,511	69,949	72,460
<b>II. COMMITMENTS</b>	(1), (3)	<b>3,616,815</b>	<b>257,137</b>	<b>3,873,952</b>	<b>710,473</b>	<b>167,993</b>	<b>878,466</b>
2.1. Irrevocable commitments		1,617,778	248,357	1,866,135	710,473	156,062	866,535
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	832	690,255	263,871	855	264,726
2.1.10. Receivables from short sale commitments		-	-	-	-	-	-
2.1.11. Payables for short sale commitments		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		236	-	236	2,021	-	2,021
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
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	<b>2,098,369</b>	<b>2,946,939</b>	<b>5,045,308</b>	<b>1,227,923</b>	<b>2,168,837</b>	<b>3,396,760</b>
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		2,098,369	2,946,939	5,045,308	1,227,923	2,168,837	3,396,760
3.2.1. Forward foreign currency buy/sell transactions		683,563	1,017,143	1,700,706	282,584	501,086	783,670
3.2.1.1. Forward foreign currency transactions-buy		369,450	483,307	852,757	185,026	208,155	393,181
3.2.1.2. Forward foreign currency transactions-sell		314,113	533,836	847,949	97,558	292,931	390,489
3.2.2. Swap transactions related to f.c. and interest rates		1,033,624	1,180,432	2,214,056	737,689	895,815	1,633,504
3.2.2.1. Foreign currency swap-buy		76,244	943,767	1,020,011	21,826	767,077	788,903
3.2.2.2. Foreign currency swap-sell		947,515	229,078	1,176,593	703,630	124,052	827,682
3.2.2.3. Interest rate swaps-buy		5,957	3,823	9,780	7,488	2,716	10,204
3.2.2.4. Interest rate swaps-sell		3,908	3,764	7,672	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>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>40,878,120</b>	<b>5,983,538</b>	<b>46,861,658</b>	<b>26,069,562</b>	<b>1,955,231</b>	<b>28,024,793</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>31,729,031</b>	<b>669,060</b>	<b>32,398,091</b>	<b>22,970,831</b>	<b>638,470</b>	<b>23,609,301</b>
4.1. Assets under management		8,268,003	-	8,268,003	204,851	-	204,851
4.2. Investment securities held in custody		19,963,438	156,456	20,119,894	20,092,784	194,716	20,287,500
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		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>9,148,617</b>	<b>5,314,012</b>	<b>14,462,629</b>	<b>3,098,639</b>	<b>1,315,948</b>	<b>4,414,587</b>
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		3,379,263	839,713	4,218,976	2,070,546	744,792	2,815,338
5.6. Other pledged items		1,067,873	383,843	1,451,716	774,480	376,666	1,151,146
5.7. Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>472</b>	<b>466</b>	<b>938</b>	<b>92</b>	<b>813</b>	<b>905</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>47,826,820</b>	<b>11,191,051</b>	<b>59,017,871</b>	<b>28,949,269</b>	<b>6,285,074</b>	<b>35,234,343</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED 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- CONSOLIDATED STATEMENT OF INCOME**

	Note Ref.	Reviewed	Reviewed	Reviewed	Reviewed
		Current Period 01.01-30.09.2007	Prior Period 01.01-30.09.2006	Current Period 01.07-30.09.2007	Prior Period 01.07-30.09.2006
		Total	Total	Total	Total
<b>I. INTEREST INCOME</b>	(1)	<b>1,167,642</b>	<b>655,306</b>	<b>430,298</b>	<b>259,108</b>
1.1 Interest on loans		782,873	409,361	287,529	166,754
1.2 Interest received from reserve deposits		25,444	13,932	9,573	5,709
1.3 Interest received from banks		55,994	49,413	16,986	20,065
1.4 Interest received from money market placements		26,877	25,860	15,768	5,150
1.5 Interest received from marketable securities portfolio		212,801	113,700	77,611	43,773
1.5.1 Held-for-trading financial assets		19,875	7,001	10,749	1,218
1.5.2 Financial assets at fair value through profit and loss		210	-	84	-
1.5.3 Available-for-sale financial assets		192,123	106,065	66,589	42,341
1.5.4 Investments held-to-maturity		593	634	189	214
1.6 Finance lease Income		27,522	22,866	10,005	8,524
1.7 Other interest income		36,131	20,174	12,826	9,133
<b>II. INTEREST EXPENSE</b>	(2)	<b>746,556</b>	<b>412,404</b>	<b>272,767</b>	<b>167,270</b>
2.1 Interest on deposits		513,718	281,289	190,155	110,777
2.2 Interest on funds borrowed		137,525	78,755	57,853	32,699
2.3 Interest on money market borrowings		94,455	52,263	24,662	23,697
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		858	97	97	97
<b>III. NET INTEREST INCOME (I- II)</b>		<b>421,086</b>	<b>242,902</b>	<b>157,531</b>	<b>91,838</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>120,598</b>	<b>78,308</b>	<b>43,695</b>	<b>28,171</b>
4.1 Fees and commissions received		164,023	95,428	61,511	34,842
4.1.1 Cash loans		22,486	12,740	8,349	4,837
4.1.2 Non-cash loans		27,398	21,145	9,572	7,877
4.1.3 Other		114,139	61,543	43,590	22,128
4.2 Fees and commissions paid		43,425	17,120	17,816	6,671
4.2.1 Cash loans		1,229	1,220	465	474
4.2.2 Non-cash loans		150	59	69	22
4.2.3 Other		42,046	15,841	17,282	6,175
<b>V. DIVIDEND INCOME</b>	(3)	<b>7</b>	<b>5</b>	<b>2</b>	<b>-</b>
<b>VI. NET TRADING INCOME</b>	(4)	<b>(7,281)</b>	<b>22,726</b>	<b>(3,431)</b>	<b>10,438</b>
6.1 Profit/losses on trading account securities		(73,318)	48,622	(53,810)	(24,704)
6.2 Foreign exchange gains/losses		66,037	(25,896)	50,379	35,142
<b>VII. OTHER OPERATING INCOME</b>	(5)	<b>24,902</b>	<b>15,973</b>	<b>9,230</b>	<b>5,925</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>559,312</b>	<b>359,914</b>	<b>207,027</b>	<b>136,372</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	(6)	<b>46,016</b>	<b>21,329</b>	<b>24,997</b>	<b>8,426</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(7)	<b>365,241</b>	<b>227,077</b>	<b>128,753</b>	<b>81,409</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>148,055</b>	<b>111,508</b>	<b>53,277</b>	<b>46,537</b>
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN</b>		-	-	-	-
<b>XIII. GAIN / (LOSS) ON EQUITY METHOD</b>		-	-	-	-
<b>XIV. GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV. INCOME/(LOSS) BEFORE TAXES (XI+XII+XIII+XIV)</b>	(8)	<b>148,055</b>	<b>111,508</b>	<b>53,277</b>	<b>46,537</b>
<b>XVI. PROVISION FOR TAXES ON INCOME (±)</b>	(9)	<b>(33,881)</b>	<b>(27,560)</b>	<b>(12,969)</b>	<b>(9,785)</b>
16.1 Provision for current income taxes		(68,846)	(11,371)	(26,039)	(5,620)
16.2 Provision for deferred taxes		34,965	(16,189)	13,070	(4,165)
<b>XVII. NET OPERATING INCOME AFTER TAXES (XV±XVI)</b>	(10)	<b>114,174</b>	<b>83,948</b>	<b>40,308</b>	<b>36,752</b>
17.1 Discontinued Operations		-	-	-	-
17.2 Other		-	-	-	-
<b>XVIII. NET PROFIT/(LOSS)</b>	(11)	<b>114,174</b>	<b>83,948</b>	<b>40,308</b>	<b>36,752</b>
18.1 Group's profit/loss		114,174	83,948	40,308	36,752
18.2 Minority shares		-	-	-	-
Earnings per share		1.1417	0.8488	0.4031	0.3716

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED 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- CONSOLIDATED 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	Prior Period	Revaluation Fund	Revaluation Value Increase Fund	Marketable Securities Value Increase Fund	Total Equity
											Net Income/(Loss)	Net Income/(Loss)				
<b>Prior Period – 01.01.-30.09.2006</b>																
I	Beginning Balance 31.12.2005		57,800	252,676	69	-	19,955	-	74,304	(8,633)	-	102,239	-	-	9,354	507,764
II	Corrections according to TAS 8		-	-	-	-	-	-	6,233	(17,878)	-	6,968	-	-	-	(4,677)
2.1	The effect of corrections of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	The effects of changes in accounting policy.		-	-	-	-	-	-	6,233	(17,878)	-	6,968	-	-	-	(4,677)
III	New Balance (I+II)		57,800	252,676	69	-	19,955	-	80,537	(26,511)	-	109,207	-	-	9,354	503,087
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Investments securities available for sale		-	-	-	-	-	-	-	-	-	-	-	-	(34,753)	(34,753)
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)		-	-	-	-	-	-	-	-	83,948	-	-	-	-	83,948
X.	Profit distribution		-	-	-	-	8,801	-	81,664	-	-	(109,207)	-	-	-	(18,742)
10.1	Dividends distributed		-	-	-	-	-	-	-	-	-	(18,742)	-	-	-	(18,742)
10.2	Transfers to reserves		-	-	-	-	8,801	-	75,265	-	-	(84,066)	-	-	-	-
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		-	-	-	-	-	-	-	18,503	-	-	-	-	-	18,503
Closing Balance 30.09.2006																
(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI)			76,500	252,676	1,661	-	28,756	-	162,201	(8,008)	83,948	-	-	-	(25,399)	572,335

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED 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- CONSOLIDATED 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	Prior Period	Revaluation Fund	Revaluation	Marketable Securities Value Increase Fund	Total Equity
											Net Income/(Loss)	Net Income/(Loss)		Value Increase Fund		
<b>I</b>	<b>Current Period – 01.01.-30.09.2007</b>															
	Prior period balance 31.12.2006		76,500	252,676	1,661	-	28,756	-	162,201	(18,703)	-	123,321	-	-	(10,124)	616,288
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II.</b>	<b>Increase/Decrease related to merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III.</b>	<b>Investments securities available for sale</b>		-	-	-	-	-	-	-	-	-	-	-	-	7,622	7,622
<b>IV.</b>	<b>Hedging Transactions</b>		-	-	-	-	-	-	-	4,287	-	-	-	-	-	4,287
4.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Transfer to hedge of net investment in foreign operations		-	-	-	-	-	-	-	4,287	-	-	-	-	-	4,287
<b>V.</b>	<b>Investments securities available for sale</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI.</b>	<b>Hedging transactions</b>		-	-	-	-	-	-	-	(4,287)	-	-	-	-	-	(4,287)
6.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	(4,287)	-	-	-	-	-	(4,287)
<b>VII.</b>	<b>Period net income/(loss)</b>		-	-	-	-	-	-	-	-	114,174	-	-	-	-	114,174
<b>VIII.</b>	<b>Profit distribution</b>		-	-	-	-	7,667	-	115,654	-	-	(123,321)	-	-	-	-
8.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2	Transfers to reserves		-	-	-	-	7,667	-	115,654	-	-	(123,321)	-	-	-	-
8.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX.</b>	<b>Capital increase</b>		23,500	(11,750)	-	-	-	-	(11,750)	-	-	-	-	-	-	-
9.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.2	Tangible assets value increase in revaluation fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.3	Bonus shares from associates, subsidiaries and jointly controlled entities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.4	Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.5	Inflation adjustment to paid-in capital		11,750	(11,750)	-	-	-	-	-	-	-	-	-	-	-	-
9.6	Issuance of share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.7	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.8	Other		11,750	-	-	-	-	-	(11,750)	-	-	-	-	-	-	-
<b>X.</b>	<b>The disposal of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI.</b>	<b>The reclassification of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII.</b>	<b>Primary subordinated loans</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII.</b>	<b>Secondary subordinated loans</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV.</b>	<b>The effect of change in associate's equity</b>		-	-	-	-	-	-	-	(5,210)	-	-	-	-	-	(5,210)
	<b>Closing Balance 30.09.2007</b>															
	(I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV)		100,000	240,926	1,661	-	36,423	-	266,105	(23,913)	114,174	-	-	-	(2,502)	732,874

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED 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. CONSOLIDATED STATEMENT OF CASH FLOWS**

	Reviewed Current Period	Reviewed Prior Period
Note Ref	01.01.-30.09.2007	01.01.-30.09.2006
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	<b>129,096</b>	<b>(104,633)</b>
1.1.1 Interest received	760,836	583,659
1.1.2 Interest paid	(503,437)	(388,224)
1.1.3 Dividend received	7	5
1.1.4 Fees and commissions received	164,023	95,427
1.1.5 Other income	90,939	39,501
1.1.6 Collections from previously written off loans	24,492	7,056
1.1.7 Payments to personnel and service suppliers	(200,241)	(124,901)
1.1.8 Taxes paid	(42,623)	(52,934)
1.1.9 Others	(164,900)	(264,222)
	(1)	
<b>1.2 Changes in operating assets and liabilities</b>	<b>15,950</b>	<b>639,444</b>
1.2.1 Net (increase) decrease in financial assets	22,205	90,174
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	(213,210)	130,554
1.2.4 Net (increase) decrease in loans	(1,504,930)	(1,483,216)
1.2.5 Net (increase) decrease in other assets	(343,740)	(336,975)
1.2.6 Net increase (decrease) in bank deposits	(516,305)	(53,228)
1.2.7 Net increase (decrease) in other deposits	1,534,360	1,883,703
1.2.8 Net increase (decrease) in funds borrowed	717,251	345,305
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	320,319	63,127
	(1)	
<b>I. Net cash provided from banking operations</b>	<b>145,046</b>	<b>534,811</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash provided from investing activities</b>	<b>440,784</b>	<b>(91,594)</b>
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	-	1,523
2.3 Fixed assets purchases	(38,028)	(21,620)
2.4 Fixed assets sales	300	396
2.5 Cash paid for purchase of financial assets available for sale	(688,423)	(1,035,885)
2.6 Cash obtained from sale of financial assets available for sale	1,179,521	964,038
2.7 Cash paid for purchase of investment securities	-	(46)
2.8 Cash obtained from sale of investment securities	-	-
2.9 Others	(12,586)	-
	(1)	
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash provided from financing activities</b>	<b>155,950</b>	<b>182,321</b>
3.1 Cash obtained from funds borrowed and securities issued	155,950	180,771
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	-	-
3.6 Other	-	-
	(1)	
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>(240,303)</b>	<b>148,258</b>
	(1)	
<b>V. Net increase / (decrease) in cash and cash equivalents</b>	<b>501,477</b>	<b>773,796</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	<b>1,745,220</b>	<b>1,355,152</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>2,246,697</b>	<b>2,128,948</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED 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**

Parent Bank prepares its financial statements and notes according to Communique on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS), 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:

	<b>30.09.2006</b>	<b>30.09.2006</b>	<b>31.12.2005</b>	<b>31.12.2005</b>
	<b>Profit for the Period</b>	<b>Extraordinary Reserves</b>	<b>Profit for the Period</b>	<b>Extraordinary Reserves</b>
As previously reported	96,455	140,366	102,239	74,304
Foreign currency difference adjustment for subsidiaries	(9,455)	26,496	7,423	10,439
Employee benefit liability adjustment	(2,937)	(6,776)	(744)	(6,032)
Deferred tax adjustment	(115)	2,115	289	1,826
<b>As restated</b>	<b>83,948</b>	<b>162,201</b>	<b>109,207</b>	<b>80,537</b>

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

The Group 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 Parent Bank is to maintain optimum liquidity by increasing the profitability and by minimizing the risks while fulfilling customer needs. Thus, the Parent Bank uses 40% on average of its resources on liquid items, while the Parent Bank also aims for the highest yield possible with effective maturity management.

The Group 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 Group, management of risk the Parent Bank's 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 of the Parent Bank 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.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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

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

The Parent 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 Parent Bank's hedging activities from interest rate risk arising from fixed interest rate deposits and floating interest rate borrowings are explained in detail under Interest Rate Risk header.

The Parent 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- Information about the Consolidated Parent Bank and its Subsidiaries**

Türk Ekonomi Bankası Anonim Şirketi and its financial institutions, The Economy Bank N.V. (Economy Bank), Stichting Custody Services TEB (Stichting), Kronenburg Vastgoed B.V. (Kronenburg), TEB Finansal Kiralama A.S. (TEB Leasing), TEB Factoring A.S. (TEB Factoring), TEB Yatırım Menkul Değerler A.S. (TEB Yatırım) and TEB Portföy Yönetimi A.S. (TEB Portföy) are included in the accompanying consolidated financial statements by line by line consolidation method. The accompanying consolidated financial statements are prepared in accordance with "Comminiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated November 8, 2006 numbered 26340. The Parent Bank and the entities included in the consolidation are referred to as "the Group" in this report.

The financial statements of the subsidiaries, which were prepared in accordance with the prevailing principles and rules regarding financial accounting and reporting standards in their respective country of incorporation and the Turkish Commercial Code and/or Financial Leasing Law and/or communiqués of the Capital Market Board, are duly adjusted in order to present their financial statements in accordance with TAS and TFRS.

**Explanations on Consolidation Method and Scope**

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

<u>Commercial Name</u>	<u>Head Office</u>
Economy Bank	Netherlands
Stichting	Netherlands
Kronenburg	Netherlands
TEB Leasing	Turkey
TEB Factoring	Turkey
TEB Yatırım	Turkey
TEB Portföy	Turkey

Line by line consolidation method is used for all the financial institutions included in the consolidation.

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the principle of materiality. The financial statements of the subsidiaries are prepared as of September 30, 2007 and December 31, 2006.

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

**III- Information about the Consolidated Parent Bank and its Subsidiaries (continued)**

**Explanations on Foreign Currency Transactions**

Gains or losses arising from foreign currency transactions are reflected to the income statement as they are realized during the year. Foreign currency assets and liabilities at each period-end are translated into Turkish lira at the period-end foreign exchange buying rates announced by the Parent Bank and the resulting foreign exchange gains or losses are recorded in the income statement as foreign exchange gain or loss. The USD exchange rate used for translating foreign currency transactions into New Turkish Lira and reflecting these to consolidated financial statements as of September 30, 2007, is TRY 1.2048, in full TRY (December 31, 2006 - TRY 1.4056, in full TRY).

There are no capitalized foreign exchange differences.

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

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

The foreign currency net investment in consolidated foreign subsidiaries are translated into New Turkish Lira using the exchange rate prevailing at the balance sheet date for their assets and liabilities and nine months average exchange rate for their income statement items. The currency translation loss derived from the consolidated subsidiaries' inflation and devaluation differences amounting to TRY 23,913 (December 31, 2006 - TRY 18,703 YTL currency translation loss) has been reflected in "Other Profit Reserves" under shareholders' equity.

**IV- Explanations on Forward and Option Contracts and Derivative Instruments**

Fair values of foreign currency forward, and swap transactions are determined by comparing the period end Parent Bank foreign exchange rates with the contractual forward rates discounted to the balance sheet date. The resulting gain or loss is reflected to the current period 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 Parent 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 Parent 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.

**V- 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.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**VI- 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 using the effective interest rate in the related period.

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

**VII- 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 Parent Bank undertakes. Financial instruments affect liquidity, market, and credit risks on the Parent Bank's balance sheet in all respects. Parent 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 Group. 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 Group. 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'.

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

**VII- 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 caused by a change in 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 Group 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 Group 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 gain of 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.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

**VII- 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 Parent 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 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 credited in 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; the Parent Bank records general loan loss provisions for loans and other receivables. The Parent 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.

**VIII- Explanations on Impairment of Financial Assets**

At each balance sheet date, the Group 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 Group 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.

**IX- Offsetting of Financial Assets and Liabilities**

Financial assets and liabilities are offset when a party has a legally enforceable right to set off, 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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**X- 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 by the Group. 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 marketable securities lending transaction (December 31, 2006 - None).

**XI- 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 Group 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 Group does not have any discontinued operations.

**XII- Explanations on Goodwill and Other Intangible Assets**

The positive difference of TRY 1,205 (December 31, 2006 - TRY 1,205), between the acquisition cost and share in equity of acquired subsidiaries is reflected under the intangible fixed assets as goodwill in the accompanying consolidated financial statements.

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 are amortized on a straight-line method in accordance with inflation accounting. 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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**XII- Explanations on Goodwill and Other Intangible Assets (continued)**

The other intangible assets of the Parent 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 Parent Bank by the Parent 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.

**XIII- Explanations on Tangible Fixed Assets**

Properties 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. 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 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, and depreciated on a straight-line method. Depreciation of assets held less than one year as of the balance sheet date is accounted for as a proportion of the estimated yearly depreciation with the period between the balance sheet date and the acquisition date of the asset. The depreciation method has not been changed in the current period. 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 the related asset. 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.

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

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**XIV- 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 Parent 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, depreciation expense is recorded 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.

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

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

**XV- 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 Group's best expectation of expenses in fulfilling the obligation as of the balance sheet date, and discounted to present value if material.

**XVI- Explanations on Liabilities Regarding Employee Benefits**

*Defined Benefit Plans*

In accordance with existing social legislation in Turkey, the Group 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 Group 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 Group 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 9,287 (December 31, 2006 - TRY 7,516).

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**XVI- Explanations on Liabilities Regarding Employee Benefits (continued)**

*Defined Contribution Plans*

For defined contribution plans the Group pays contributions to Social Security Funds on a mandatory basis. In addition to this, the employees of the Group are members of the Foundation of TEB Employees (“TEB’liler Vakfı”). For the employees of the Group 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.

**XVII- 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 of September 30, 2007 TRY 625 (December 31, 2006 - TRY 2,531) 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 Group 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 34,965 is stated under the tax provision in the income statement (September 30, 2006 - TRY 16,189 deferred tax charge). The deferred tax asset of TRY 625 (December 31, 2006 - TRY 2,531) 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.

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**XVIII- 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 Parent Bank.

The Group has not issued convertible bonds.

**XIX- Explanations on Share Certificates**

Based on the resolution of the Board of Directors no. 3840/28 on March 31, 2006, the Parent 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 September 30, 2006 the amount of unused preemptive 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 Parent 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 Parent 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.

**XX- 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.

**XXI- Explanations on Government Incentives**

There are no government incentives utilized by the Group.

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**XXII- Explanations on Segment Reporting**

The Group mainly operates in retail and corporate banking segments.

	<b>Retail</b>	<b>Corporate</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
Net interest income	21,633	251,832	148,489	(868)	421,086
Net fees and commissions income and other operating income	17,480	103,295	25,707	(982)	145,500
Trading profit / loss	10,878	16,717	(30,589)	(4,287)	(7,281)
Dividend income	-	-	19,126	(19,119)	7
Impairment provision for loans and other receivables	(5,850)	(36,530)	(3,636)	-	(46,016)
Other operating income	(48,278)	(105,670)	(212,275)	982	(365,241)
<b>Profit before tax</b>	<b>(4,137)</b>	<b>229,644</b>	<b>(53,178)</b>	<b>(24,274)</b>	<b>148,055</b>
Tax	-	-	(33,881)	-	(33,881)
<b>Net profit for the period</b>	<b>(4,137)</b>	<b>229,644</b>	<b>(87,059)</b>	<b>(24,274)</b>	<b>114,174</b>

**XXIII- Explanations on Other Matters**

*Investments in Subsidiaries*

The Parent Bank started to hedge its net investment risk in The Economy Bank NV (“TEB NV”), its subsidiary operating in Netherlands with capital of EUR 30 million from the period December 31, 2006. Bank has classified fair value differences arising from this investment in other profit reserves under shareholders’ equity, and fair value differences arising from hedging instrument in “other profit reserves” under shareholders’ equity, in accordance with the Turkish Accounting Standards.

*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 CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP**

**I- Explanations Related to the Consolidated Capital Adequacy Standard Ratio**

The method used for risk measurement in determining consolidated 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 Group's consolidated capital adequacy ratio is in accordance with the related communiqué is 12.50% (December 31, 2006 - 13.00%).

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 the related credit risk is calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

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**I- Explanations Related to the Consolidated Capital Adequacy Standard Ratio (continued)**

**Information related to the consolidated capital adequacy ratio:**

	<b>Consolidated</b>				<b>Parent Bank</b>			
	<b>Risk Weight</b>				<b>Risk Weight</b>			
	0%	20%	50%	100%	0%	20%	50%	100%
<b>Risk Weighted Assets, Liabilities and Non-Cash Loans</b>								
Balance Sheet items (Net)								
Cash	181,518	107	-	-	181,513	107	-	-
Matured Marketable Securities	-	-	-	-	-	-	-	-
Due From Central Bank of Turkey	1,127,474	-	-	-	1,127,474	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	119,730	590,101	-	1,015	6,424	204,393	-	1,015
Interbank Money Market Placements	430,000	-	-	-	430,000	-	-	-
Receivables From Reverse Repo Transactions	8,503	-	-	-	-	-	-	-
Reserve Deposits	329,509	-	-	-	329,509	-	-	-
Loans	266,071	236,108	1,470,363	5,806,734	196,187	65,824	1,446,244	4,700,630
Non-performing loans (Net)	-	-	-	53,506	-	-	-	53,506
Financial Lease Receivables	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1,355,765	76	-	2,171	1,338,275	-	-	63
Held to Maturity Investments	7,790	-	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	-	-	-	-
Sundry Debtors	67	9,418	-	52,026	-	7,116	-	31,505
Interest and Income Accruals	64,449	3,328	17,707	77,084	62,218	1,760	17,707	67,070
Subsidiaries, Associates and Entities Under Common Control (Net)	-	-	-	12	-	-	-	152,208
Tangible Assets	-	-	-	102,429	-	-	-	74,784
Other Assets	125,786	4,380	-	53,198	120,688	4,380	-	12,649
Off-Balance Sheet Items								
Guarantees and Commitments	2,141,565	913,032	446,687	907,683	2,135,605	874,905	345,375	906,570
Derivative Financial Instruments	-	89,754	-	22,482	-	86,870	-	21,337
Non Risk Weighted Accounts	-	-	-	-	-	-	-	-
<b>Total Value at Risk</b>	<b>6,158,227</b>	<b>1,846,304</b>	<b>1,934,757</b>	<b>7,078,340</b>	<b>5,927,893</b>	<b>1,245,355</b>	<b>1,809,326</b>	<b>6,021,337</b>
<b>Total Risk Weighted Assets</b>	<b>-</b>	<b>369,261</b>	<b>967,379</b>	<b>7,078,340</b>	<b>-</b>	<b>249,071</b>	<b>904,663</b>	<b>6,021,337</b>

**Summary information related to the capital adequacy ratio:**

	<b>Consolidated</b>		<b>Parent Bank</b>	
	Current Period	Prior Period	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	8,414,980	6,695,374	7,175,071	5,560,811
Amount Subject to Market Risk (ASMR)	247,413	193,613	170,150	191,138
Amount Subject to Operational Risk (ASOR) (*) (**)	731,111	-	607,486	-
Shareholders' Equity	1,174,021	895,688	1,111,408	820,725
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	12.50	13.00	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 Consolidated Capital Adequacy Standard Ratio (continued)**

**Information related to the components of shareholders' equity:**

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
<b>CORE CAPITAL</b>				
Paid-in capital	100,000	76,500	100,000	76,500
Nominal capital	100,000	76,500	100,000	76,500
Capital commitments (-)	-	-	-	-
Paid-in capital restatement difference	240,926	252,676	240,926	252,676
Share premium	1,661	1,661	1,592	1,592
Cancellation profits	-	-	-	-
Legal reserves	36,423	28,756	20,235	14,950
First legal reserve (Turkish Commercial Code 466/1)	27,970	20,303	14,699	9,414
Second legal reserve (Turkish Commercial Code 466/2)	8,453	8,453	5,536	5,536
Other legal reserve per special legislation	-	-	-	-
Statutory reserves	-	-	-	-
Extraordinary reserves	242,192	143,498	204,934	110,560
Reserves allocated by the General Assembly	242,192	143,498	204,934	110,560
Retained earnings	-	-	-	-
Accumulated losses	-	-	-	-
Foreign currency share capital exchange difference	-	-	-	-
Restatement differences of legal, statutory and extraordinary reserves	-	-	-	-
Profit	114,174	123,321	104,678	105,700
Current period net profit	114,174	123,321	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	110,306	-	100,855	-
Losses that cannot be covered by reserves (-)	-	-	-	-
Net current period loss	-	-	-	-
Prior years' losses	-	-	-	-
Leasehold improvements (-)	45,580	33,520	45,383	33,069
Prepaid expenses (-)	25,259	12,157	24,421	11,306
Intangible assets (-)	7,719	6,808	6,273	5,867
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-	-	-
Goodwill (Net) (-)	1,205	1,205	-	-
<b>Total Core Capital</b>	<b>845,682</b>	<b>626,412</b>	<b>773,220</b>	<b>561,978</b>
<b>SUPPLEMENTARY CAPITAL</b>				
General Loan Loss Reserves	52,124	32,505	48,993	32,505
45% of the revaluation reserve for movable fixed assets	-	-	-	-
45% of the of 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	10,174	-	19,625	-
Secondary subordinated loans	348,306	295,029	348,306	280,989
Marketable securities value increase fund	(2,502)	(4,556)	(2,659)	(4,505)
Associates and subsidiaries	-	-	-	-
Available for sale securities	(2,502)	(4,556)	(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)	-	-	-	-
<b>Total Supplementary Capital</b>	<b>408,102</b>	<b>322,978</b>	<b>414,265</b>	<b>308,989</b>
<b>TIER III CAPITAL</b>				
<b>CAPITAL</b>	<b>1,253,784</b>	<b>949,390</b>	<b>1,187,485</b>	<b>870,967</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>79,763</b>	<b>53,702</b>	<b>76,077</b>	<b>50,242</b>
Shareholdings in unconsolidated banks and financial institutions	-	12	-	-
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 and Primary and Secondary loans borrowed from them	-	-	-	-
Shareholdings in the banks and financial institutions which are accounted for under the equity pick up method but the assets and liabilities are not consolidated.	-	-	-	-
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	-	-	-	-
<b>Total Shareholder's Equity</b>	<b>1,174,021</b>	<b>895,688</b>	<b>1,111,408</b>	<b>820,725</b>

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**II- Explanations Related to Consolidated Market Risk**

The Group has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the 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 Parent Bank is exposed to. Those limits are revised periodically in line with the market forces and strategies of the Parent 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 Parent 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 while calculating the capital adequacy and the amount subject to VAR, as summarised below, is taken into consideration by the standard method. 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. These results are also reported daily to the management.

a) Information Related to Market Risk

	Consolidated	Parent Bank
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	13,451	12,225
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	80	-
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	6,010	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	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)	19,793	13,612
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	247,413	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	14,590	16,137	13,321	10,052	13,513	7,180
Common Stock Risk	312	417	210	26	46	3
Currency Risk	4,255	6,010	838	2,121	4,457	1,003
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	288	584	28	91	190	-
<b>Total Value Subject to Risk</b>	<b>243,063</b>	<b>257,075</b>	<b>224,700</b>	<b>153,619</b>	<b>193,613</b>	<b>132,400</b>

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**III- Explanations Related to Consolidated 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 Group are taken into consideration and value at risk is calculated by using the standard method.

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

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

The Treasury Department of the Parent Bank is responsible for the management of 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 Parent Bank's Asset-Liability Committee on a weekly basis.

As of September 30, 2007, the Group's net long position is TRY 64,564 (December 31, 2006 - TRY 49,602 net long) resulting from short position on the balance sheet amounting to TRY 598,190 (December 31, 2006 - TRY 506,552 short) and long position on the off-balance sheet amounting to TRY 662,754 (December 31, 2006 - TRY 556,154 long).

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

	<b>21.09.2007</b>	<b>24.09.2007</b>	<b>25.09.2007</b>	<b>26.09.2007</b>	<b>27.09.2007</b>	<b>28.09.2007</b>
<b>USD</b>	1.22770	1.21860	1.22780	1.21670	1.21000	1.20480
<b>CHF</b>	1.04400	1.03870	1.04680	1.03860	1.03200	1.02770
<b>GBP</b>	2.47140	2.46760	2.46890	2.45020	2.44820	2.44390
<b>JPY</b>	1.06230	1.05820	1.06990	1.05440	1.04560	1.04310
<b>EURO</b>	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 Parent Bank for the thirty days before September 30, 2007 are as follows:

	<b>Monthly Average Foreign Exchange Rate</b>
<b>USD</b>	1.25582
<b>CHF</b>	1.05664
<b>GBP</b>	2.53312
<b>JPY</b>	1.08459
<b>EURO</b>	1.74436

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**III- Explanations Related to Currency Risk (continued)**

**Information on the foreign currency risk of the Bank:**

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>YEN</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	590,617	701,507	70	15,687	<b>1,307,881</b>
Due From Other Banks and Financial Institutions	133,922	544,180	1,058	14,505	<b>693,665</b>
Financial Assets at Fair Value Through Profit and Loss (*****)	7,562	3,868	-	-	<b>11,430</b>
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	54	224,397	-	-	<b>224,451</b>
Loans (**)	1,116,595	1,562,840	41,938	164,211	<b>2,885,584</b>
Factoring Receivables	69,773	21,093	-	24,232	<b>115,098</b>
Leasing Receivables	233,347	64,823	-	-	<b>298,170</b>
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-	-
Held-To-Maturity Investments	-	6,438	-	-	<b>6,438</b>
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	6,687	-	-	-	<b>6,687</b>
Intangible Assets	191	-	-	-	<b>191</b>
Other Assets (***)	17,529	19,247	9	181	<b>36,966</b>
<b>Total Assets</b>	<b>2,176,277</b>	<b>3,148,393</b>	<b>43,075</b>	<b>218,816</b>	<b>5,586,561</b>
<b>Liabilities</b>					
Bank Deposits	70,026	19,216	15	23,416	<b>112,673</b>
Foreign Currency Deposits (*)	1,126,969	3,266,553	3,259	73,692	<b>4,470,473</b>
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	1,008,448	494,956	208	19,162	<b>1,522,774</b>
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	17,008	8,835	578	862	<b>27,283</b>
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	31,417	9,888	-	10,243	<b>51,548</b>
<b>Total Liabilities</b>	<b>2,253,868</b>	<b>3,799,448</b>	<b>4,060</b>	<b>127,375</b>	<b>6,184,751</b>
<b>Net Balance Sheet Position</b>	<b>(77,591)</b>	<b>(651,055)</b>	<b>39,015</b>	<b>91,441</b>	<b>(598,190)</b>
<b>Net Off-Balance Sheet Position</b>	<b>139,806</b>	<b>644,316</b>	<b>(39,629)</b>	<b>(81,739)</b>	<b>662,754</b>
Financial Derivative Assets (****)	339,759	1,437,986	45,139	105,130	1,928,014
Financial Derivative Liabilities (****)	199,953	793,670	84,768	186,869	1,265,260
Non-Cash Loans (*****)	679,835	1,269,913	9,695	43,994	2,003,437
<b>Prior Period</b>					
Total Assets	1,912,269	3,058,391	16,052	163,747	5,150,459
Total Liabilities	1,871,818	3,632,133	7,464	145,596	5,657,011
Net Balance Sheet Position	40,451	(573,742)	8,588	18,151	(506,552)
Net Off-Balance Sheet Position	28,568	553,955	(9,069)	(17,299)	556,155
Financial Derivative Assets	255,137	1,110,934	4,835	68,449	1,439,355
Financial Derivative Liabilities	226,569	556,979	13,904	85,748	883,200
Non-Cash Loans (*****)	698,630	1,215,380	8,132	70,871	1,993,013

- (\*) 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 Consolidated 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 Group. 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 Parent Bank management follows the market interest rates daily and revises the interest rates of the Bank whenever necessary.

Since the Group does not permit maturity mismatches or imposes limits on the 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
<b>Current Period</b>							
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	-	-	-	-	448,275	<b>1,649,087</b>
Due From Other Banks and Financial Institutions	467,685	-	7,905	3,156	-	234,447	<b>713,193</b>
Financial Assets at Fair Value Through Profit and Loss	15,424	955	6,727	466	45,730	55,999	<b>125,301</b>
Money Market Placements	439,133	-	-	-	-	-	<b>439,133</b>
Available-For-Sale Financial Assets	31,248	66,071	918,458	228,285	167,107	63	<b>1,411,232</b>
Loans	3,635,871	587,769	649,157	638,112	1,667,009	22,428	<b>7,200,346</b>
Factoring Receivables	111,858	115,734	200,524	-	-	-	<b>428,116</b>
Financial Lease Receivables	32,353	32,794	39,632	73,584	188,072	-	<b>366,435</b>
Held-To-Maturity Investments	-	-	4,839	-	3,154	-	<b>7,993</b>
Other Assets	21,295	-	-	-	-	460,949	<b>482,244</b>
<b>Total Assets</b>	<b>5,955,679</b>	<b>803,323</b>	<b>1,827,242</b>	<b>943,603</b>	<b>2,071,072</b>	<b>1,222,161</b>	<b>12,823,080</b>
Liabilities							
Bank Deposits	142,148	5,209	-	-	-	44,124	<b>191,481</b>
Other Deposits	6,533,557	314,753	42,718	22,068	6,266	1,205,872	<b>8,125,234</b>
Money Market Borrowings	236,190	-	-	-	-	-	<b>236,190</b>
Sundry Creditors	-	-	-	-	-	165,414	<b>165,414</b>
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	616,421	1,120,830	489,747	70,304	332,587	-	<b>2,629,889</b>
Factoring Payables	56,629	62,092	869	-	-	-	<b>119,590</b>
Other Liabilities	-	208	988	552	64,813	1,288,721	<b>1,355,282</b>
<b>Total Liabilities</b>	<b>7,584,945</b>	<b>1,503,092</b>	<b>534,322</b>	<b>92,924</b>	<b>403,666</b>	<b>2,704,131</b>	<b>12,823,080</b>
Balance Sheet Long Position	-	-	1,292,920	850,679	1,667,406	-	3,811,005
Balance Sheet Short Position	(1,629,266)	(699,769)	-	-	-	(1,481,970)	(3,811,005)
Off-Balance Sheet Long Position	-	-	-	49	9,731	-	9,780
Off-Balance Sheet Short Position	-	-	-	(32)	(7,640)	-	(7,672)
<b>Total Position</b>	<b>(1,629,266)</b>	<b>(699,769)</b>	<b>1,292,920</b>	<b>850,696</b>	<b>1,669,497</b>	<b>(1,481,970)</b>	<b>2,108</b>

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**IV- Explanations Related to Consolidated 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 at the non-interest bearing column consists of tangible assets amounting to TRY 102,429; intangible assets amounting to TRY 54,504, TRY 89,350 tax asset, and the other liabilities line includes the shareholders' equity of TRY 732,874.

**Average interest rates applied to monetary financial instruments:**

	EURO %	USD %	YEN %	TRY %
<b>Current Period</b>				
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	3.74	5.25	-	17.09
Financial Assets At Fair Value Through Profit And Loss	5.66	6.70	-	18.98
Money Market Placements	-	-	-	17.31
Available-For-Sale Financial Assets	-	5.65	-	18.06
Loans	6.21	7.06	4.13	21.10
Leasing Receivables	8.70	9.63	-	25.59
Factoring Receivables	3.53	5.16	-	16.93
Held-To-Maturity Investments	-	11.06	-	20.78
Liabilities				
Bank Deposits	3.69	2.84	-	14.70
Other Deposits	3.40	5.03	-	18.31
Money Market Borrowings	-	-	-	17.31
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	5.05	6.51	1.49	18.74

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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
<b>Prior Period</b>							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	645,715	-	-	-	-	319,771	<b>965,486</b>
Due From Other Banks and Financial Institutions	659,262	-	2,290	1,000	-	401,613	<b>1,064,165</b>
Financial Assets at Fair Value Through Profit and Loss	45,855	13,281	8,167	2,983	39,744	3,177	<b>113,207</b>
Money Market Placements	1,194	-	-	-	-	-	<b>1,194</b>
Available-For-Sale Financial Assets	292,283	663,403	76,104	88,041	435,511	68	<b>1,555,410</b>
Loans	2,856,121	557,846	506,331	499,950	1,268,793	38,676	<b>5,727,717</b>
Factoring Receivables	166,908	69,476	53,213	11,264	-	-	<b>300,861</b>
Financial Lease Receivables	20,436	27,924	38,791	68,972	167,810	3,749	<b>327,682</b>
Held-To-Maturity Investments	4,054	3,298	3,705	-	-	-	<b>11,057</b>
Other Assets	29,732	-	-	-	-	201,809	<b>231,541</b>
<b>Total Assets</b>	<b>4,721,560</b>	<b>1,335,228</b>	<b>688,601</b>	<b>672,210</b>	<b>1,911,858</b>	<b>968,863</b>	<b>10,298,320</b>
Liabilities							
Bank Deposits	135,527	4,334	-	-	-	48,339	<b>188,200</b>
Other Deposits	5,575,247	681,345	111,083	39,622	2,320	127,888	<b>6,537,505</b>
Money Market Borrowings	794,689	-	-	-	-	-	<b>794,689</b>
Sundry Creditors	175	-	-	-	-	134,138	<b>134,313</b>
Marketable Securities Issued	-	-	-	-	-	-	<b>-</b>
Funds Provided From Other Financial Institutions	383,785	203,933	796,106	140,951	165,510	6,050	<b>1,696,335</b>
Factoring Payables	87,002	17,086	6,984	-	-	-	<b>111,072</b>
Other Liabilities	50,759	10,076	3,411	12,987	25,690	733,283	<b>836,206</b>
<b>Total Liabilities</b>	<b>7,027,184</b>	<b>916,774</b>	<b>917,584</b>	<b>193,560</b>	<b>193,520</b>	<b>1,049,698</b>	<b>10,298,320</b>
Balance Sheet Long Position	-	418,454	-	478,650	1,718,338	-	<b>2,615,442</b>
Balance Sheet Short Position	(2,305,624)	-	(228,983)	-	-	(80,835)	<b>(2,615,442)</b>
Off-Balance Sheet Long Position	10,204	-	-	-	-	-	<b>10,204</b>
Off-Balance Sheet Short Position	(6,715)	-	-	-	-	-	<b>(6,715)</b>
<b>Total Position</b>	<b>(2,302,135)</b>	<b>418,454</b>	<b>(228,983)</b>	<b>478,650</b>	<b>1,718,338</b>	<b>(80,835)</b>	<b>3,489</b>

The other assets line at the non-interest bearing column consists of tangible assets amounting to TRY 64,698; intangible assets amounting to TRY 41,534, TRY 26,725 tax asset and the other liabilities line includes the shareholders' equity of TRY 616,288.

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**IV- Explanations Related to Interest Rate Risk (continued)**

**Average interest rates applied to monetary financial instruments**

	EURO %	USD %	YEN %	YTL %
<b>Prior Period</b>				
<b>Assets</b>				
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	3.45	5.23	-	18.21
Financial Assets At Fair Value Through Profit And Loss	5.45	9.08	-	21.15
Money Market Placements	-	-	-	18.13
Available-For-Sale Financial Assets	-	6.78	-	19.90
Loans	5.62	6.94	3.88	21.36
Leasing Receivables	9.63	10.20	-	23.19
Factoring Receivables	5.72	7.71	-	22.53
Held-To-Maturity Investments	-	10.96	-	23.06
<b>Liabilities</b>				
Bank Deposits	3.12	4.86	-	12.88
Other Deposits	3.02	5.09	-	19.25
Money Market Borrowings	-	-	-	18.05
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4.89	6.48	-	18.82

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

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

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

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**V- Explanations Related to Consolidated Liquidity Risk (continued)**

**Presentation of assets and liabilities according to their remaining maturities:**

<b>Current Period</b>	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Undistributed (*)	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	448,275	1,200,812	-	-	-	-	-	<b>1,649,087</b>
Due From Other Banks and Financial Institutions	232,950	469,182	-	7,905	3,156	-	-	<b>713,193</b>
Financial Assets at Fair Value Through Profit and Loss	655	25,572	10,069	7,527	29,409	52,060	9	<b>125,301</b>
Money Market Placements	-	439,133	-	-	-	-	-	<b>439,133</b>
Available-For-Sale Financial Assets	65	2,115	28,457	110,630	326,153	943,812	-	<b>1,411,232</b>
Loans	22,429	3,635,871	587,769	649,157	638,112	1,667,008	-	<b>7,200,346</b>
Held-To-Maturity Investments	111,858	115,734	200,524	-	-	-	-	<b>428,116</b>
Factoring Receivables	-	32,353	32,794	39,632	73,584	188,072	-	<b>366,435</b>
Financial Lease Receivables	-	-	-	4,839	-	3,154	-	<b>7,993</b>
Other Assets	3,498	154,370	563	1,488	-	65	322,260	<b>482,244</b>
<b>Total Assets</b>	<b>819,730</b>	<b>6,075,142</b>	<b>860,176</b>	<b>821,178</b>	<b>1,070,414</b>	<b>2,854,171</b>	<b>322,269</b>	<b>12,823,080</b>
<b>Liabilities</b>								
Bank Deposits	44,124	142,148	5,209	-	-	-	-	<b>191,481</b>
Other Deposits	1,205,872	6,533,557	314,753	42,718	22,068	6,266	-	<b>8,125,234</b>
Funds Provided From Other Financial Institutions	202,851	344,804	1,113,277	105,267	121,605	742,085	-	<b>2,629,889</b>
Money Market Borrowings	-	236,190	-	-	-	-	-	<b>236,190</b>
Marketable Securities Issued	-	-	-	-	-	-	-	-
Factoring Payables	56,629	62,092	869	-	-	-	-	<b>119,590</b>
Sundry Creditors	146,412	2,240	16,762	-	-	-	-	<b>165,414</b>
Other Liabilities	3,243	292,376	13,130	54,644	25,136	156,469	810,284	<b>1,355,282</b>
<b>Total Liabilities</b>	<b>1,659,131</b>	<b>7,613,407</b>	<b>1,464,000</b>	<b>202,629</b>	<b>168,809</b>	<b>904,820</b>	<b>810,284</b>	<b>12,823,080</b>
<b>Liquidity Gap</b>	<b>(839,401)</b>	<b>(1,538,265)</b>	<b>(603,824)</b>	<b>618,549</b>	<b>901,605</b>	<b>1,949,351</b>	<b>(488,015)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	763,687	3,856,309	821,539	855,843	801,345	3,026,194	173,403	10,298,320
Total Liabilities	1,249,185	5,958,252	958,372	262,014	588,494	627,106	654,897	10,298,320
<b>Liquidity Gap</b>	<b>(485,498)</b>	<b>(2,101,943)</b>	<b>(136,833)</b>	<b>593,829</b>	<b>212,851</b>	<b>2,399,088</b>	<b>(481,494)</b>	<b>-</b>

(\*) 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 CONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations Related to the Consolidated 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	109,727	50,159	75,324
Balances with the Central Bank of Turkey	277,238	1,190,226	200,718	635,346
Other	1,049	7,928	1,096	2,843
<b>Total</b>	<b>341,206</b>	<b>1,307,881</b>	<b>251,973</b>	<b>713,513</b>

**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	-	-	-	-
<b>Total</b>	<b>277,238</b>	<b>1,190,226</b>	<b>200,718</b>	<b>635,346</b>

(\*) 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 deposited 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	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>542</b>	<b>-</b>

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	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,865</b>	<b>-</b>

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 67,013 (December 31, 2006 – TRY 85,521).

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**I. Explanations Related to the Consolidated Assets (continued)**

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	27,825	3,315	8,720	1,162
Swap Transactions	18,511	4,165	8,250	3,233
Futures Transactions	-	-	-	-
Options	3,934	538	713	148
Other	-	-	-	53
<b>Total</b>	<b>50,270</b>	<b>8,018</b>	<b>17,683</b>	<b>4,596</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	17,776	2,302	4,428	30,825
Foreign	1,752	691,363	-	1,028,912
Branches and head office abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
<b>Total</b>	<b>19,528</b>	<b>693,665</b>	<b>4,428</b>	<b>1,059,737</b>

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	91,965	568,959	124,896	13,016
USA and Canada	88,508	375,720	-	-
OECD Countries*	374,585	71,086	-	-
Off-shore banking regions	11,996	47	-	-
Other	1,165	84	-	-
<b>Total</b>	<b>568,219</b>	<b>1,015,896</b>	<b>124,896</b>	<b>13,016</b>

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

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**I. Explanations Related to the Consolidated 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	2,460	160,067	-	188,531
Other	-	-	-	-
<b>Total</b>	<b>2,460</b>	<b>160,067</b>	<b>-</b>	<b>188,531</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	244,083	-	881,030	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>244,083</b>	<b>-</b>	<b>881,030</b>	<b>-</b>

Net book value of unrestricted financial assets available-for-sale is TRY 1,004,622 (December 31, 2006 – TRY 485,849).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	1,429,037	1,568,698
Quoted on a stock exchange	1,266,529	1,380,167
Not quoted	162,508	188,531
Share certificates	63	68
Quoted on a stock exchange	-	-
Not quoted	63	68
Impairment provision(-)	(17,868)	(13,356)
<b>Total</b>	<b>1,411,232</b>	<b>1,555,410</b>

**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	-	4,563	-
<b>Total</b>	<b>4,413</b>	<b>32,960</b>	<b>5,947</b>	<b>2,768</b>

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**I. Explanations Related to the Consolidated 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	7,197,954	-	-	2,392
Discount notes	111,722	-	-	-
Export loans	976,480	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	310,631	-	-	-
Foreign loans	874,889	-	-	-
Consumer loans	885,922	-	-	-
Credit cards	214,716	-	-	-
Precious metals loans	180,924	-	-	-
Other	3,642,670	-	-	2,392
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>7,197,954</b>	<b>-</b>	<b>-</b>	<b>2,392</b>

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	5,005,652	-	-	-
Non-specialized loans	5,005,652	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	2,192,302	-	-	2,392
Non-specialized loans	2,192,302	-	-	2,392
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>7,197,954</b>	<b>-</b>	<b>-</b>	<b>2,392</b>

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**I. Explanations Related to the Consolidated 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
<b>Consumer Loans -TRY</b>	<b>37,228</b>	<b>755,696</b>	<b>792,924</b>
Housing Loans	968	350,145	351,113
Car Loans	4,573	171,450	176,023
General Purpose Loans	30,611	223,407	254,018
Other	1,076	10,694	11,770
<b>Consumer Loans -Indexed to FC</b>	<b>999</b>	<b>64,286</b>	<b>65,285</b>
Housing Loans	424	38,372	38,796
Car Loans	283	22,366	22,649
General Purpose Loans	292	3,548	3,840
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>2,476</b>	<b>516</b>	<b>2,992</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	2,476	516	2,992
<b>Individual Credit Cards -TRY</b>	<b>206,912</b>	-	<b>206,912</b>
With Installments	55,366	-	55,366
Without Installments	151,546	-	151,546
<b>Individual Credit Cards -FC</b>	<b>1,614</b>	-	<b>1,614</b>
With Installments	-	-	-
Without Installments	1,614	-	1,614
<b>Personnel Loans-TRY</b>	<b>1,139</b>	<b>2,392</b>	<b>3,531</b>
Housing Loans	-	130	130
Car Loans	-	31	31
General Purpose Loans	963	2,231	3,194
Other	176	-	176
<b>Personnel Loans- Indexed to FC</b>	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TRY</b>	<b>211</b>	-	<b>211</b>
With Installments	39	-	39
Without Installments	172	-	172
<b>Personnel Credit Cards-FC</b>	<b>1</b>	-	<b>1</b>
With Installments	-	-	-
Without Installments	1	-	1
<b>Overdraft Account TRY(Real Persons) (*)</b>	<b>21,190</b>	-	<b>21,190</b>
<b>Overdraft Account t-FC(Real Persons)</b>	-	-	-
<b>Total</b>	<b>271,770</b>	<b>822,890</b>	<b>1,094,660</b>

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

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**I. Explanations Related to the Consolidated 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
<b>Commercial loans with installment facility -TRY</b>	<b>71,570</b>	<b>541,885</b>	<b>613,455</b>
Business Loans	192	19,499	19,691
Car Loans	11,901	201,790	213,691
General Purpose Loans	59,477	319,223	378,700
Other	-	1,373	1,373
<b>Commercial loans with installment facility - Indexed to FC</b>	<b>17,451</b>	<b>151,620</b>	<b>169,071</b>
Business Loans	-	1,610	1,610
Car Loans	2,624	81,819	84,443
General Purpose Loans	14,827	65,500	80,327
Other	-	2,691	2,691
<b>Commercial loans with installment facility –FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards -TRY</b>	<b>5,490</b>	<b>-</b>	<b>5,490</b>
With Installments	-	-	-
Without Installments	5,490	-	5,490
<b>Corporate Credit Cards -FC</b>	<b>488</b>	<b>-</b>	<b>488</b>
With Installments	-	-	-
Without Installments	488	-	488
<b>Overdraft Accounts -TRY(Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC(Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>94,999</b>	<b>693,505</b>	<b>788,504</b>

f) Loans according to borrowers:

	Current Period	Prior Period
Public	-	-
Private	7,200,346	5,727,717
<b>Total</b>	<b>7,200,346</b>	<b>5,727,717</b>

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	6,325,457	5,276,475
Foreign loans	874,889	451,242
<b>Total</b>	<b>7,200,346</b>	<b>5,727,717</b>

h) 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
<b>Total</b>	<b>50,181</b>	<b>30,248</b>

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**5. Information on loans: (continued)**

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

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

i.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
<b>Net Balances on Balance Sheet</b>	<b>28,038</b>	<b>19,636</b>	<b>5,832</b>

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

j) 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 Parent Bank.

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

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 Consolidated Assets (continued)**

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

b) Information on public sector debt investments held-to-maturity:

	Current Period	Prior Period
Government Bonds	6,438	9,402
Treasury Bills	1,555	1,655
Other public sector debt securities	-	-
<b>Total</b>	<b>7,993</b>	<b>11,057</b>

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	7,993	11,057
Quoted on a stock exchange	7,993	11,057
Not quoted on a stock exchange	-	-
Provision for impairment (-)	-	-
<b>Total</b>	<b>7,993</b>	<b>11,057</b>

d) Movement of held-to-maturity investments:

	Current Period	Prior Period
Beginning balance	11,057	11,809
Foreign currency differences on monetary assets	(1,550)	183
Purchases during year	-	-
Disposals through sales and redemptions	(1,514)	(935)
Impairment provision (-)	-	-
<b>Closing Balance</b>	<b>7,993</b>	<b>11,057</b>

**7. Information on associates (Net):**

a.1) Information on the unconsolidated associates:

	Current Period	Prior Period
Participations		
Other Financial Associates / Gelisen Isletmeler Piyasasi A.S.	12	12

a.2) Gelisen Isletmeler Piyasasi A.S. commenced its operations as of December 30, 2005.

b.1) Information on the consolidated associates:

	Current Period	Prior Period
Balance at the Beginning of the Period	-	1,535
Movements During the Period	-	(1,535)
Purchases	-	-
Free Shares Obtained	-	-
Dividends from Current Year Income	-	-
Sales	-	(1,535)
Revaluation Decrease	-	-
Provision for Impairment	-	-
<b>Balance at the End of the Period</b>	<b>-</b>	<b>-</b>
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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**I. Explanations Related to the Consolidated Assets (continued)**

- 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).

**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 and monthly average rates for profit and loss as of September 30, 2007.
- (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.

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

b.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	164,155	164,771
Movements during the period	(18)	(616)
Purchases	-	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (*)	-	(651)
Revaluation increase	(18)	35
Provision for impairment	-	-
<b>Balance at the end of the period</b>	<b>164,137</b>	<b>164,155</b>
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.

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.	34,770	34,770
	TEB Portföy Yönetimi A.S.	5,354	5,354
	Stichting Custody Services TEB	214	231
	Kronenburg Vastgoed B.V.	31	32
<b>Total</b>		<b>164,137</b>	<b>164,155</b>

The carrying amounts of the subsidiaries above have been eliminated in the consolidated financial statements.

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

**9. Information on entities under common control: None.**

**10. Information on finance lease receivables (Net):**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	210,538	178,364	181,606	155,942
Between 1-4 years	204,717	181,561	191,806	170,659
Over 4 years	6,910	6,510	1,113	1,081
<b>Total</b>	<b>422,165</b>	<b>366,435</b>	<b>374,525</b>	<b>327,682</b>

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

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**I. Explanations Related to the Consolidated Assets (continued)**

**12. Information on tangible assets:**

	Opening Balance December 31, 2006	Additions	Disposals	Other	Ending Balance September 30, 2007
<b>Cost:</b>					
Land and buildings	17,378	19,800	(225)	(580)	36,373
Leased tangible assets	46,208	13,463	-	-	59,671
Vehicles	586	39	(85)	(16)	524
Other	86,198	18,189	(545)	(145)	103,697
<b>Total Cost</b>	<b>150,370</b>	<b>51,491</b>	<b>(855)</b>	<b>(741)</b>	<b>200,265</b>
<b>Accumulated Depreciation:</b>					
Land and buildings	(3,453)	(280)	6	39	(3,688)
Leased tangible assets	(33,594)	(2,708)	-	-	(36,302)
Vehicles	(409)	(49)	69	9	(380)
Other	(48,216)	(9,719)	329	140	(57,466)
<b>Total Accumulated Depreciation</b>	<b>(85,672)</b>	<b>(12,756)</b>	<b>404</b>	<b>188</b>	<b>(97,836)</b>
<b>Net Book Value</b>	<b>64,698</b>	<b>38,735</b>	<b>(451)</b>	<b>(553)</b>	<b>102,429</b>

The addition of TRY 19,800 to land and buildings consists of the land purchased by TEB Finansal Kiralama A.S. in March 2007.

- 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.

**13. Information on intangible assets:**

	Opening Balance December 31, 2006	Additions	Disposals	Other	Ending Balance September 30, 2007
<b>Cost:</b>					
Leasehold improvements	54,380	19,093	(2,502)	-	70,971
Other intangible assets	22,253	3,359	-	(95)	25,517
<b>Total Cost</b>	<b>76,633</b>	<b>22,452</b>	<b>(2,502)</b>	<b>(95)</b>	<b>96,488</b>
<b>Accumulated Depreciation:</b>					
Leasehold improvements	(21,024)	(6,672)	2,502	-	(25,194)
Other intangible assets	(14,075)	(2,799)	-	84	(16,790)
<b>Total Accumulated Depreciation</b>	<b>(35,099)</b>	<b>(9,471)</b>	<b>2,502</b>	<b>84</b>	<b>(41,984)</b>
<b>Net Book Value</b>	<b>41,534</b>	<b>12,981</b>	<b>-</b>	<b>(11)</b>	<b>54,504</b>

- a) Disclosures for book value, description and remaining depreciation time for a specific intangible fixed asset that is material to the financial statements: None.
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.

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**I. Explanations Related to the Consolidated Assets (continued)**

**13. Information on intangible assets (continued):**

- c) 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.
- d) The book value of intangible fixed assets that are pledged or restricted for use: None.
- e) Amount of purchase commitments for intangible fixed assets: None.
- f) Information on revalued intangible assets according to their types: None.
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis arising from consolidated entities: There is a positive goodwill of TRY 1,205 (December 31, 2006 – TRY 1,205) arising from the purchase of TEB Portföy by TEB Yatırım on February 27, 2005.
- i) Movements on goodwill in the current period: None.

	Current Period	Prior Period
Gross value at the beginning of the period	1,685	1,685
Accumulated depreciation (-)	480	480
Impairment provision (-)	-	-
Movements within the period :	-	-
Additional goodwill	-	-
Corrections arising from the changes in value of assets and liabilities	-	-
Goodwill written off due to discontinued operations in current period or complete /partial sale of an asset (-)	-	-
Amortisation (-)	-	-
Impairment provision (-)	-	-
Reversal of impairment provision (-)	-	-
Other differences occurred in the book value	-	-
Gross value at the end of the period	1,685	1,685
Accumulated amortization (-)	480	480
Impairment provision (-)	-	-
Net book value at the end of the period	1,205	1,205

**14. Explanations on deferred tax asset:**

- a) As of September 30, 2007, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TRY 47,571 (December 31, 2006 – TRY 14,506). 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.

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**I. Explanations Related to the Consolidated Assets (continued)**

**14. Explanations on deferred tax asset: (continued)**

d) Movement of deferred tax:

	Current Period	Prior Period
<b>At January 1</b>	<b>14,506</b>	<b>10,092</b>
Effect of change in tax rate	-	(1,009)
Deferred tax (charge)/benefit	34,979	(1,105)
<b>Deferred tax (charge)/benefit (Net)</b>	<b>34,979</b>	<b>(2,114)</b>
Deferred tax journalized in Shareholders' Equity	(1,914)	6,528
<b>Deferred Tax Asset</b>	<b>47,571</b>	<b>14,506</b>

	Cari Dönem	Önceki Dönem
<b>At January 1 (Deferred Tax Asset)</b>	-	-
Effect of change in tax rate	-	-
Deferred tax (charge)/benefit	(14)	-
<b>Deferred tax (charge)/benefit (Net)</b>	<b>(14)</b>	-
Deferred tax journalized in Shareholders' Equity	-	-
<b>Deferred Tax Liability</b>	<b>(14)</b>	-

**15. Information on assets held for sale:** None.

**16. Information on other assets:**

a) Breakdown of other assets:

	Cari Dönem	Önceki Dönem
Clearing Account (*)	36,787	-
Receivables From Securities Transactions	23,285	29,818
Leasing Contracts in Progress	29,412	6,769
Collateral Given for Derivative Financial Assets	7,269	7,965
Advances Given	4,064	9,186
Transaction Cost Related to Financial Liabilities	5,054	2,786
Prepaid Rents	3,595	3,401
Prepaid Insurance Premiums	2,241	188
Other Prepaid Expenses	14,882	11,286
Receivables from Credit Cards Payments	30,301	3,880
Other	25,553	8,749
<b>Total</b>	<b>182,443</b>	<b>84,028</b>

(\*) 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 by the parent Bank. 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 such 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.

**17. Information on factoring receivables:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short term	313,018	115,098	209,281	91,580
Medium and Long Term	-	-	-	-
<b>Total</b>	<b>313,018</b>	<b>115,098</b>	<b>209,281</b>	<b>91,580</b>

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**SECTION FIVE**

**II. Explanations Related to the Consolidated Liabilities**

**1. a) Information on maturity structure of deposits :**

**a.1) Current period:**

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	128,985	-	970,964	1,089,606	9,124	10,137	411	-	2,209,227
Foreign currency deposits	671,674	-	1,836,887	1,021,081	75,135	20,377	22,719	-	3,647,873
Residents in Turkey	622,486	-	1,800,547	993,578	71,386	18,501	21,311	-	3,527,809
Residents abroad	49,188	-	36,340	27,503	3,749	1,876	1,408	-	120,064
Public sector deposits	9,112	-	1,527	2,844	109,438	-	-	-	122,921
Commercial deposits	377,431	-	868,111	702,464	4,177	2,256	61,072	-	2,015,511
Other institutions deposits	14,896	-	68,255	40,912	322	244	-	-	124,629
Precious metals deposits	3,776	-	1,126	-	85	86	-	-	5,073
Interbank deposits	44,126	-	119,651	27,403	301	-	-	-	191,481
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	278	-	48,712	-	-	-	-	-	48,990
Foreign Banks	18,047	-	70,938	27,403	301	-	-	-	116,689
Special finance houses	25,801	-	1	-	-	-	-	-	25,802
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,250,000</b>	<b>-</b>	<b>3,866,521</b>	<b>2,884,310</b>	<b>198,582</b>	<b>33,100</b>	<b>84,202</b>	<b>-</b>	<b>8,316,715</b>

58.88% of bank deposits and 55.01% of other deposits of the Group 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	95,995	-	562,625	969,109	5,135	4,374	243	-	1,637,481
Foreign currency deposits	718,973	-	2,204,429	862,073	136,787	112,097	41,012	-	4,075,371
Residents in Turkey	589,595	-	1,552,553	663,097	116,387	75,136	13,227	-	3,009,995
Residents abroad	129,378	-	651,876	198,976	20,400	36,961	27,785	-	1,065,376
Public sector deposits	725	-	2,794	-	-	-	-	-	3,519
Commercial deposits	248,736	-	371,789	118,242	791	148	-	-	739,706
Other institutions deposits	13,009	-	16,241	36,902	20	9	-	-	66,181
Precious metals deposits	14,930	-	-	115	57	145	-	-	15,247
Interbank deposits	48,338	-	112,965	25,862	1,035	-	-	-	188,200
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	440	-	58,854	1,011	1,035	-	-	-	61,340
Foreign Banks	13,136	-	54,111	24,851	-	-	-	-	92,098
Special finance houses	34,762	-	-	-	-	-	-	-	34,762
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,140,706</b>	<b>-</b>	<b>3,270,843</b>	<b>2,012,303</b>	<b>143,825</b>	<b>116,773</b>	<b>41,255</b>	<b>-</b>	<b>6,725,705</b>

**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	-	-	-	-
<b>Total</b>	<b>1,018,845</b>	<b>828,445</b>	<b>2,540,178</b>	<b>2,124,912</b>

(\*) 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 Consolidated 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	-	-
<b>Total</b>	<b>6,063</b>	<b>8,124</b>

**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	2,495	9,013	497
Swap Transactions	225,156	1,086	58,079	847
Futures Transactions	-	-	-	-
Options	3,499	557	288	168
Other	-	19	-	226
<b>Total</b>	<b>252,391</b>	<b>4,157</b>	<b>67,380</b>	<b>1,738</b>

**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	99,722	100,347	86,953	109,213
From Foreign Banks, Institutions and Funds	917,393	1,027,247	300,338	899,919
<b>Total</b>	<b>1,017,115</b>	<b>1,127,594</b>	<b>387,291</b>	<b>1,009,132</b>

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	908,327	785,725	321,375	714,816
Medium and long-term	108,788	341,869	65,916	294,316
<b>Total</b>	<b>1,017,115</b>	<b>1,127,594</b>	<b>387,291</b>	<b>1,009,132</b>

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

Parent 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.

Parent Bank makes analysis of its customers that provide the maximum amount of funds within the branches and throughout the Parent Bank, in consideration of profitability. Parent 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 Consolidated Liabilities (continued)**

**4. Information on funds provided from repurchase agreement transactions:**

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

**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 group:

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: None.
- 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 Consolidated 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	4,419	2,898
<b>Total</b>	<b>52,124</b>	<b>32,505</b>

- 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:

The Group 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 9,287 (December 31, 2006 - TRY 7,516) reserve for employee termination benefits was provided against a total liability of TRY 26,032 (December 31, 2006 - TRY 21,039). The ratio of provision of this benefit to undiscounted total liabilities is 35.7%. (December 31, 2006 - 35.7%)

As of September 30, 2007, the Group provided a reserve of TRY 6,440 (December 31, 2006 - TRY 6,460) for the unused vacations and it is presented in other provisions in the financial statements.

- d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	7,516	6,490
Utilized / Paid	2,652	1,971
Arising during the year	(881)	(945)
<b>Total</b>	<b>9,287</b>	<b>7,516</b>

- 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	6,440	6,460
Specific provision for factoring and leasing receivables	5,182	5,997
Provision for promotion of credit cards and banking services	1,767	812
Other	431	208
<b>Total</b>	<b>13,820</b>	<b>13,477</b>

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**II. Explanations Related to the Consolidated 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	65,695	32,101

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)	9,430	6,517
Foreign Exchange Transaction Tax	1,159	1,071
Value Added Tax Payable	301	543
Other (*)	5,998	3,062
<b>Total</b>	<b>28,632</b>	<b>17,619</b>

(\*) Others include stamp taxes payable amounting to TRY 441 (December 31, 2006 – TRY 300).

b) Information on premiums :

	Current Period	Prior Period
Social Security Premiums -Employee	3,384	2,193
Social Security Premiums -Employer	4,769	3,097
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	2	-
Pension Fund Membership Fees and Provisions-Employer	7	-
Unemployment Insurance-Employee	237	155
Unemployment Insurance-Employer	474	309
Other	3,619	162
<b>Total</b>	<b>12,492</b>	<b>5,916</b>

c) Explanations on deferred tax liabilities, if any:

The deferred tax liability of the Group is TRY 14 as of September 30, 2007. The deferred tax liability movement is presented under "Explanations on Deferred Tax Asset".

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

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

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

The Parent 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 Parent 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 Parent 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 said 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, 2017. 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 Parent 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
<b>Total</b>	<b>90,000</b>	<b>395,180</b>	<b>-</b>	<b>299,912</b>

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

**12. Explanations on factoring payables:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Domestic	73,696	1,519	67,213	-
Short-term	73,696	1,519	67,213	-
Medium and long-term	-	-	-	-
Foreign	-	44,375	-	43,859
Short-term	-	44,375	-	43,859
Medium and long-term	-	-	-	-
<b>Total</b>	<b>73,696</b>	<b>45,894</b>	<b>67,213</b>	<b>43,859</b>

**13. 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 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 Parent 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 Parent 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 Consolidated Liabilities (continued)**

**13. 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 Parent Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions due to the uncertainty of these indicators on the Parent Bank's equity:

Prior year income, profitability and liquidity of the Parent 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 the 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	(3,663)	1,161	(12,344)	2,220
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(3,663)</b>	<b>1,161</b>	<b>(12,344)</b>	<b>2,220</b>
			Current Period	Prior Period
Foreign currency marketable securities value increase fund			1,161	2,220
Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities held to maturity related to the above amount			-	-
<b>Total</b>			<b>1,161</b>	<b>2,220</b>

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

**14. Information on legal reserves:**

	Current Period	Prior Period
First legal reserves	27,970	20,303
Second legal reserves	8,453	8,453
Other legal reserves appropriated in accordance with special legislation	-	-
<b>Total</b>	<b>36,423</b>	<b>28,756</b>

**15. Information on extraordinary reserves:**

	Current Period	Prior Period
Reserves appropriated by the General Assembly	266,105	162,201
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
<b>Total</b>	<b>266,105</b>	<b>162,201</b>

**16. Other Information on Shareholders' Equity:**

Group hedged its net investment risk in TEB NV, its subsidiary operating in Netherlands with capital of EUR 30 million. Parent Bank has classified fair value differences arising from this investment in other profit reserves under shareholders' equity, and fair value differences arising from hedging instrument in "other profit reserves" under shareholders' equity, starting from December 31, 2006.

**17. Information on minority shares: None.**

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**SECTION FIVE**

**III. Explanations Related to the Consolidated 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 690,255 and TRY 264,726; 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 Group, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

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

As of September 30, 2007 total guarantees and commitments consist of letters of guarantee amounting to TRY 2,110,416 (December 31, 2006 - TRY 1,767,670), acceptances amounting to TRY 64,962 (December 31, 2006 - TRY 50,146) and letters of credit amounting to TRY 875,062 (December 31, 2006 -TRY 911,707).

- b.2) Guarantees, suretyships, and similar transactions: The Group has other guarantees and suretyships amounting to TRY 186,513 as of September 30, 2007 (December 31, 2006 – TRY 204,801).

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

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	225,902	213,246
With maturity of 1 year or less than 1 year	38,628	43,639
With maturity of more than 1 year	187,274	169,607
Other non-cash loans	3,011,051	2,721,078
<b>Total</b>	<b>3,236,953</b>	<b>2,934,324</b>

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	14,025	1.13	20,578	1.03	13,872	1.47	17,990	0.90
Farming and Raising livestock	10,888	0.88	12,538	0.63	10,702	1.14	15,767	0.79
Forestry	2,763	0.22	7,566	0.38	2,953	0.31	2,223	0.11
Fishery	374	0.03	474	0.02	217	0.02	-	-
Manufacturing	631,502	51.20	1,145,672	57.18	502,475	53.38	980,057	49.18
Mining	48,155	3.90	130,690	6.52	33,412	3.55	37,419	1.88
Production	575,118	46.62	996,339	49.73	465,769	49.48	920,364	46.18
Electric, gas and water	8,229	0.67	18,643	0.93	3,294	0.35	22,274	1.12
Construction	221,919	17.99	262,681	13.11	142,803	15.17	273,451	13.72
Services	308,517	25.01	292,623	14.61	244,592	25.99	387,019	19.42
Wholesale and retail trade	161,939	13.13	69,896	3.49	115,931	12.32	69,025	3.46
Hotel, food and beverage services	6,865	0.56	8,733	0.44	4,186	0.45	9,698	0.49
Transportation and telecommunication	39,593	3.21	62,314	3.11	33,878	3.60	55,870	2.80
Financial institutions	29,501	2.39	108,241	5.40	29,362	3.12	215,712	10.82
Real estate and renting services	22,495	1.82	29,350	1.46	12,224	1.30	29,839	1.50
Self-employment services	21,350	1.73	3,776	0.19	28,644	3.04	2,122	0.11
Education services	1,538	0.12	11	0.00	841	0.09	-	-
Health and social services	25,236	2.05	10,302	0.51	19,526	2.07	4,753	0.24
Other	57,553	4.67	281,883	14.07	37,569	3.99	334,496	16.78
<b>Total</b>	<b>1,233,516</b>	<b>100.00</b>	<b>2,003,437</b>	<b>100.00</b>	<b>941,311</b>	<b>100.00</b>	<b>1,993,013</b>	<b>100.00</b>

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**III. Explanations Related to the Consolidated 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	1,169,838	940,578	-	-
Bank acceptances	-	64,962	-	-
Letters of credit	140	874,922	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	63,538	122,975	-	-
<b>Total</b>	<b>1,233,516</b>	<b>2,003,437</b>	-	-

The Parent Bank provided reserve of TRY 471 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
<b>Types of trading transactions</b>				
Foreign currency related derivative transactions (I)	4,819,898	3,181,745	-	-
Forward transactions	1,700,706	783,670	-	-
Swap transactions	2,196,604	1,616,585	-	-
Futures transactions	132,645	53,299	-	-
Option transactions	789,943	728,191	-	-
Interest related derivative transactions (II)	17,452	16,919	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	17,452	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)	5,045,308	3,396,760	-	-
<b>Types of hedging transactions</b>				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
<b>Total Derivative Transactions (A+B)</b>	<b>5,045,308</b>	<b>3,396,760</b>	-	-

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 as trading transactions are remeasured at fair value.

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

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

As of September 30, 2007, breakdown of the Group'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	369,450	314,113	82,201	951,423	192,330	188,852	-	-
USD	247,936	393,352	777,938	134,125	158,760	161,611	132,645	-
EURO	184,639	86,450	79,937	32,166	43,139	43,573	-	-
Other	50,732	54,034	89,715	66,551	839	839	-	-
<b>Total</b>	<b>852,757</b>	<b>847,949</b>	<b>1,029,791</b>	<b>1,184,265</b>	<b>395,068</b>	<b>394,875</b>	<b>132,645</b>	<b>-</b>
Prior Period								
TRY	184,672	97,912	29,314	708,375	106,152	101,498	-	-
USD	43,819	230,953	724,655	65,380	161,294	165,514	53,299	-
EURO	140,904	59,808	-	28,698	96,867	96,866	-	-
Other	23,786	1,816	45,138	31,944	-	-	-	-
<b>Total</b>	<b>393,181</b>	<b>390,489</b>	<b>799,107</b>	<b>834,397</b>	<b>364,313</b>	<b>363,878</b>	<b>53,299</b>	<b>-</b>

**3. Explanations on contingent liabilities and assets:**

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

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

a.3) The Group'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 Parent 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 by their number of certificates. As of balance sheet date the total number of certificates is 19,175,852 thousand (December 31, 2006 - 18,779,675 thousand) and the total fair value is TRY 2,880,942 (December 31, 2006 – TRY 2,480,927).

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**III. Explanations Related to the Consolidated 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**

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

**Fitch Ratings: May 2007**

<b>Foreign Currency Commitments</b>	
Long term	BB
Short term	B
View	Stable
<b>New Turkish Lira Commitments</b>	
Long term	BB+
Short term	B
View	Stable
National	AA (tur)
View	Stable
<b>Individual Rating</b>	C/D
<b>Support Points</b>	3

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**SECTION FIVE**

**IV. Explanations Related to the Consolidated Income Statement**

**1. a) Information on interest on loans:**

<b>Current Period</b>	<b>Group I</b>		<b>Group II</b>	
	<b>TRY</b>	<b>FC</b>	<b>TRY</b>	<b>FC</b>
Interest on loans				
Short term loans	496,076	79,354	-	-
Medium and long term loans	173,416	33,048	-	-
Interest on non-performing loans	979	-	-	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>670,471</b>	<b>112,402</b>	<b>-</b>	<b>-</b>

<b>Prior Period</b>	<b>Group I</b>		<b>Group II</b>	
	<b>TRY</b>	<b>FC</b>	<b>TRY</b>	<b>FC</b>
Interest on loans				
Short term loans	230,773	64,508	-	-
Medium and long term loans	87,717	25,707	-	-
Interest on non-performing loans	656	-	-	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>319,146</b>	<b>90,215</b>	<b>-</b>	<b>-</b>

**b) Information on interest received from banks:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TRY</b>	<b>FC</b>	<b>TRY</b>	<b>FC</b>
The Central Bank of Turkey	-	2,565	-	1,879
Domestic banks	4,969	1,583	7,688	1,652
Foreign banks	4,162	42,715	4,800	33,394
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>9,131</b>	<b>46,863</b>	<b>12,488</b>	<b>36,925</b>

**c) Interest received from marketable securities portfolio:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TRY</b>	<b>FC</b>	<b>TRY</b>	<b>FC</b>
Trading securities	19,137	738	6,688	313
Financial assets at fair value through profit and loss	-	210	-	-
Available-for-sale securities	177,518	14,605	89,717	16,348
Held-to-maturity securities	230	363	233	401
<b>Total</b>	<b>196,885</b>	<b>15,916</b>	<b>96,638</b>	<b>17,062</b>

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

Such balances are eliminated in the consolidated financial statements.

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**IV. Explanations Related to the Consolidated Income Statement (continued)**

**2. a) Information on interest on funds borrowed:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Banks</b>				
The Central Bank of Turkey	-	-	-	-
Domestic banks	29,424	7,116	5,729	4,934
Foreign banks	52,681	30,973	33,320	28,132
Branches and head office abroad	-	-	-	-
Other financial institutions	-	17,331	-	6,640
<b>Total</b>	<b>82,105</b>	<b>55,420</b>	<b>39,049</b>	<b>39,706</b>

**b. Information on interest expense to associates and subsidiaries: None**

**c. 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		
<b>TRY</b>								
Bank deposits	-	6,195	130	-	-	-	-	6,325
Saving deposits	2,484	135,551	112,152	1,942	820	34	-	252,983
Public sector deposits	-	376	150	9,438	-	-	-	9,964
Commercial deposits	248	65,520	30,386	351	14	34	-	96,553
Other deposits	4	7,176	4,393	9	13	-	-	11,595
7 days call accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,736</b>	<b>214,818</b>	<b>147,211</b>	<b>11,740</b>	<b>847</b>	<b>68</b>	<b>-</b>	<b>377,420</b>
<b>Foreign Currency</b>								
Foreign currency deposits	2,160	71,487	51,646	4,086	1,187	3,691	-	134,257
Bank deposits	64	1,876	71	-	-	-	-	2,011
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	9	1	-	17	3	-	-	30
<b>Total</b>	<b>2,233</b>	<b>73,364</b>	<b>51,717</b>	<b>4,103</b>	<b>1,190</b>	<b>3,691</b>	<b>-</b>	<b>136,298</b>
<b>Grand Total</b>	<b>4,969</b>	<b>288,182</b>	<b>198,928</b>	<b>15,843</b>	<b>2,037</b>	<b>3,759</b>	<b>-</b>	<b>513,718</b>

**3. Information on dividend income :**

	Current Period	Prior Period
Trading securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	7	5
Other	-	-
<b>Total</b>	<b>7</b>	<b>5</b>

**4. Information on net trading income:**

	Current Period	Prior Period
<b>Income</b>	<b>1,542,680</b>	<b>1,063,829</b>
Gains on capital market operations	360,584	204,838
Gains on derivative financial instruments	322,060	162,424
Other	38,524	42,414
Foreign exchange gains (*)	1,182,096	858,991
<b>Losses (-)</b>	<b>1,549,961</b>	<b>1,041,103</b>
Losses on capital market operations	433,902	156,216
Losses on derivative financial instruments	413,612	138,805
Other	20,290	17,411
Foreign exchange losses (*)	1,116,059	884,887

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

**IV. Explanations Related to the Consolidated Income Statement (continued)**

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**5. Information on other operating income:**

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

**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	19,336	6,499
Provision expenses for possible losses	-	-
Marketable securities impairment losses	5,166	2,704
Financial assets at fair value through profit and loss	662	25
Investment securities available for sale	4,504	2,679
Impairment provision expense	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control	-	-
Investments held to maturity	-	-
Other	1,371	-
<b>Total</b>	<b>46,016</b>	<b>21,329</b>

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**IV. Explanations Related to the Consolidated Income Statement (continued)**

**7. Information on other operating expenses:**

	Current Period	Prior Period
Personnel expenses	200,241	124,901
Reserve for employee termination benefits	2,652	2,109
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	29
Depreciation expenses of fixed assets	12,756	8,193
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	9,471	5,121
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	119,753	72,084
Rent expenses	34,203	19,260
Maintenance expenses	2,851	1,462
Advertisement expenses	22,191	13,977
Other expenses	60,508	37,385
Loss on sales of assets	21	216
Other(*)	20,347	14,424
<b>Total</b>	<b>365,241</b>	<b>227,077</b>

(\*) Included in other item TRY 4,539 (September 30, 2006 – TRY 2,831) is for the premiums paid to Saving Deposits Insurance Fund.

**8. Information on profit or loss before tax:**

Profit before tax of the Group has increased by 32.78% 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 Group's net interest income, net fees and commissions income and provision and operating expenses increased by 73.36%, 54.00% and 65.56%, respectively.

**9. Information on tax provision:**

- As of September 30, 2007, current tax charge is TRY 68,846 (September 30, 2006 – TRY 11,371) and deferred tax benefit is TRY 34,965 (September 30, 2006 – TRY 16,189 deferred tax charge).
- Deferred tax benefit on temporary differences is TRY 34,965 (September 30, 2006 – TRY 16,189 deferred tax charge).
- Deferred tax benefit or charge for temporary differences reflected to the income statement, on carried forward tax losses or tax exemptions or deductions: None.

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**IV. Explanations Related to the Consolidated Income Statement (continued)**

**9. Information on tax provision (continued)**

d) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	148,055	111,508
Corporate tax rate	20%	20%
Tax calculated:	29,611	22,302
Tax effect of TAS adjustments	-	3,810
Tax effect of disallowables	67,092	16,585
Tax effect of income not taxable	(27,857)	(31,326)
Deferred tax (benefit) / charge	(34,965)	16,189
<b>Total</b>	<b>33,881</b>	<b>27,560</b>

**10. Information on net operating income after taxes:**

The Group increased its profit for the period ended September 30, 2007 by 36.01% as compared to the restated prior period 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.
- 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 interest income</u>		
Factoring interest income	31,485	17,942
Other	4,646	2,232
<b>Total</b>	<b>36,131</b>	<b>20,174</b>

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**IV. Explanations Related to the Consolidated Income Statement (continued)**

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

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Brokerage commissions received	16,320	15,206
Credit cards commissions and fees	37,260	9,105
Import letters of credit commissions	4,930	4,805
Enquiry and company search fees and commissions	14,306	6,894
Settlement expense provision, eft, swift, agency commissions	8,096	5,982
Insurance Commissions	4,425	2,409
Transfer Commissions	3,955	2,718
Commissions and fees earned from correspondent banks	2,804	1,602
Consultancy fees	3,804	111
Other	18,239	12,711
<b>Total</b>	<b>114,139</b>	<b>61,543</b>

	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	3,281	2,679
Settlement and swift commissions	2,351	1,693
Other	8,059	2,734
<b>Total</b>	<b>42,046</b>	<b>15,841</b>

- 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	-	-	4,081	2,768	15,091	53,964
Balance at end of period	-	-	34,329	32,960	9,360	31,443
Interest and commission income	-	-	3,228	1	8,824	48

Included in the balances above, the Parent Bank has foreign bank accounts amounting to TRY 3,350 with respect to direct and indirect corporate and real person shareholders and TRY 7,898 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	-	-	-	16,179	29,353	78,444
Balance at end of period	-	-	4,081	2,768	15,091	53,964
Interest and commission income received	-	-	1,981	2	1,972	240

Included in the balances above, the Parent 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	-	-	377,579	580,396	815,971	715,008
Balance at end of period	-	-	568,328	377,579	673,899	815,971
Interest on deposits	-	-	40,139	17,277	29,796	29,153

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	-	-	196,272	177,256	9,117	2,867
End of period	-	-	1,021,064	196,272	38,766	9,117
Total income/loss	-	-	(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 Parent 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	43,689	0.60
Non-cash loans	64,403	1.99
Deposits	1,242,227	14.94
Derivative financial instruments	1,059,830	21.01

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

- c) Except for cases whereby separate disclosure is necessary, the total of similar items in order to present the total impact on the financial statements: Explained in b).
- d) Transactions accounted for under the equity method: None.
- e) Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts:

The Group 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. This amount is eliminated from the accompanying consolidated financial statements. 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 Group renders cash and non-cash loans to its related parties and the ratio of these to the Group's total cash and non-cash loan portfolio is 1.03%. Details of these loans are explained in the Section V, Note V- 1a.

As of September 30, 2007 the Parent 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 Auditors' Report:**

The consolidated financial statements of the Group 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.**