

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

**INDEPENDENT ACCOUNTANTS'  
LIMITED REVIEW REPORT,  
CONSOLIDATED FINANCIAL  
STATEMENTS AND NOTES  
FOR THE PERIOD ENDED  
JUNE 30, 2010**

*Translated into English  
from the Original Turkish Report*

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

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

**INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT  
FOR THE PERIOD JANUARY 1, 2010 – JUNE 30, 2010**

We have reviewed the accompanying consolidated balance sheet of Türk Ekonomi Bankası A.Ş. and its financial subsidiaries ("the Group") as at June 30, 2010, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Group'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. 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 consolidated 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 Group for the period ended June 30, 2010 in accordance with the prevailing accounting principles and standards set out as per the Article No 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency ("BRSA").

Although our review is not affected, the following issue should be drawn attention:

As explained in Section 3, Note XXIII, as per the Memorandum of Understanding dated June 3, 2010, the indirect controlling shareholders of TEB, BNP Paribas Group and the Çolakoğlu Group, have completed their negotiations and reached to an agreement on the shareholders agreement and other relevant documents on July 24, 2010. Accordingly, subsequent to obtaining all necessary regulatory approvals and respective corporate approvals, the merger will be realized under TEB. TEB Mali Yatırımlar A.Ş. will continue to be the principal shareholder of TEB, and Çolakoğlu Group and BNP Paribas Group will respectively hold 50% shares of TEB Mali Yatırımlar A.Ş.

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 Group'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 BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.**

Member of **DELOITTE TOUCHE TOHMATSU**

Hasan Kılıç  
Partner  
Istanbul, July 30, 2010

**THE CONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2010**

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The consolidated financial report designed for the six months 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 PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- 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 Effecten Dienstverlening
3. Kronenburg Vastgoed B.V.
4. TEB Finansal Kiralama A.Ş.
5. TEB Faktoring A.Ş.
6. TEB Yatırım Menkul Değerler A.Ş.
7. TEB Portföy Yönetimi A.Ş.

The consolidated financial statements and the explanatory footnotes and disclosures for the six months, unless otherwise indicated, are prepared **in thousands of 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.

July 30, 2010

Yavuz Canevi	Patrick Rene Pitton	Dr. Akın Akbaygil	Varol Civil General Manager	M. Aşkın Dolaştır Assistant General Manager Responsible of Financial Reporting	B. Ilgaz Doğan Director Responsible of Financial Reporting
Chairman of the Board of Directors	Chairman of the Audit Committee	Vice Chairman of the Audit Committee			

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

Name-Surname / Title: Çiğdem Başaran / Investor Relations Manager

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**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2010**  
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

**SECTION ONE**  
**GENERAL INFORMATION**

**I. History of the Parent Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status, if any**

Türk Ekonomi Bankası Anonim Şirketi (“the Bank”), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankası T.A.Ş., was acquired by the Çolakoğlu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to Istanbul.

**II. Explanation on the Parent Bank’s Capital Structure, Shareholders of the Parent Bank who are in Charge of the Management and/or Auditing of the Parent Bank Directly or Indirectly, Changes in These Matters (if any), and the Group the Parent Bank Belongs to**

As of June 30, 2010 and December 31, 2009 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 Yatırımlar A.Ş.	926,796	84.25	926,796	84.25
Publicly Traded	171,966	15.63	171,966	15.63
Other Shareholders	1,238	0.12	1,238	0.12
	<b>1,100,000</b>	<b>100.00</b>	<b>1,100,000</b>	<b>100.00</b>

As of June 30, 2010, Parent Bank’s paid-in-capital consists of 1,100,000,000 shares of TRY 1.00 (full TRY) nominal each.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2010**  
(Amounts expressed in thousands of 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 Shares of the Parent Bank They Possess**

<u>Name</u>	<u>Title</u>
<b>Board of Directors;</b>	
Yavuz Canevi	Chairman of the Board of Directors
Dr.Akın Akbaygil	Member of the Board of Directors, Vice Chairman of the Audit Committee and Vice Chairman of the Board of Directors
Patrick Rene Pitton	Member of the Board of Directors, Chairman of the Audit Committee
Jean Paul Sabet (*)	Member of the Board of Directors and Vice Chairman of the Board of Directors
Metin Toğay	Member of the Board of Directors
Yves Paul Henri Martrenchar	Member of the Board of Directors
Refael Taranto	Member of the Board of Directors
Varol Civil	Member of the Board of Directors and General Manager
Musa Erden	Member of the Board of Directors
<b>Assistant General Managers;</b>	
Mustafa Aşkın Dolaştır	Assistant General Manager Responsible from Financial Control
İzzet Cemal Kışmır	Assistant General Manager Responsible from Consumer Banking and Business Banking
Levent Çelebioğlu	Assistant General Manager Responsible from Corporate Banking and Financial Institutions
Nilsen Altıntaş	Assistant General Manager Responsible from Human Resources
Nuri Tuncalı	Assistant General Manager Responsible from Corporate, Commercial and SME Loans
Saniye Telci	Assistant General Manager Responsible from Banking Operations
Turgut Boz	Assistant General Manager Responsible from Commercial Banking and SME Banking
Turgut Güney	Assistant General Manager Responsible from Information Technologies
Ümit Leblebici	Assistant General Manager Responsible from Treasury
Ünsal Aysun	Assistant General Manager Responsible from Project Financing and Cash Management
Ömer Abidin Yenidoğan	Assistant General Manager Responsible from Private Banking (Vicarious)
Melis Coşan Baban	Assistant General Manager Responsible from Legal Affairs and Secretary of the Board of Directors
Osman Durmuş	Assistant General Manager Responsible from Consumer Loans and Business Loans
<b>Inspection Committee and Statutory Auditors;</b>	
Hakan Tıraşın	Chairman of the Inspection Committee
Ayşe Aşardağ	Statutory Auditor
Cihat Madanoğlu	Statutory Auditor

(\*) Jean-Jacques Marie Santini left from his position as a member of the board of directors and vice chairman of the board of directors as of March 30, 2010, and Jean Paul Sabet was appointed as the new vice chairman of the board of directors.

(\*\*) Unsal Aysun left from his position as assistant general manager responsible from project financing and cash management as of April 1, 2010.

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

**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 Yatırımlar A.Ş.	926,796	84.25%	926,796	-

The directly or indirectly authorized group that has the qualified shares in the Parent Bank's capital is TEB Mali Yatırımlar A.Ş. TEB Mali Yatırımlar A.Ş. is a member of Çolakoğlu and BNP Paribas Group. 50% of the shares of TEB Mali Yatırımlar A.Ş. is controlled by BNP Paribas, while the remaining 50% is controlled by Çolakoğlu Group.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2010**  
*(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)*

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

The Parent Bank's operating areas include corporate, retail and private banking as well as project finance, fund management and custody operations. Beside the ordinary banking operations, the Parent Bank is handling agency functions through its branches on behalf of TEB Yatırım Menkul Değerler A.Ş. and Zurich Sigorta A.Ş. (formerly TEB Sigorta A.Ş. prior to the title change on August 18, 2008 due to the sale of the entity). As of June 30, 2010, the Parent Bank has 330 local branches and 4 foreign branches (December 31, 2009 - 330 local branches, 4 foreign branches).

## **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 Profit and Loss Accounted for Under Equity
- V. Consolidated Statement of Changes in Shareholders' Equity
- VI. Consolidated Statement of Cash Flows

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2010**  
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

**I- CONSOLIDATED BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)**

		Reviewed Current Period 30.06.2010			Audited Prior Period 31.12.2009		
	Note Ref.	TRY	FC	Total	TRY	FC	Total
<b>I.</b>	<b>CASH AND BALANCES WITH THE CENTRAL BANK</b>	(1)	<b>438,469</b>	<b>1,279,473</b>	<b>1,717,942</b>	<b>344,368</b>	<b>1,167,344</b>
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	(2)	<b>308,622</b>	<b>29,684</b>	<b>338,306</b>	<b>176,429</b>	<b>23,594</b>
2.1	Financial assets held for trading		308,622	29,684	338,306	176,429	23,594
2.1.1	Public sector debt securities		244,442	6,091	250,533	133,230	4,687
2.1.2	Share certificates		-	-	-	-	-
2.1.3	Derivative financial assets held for trading		64,180	23,593	87,773	43,199	18,907
2.1.4	Other marketable securities		-	-	-	-	-
2.2	Financial assets classified at fair value through profit and loss		-	-	-	-	-
2.2.1	Public sector debt securities		-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-
2.2.3	Loans		-	-	-	-	-
2.2.4	Other marketable securities		-	-	-	-	-
<b>III.</b>	<b>BANKS</b>	(3)	<b>144,067</b>	<b>405,185</b>	<b>549,252</b>	<b>171,832</b>	<b>552,171</b>
<b>IV.</b>	<b>MONEY MARKET PLACEMENTS</b>		<b>103,484</b>	-	<b>103,484</b>	<b>619,657</b>	<b>84,807</b>
4.1	Interbank money market placements		100,119	-	100,119	610,110	84,807
4.2	Istanbul Stock Exchange money market placements		500	-	500	145	-
4.3	Receivables from reverse repurchase agreements		2,865	-	2,865	9,402	-
<b>V.</b>	<b>FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(4)	<b>1,697,287</b>	<b>215,589</b>	<b>1,912,876</b>	<b>1,605,913</b>	<b>72,979</b>
5.1	Share certificates		3,637	2,172	5,809	2,021	2,583
5.2	Public sector debt securities		1,693,650	204,539	1,898,189	1,603,892	63,018
5.3	Other marketable securities		-	8,878	8,878	-	7,378
<b>VI.</b>	<b>LOANS</b>	(5)	<b>8,160,234</b>	<b>3,256,507</b>	<b>11,416,741</b>	<b>7,077,534</b>	<b>2,788,198</b>
6.1	Loans and receivables		8,005,200	3,255,421	11,260,621	6,889,382	2,787,705
6.1.1	Loans to Risk Group of the Bank		48,761	776	49,537	21,507	32,035
6.1.2	Public sector debt securities		-	-	-	-	-
6.1.3	Other		7,956,439	3,254,645	11,211,084	6,867,875	2,755,670
6.2	Non-performing loans		334,714	9,038	343,752	427,991	7,675
6.3	Specific provisions (-)		(179,680)	(7,952)	(187,632)	(239,839)	(7,182)
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>	(18)	<b>323,935</b>	<b>106,655</b>	<b>430,590</b>	<b>290,066</b>	<b>84,834</b>
<b>VIII.</b>	<b>HELD TO MATURITY INVESTMENTS (Net)</b>	(6)	<b>432,599</b>	<b>16,855</b>	<b>449,454</b>	<b>882,324</b>	<b>19,316</b>
8.1	Public sector debt securities		432,599	16,855	449,454	882,324	19,316
8.2	Other marketable securities		-	-	-	-	-
<b>IX.</b>	<b>INVESTMENTS IN ASSOCIATES (Net)</b>	(7)	-	-	-	-	-
9.1	Accounted for under equity method		-	-	-	-	-
9.2	Unconsolidated associates		-	-	-	-	-
9.2.1	Financial investments		-	-	-	-	-
9.2.2	Non-financial investments		-	-	-	-	-
<b>X.</b>	<b>INVESTMENTS IN SUBSIDIARIES (Net)</b>	(8)	-	-	-	-	-
10.1	Unconsolidated financial subsidiaries		-	-	-	-	-
10.2	Unconsolidated non-financial subsidiaries		-	-	-	-	-
<b>XI.</b>	<b>ENTITIES UNDER COMMON CONTROL (Net)</b>	(9)	<b>1</b>	-	<b>1</b>	<b>1</b>	-
11.1	Consolidated under equity method		-	-	-	-	-
11.2	Unconsolidated		1	-	1	1	-
11.2.1	Financial subsidiaries		-	-	-	-	-
11.2.2	Non-financial subsidiaries		1	-	1	1	-
<b>XII.</b>	<b>LEASE RECEIVABLES (Net)</b>	(10)	<b>74,833</b>	<b>299,321</b>	<b>374,154</b>	<b>65,360</b>	<b>341,809</b>
12.1	Finance lease receivables		89,717	340,467	430,184	79,949	389,180
12.2	Operating lease receivables		-	-	-	-	-
12.3	Other		2,037	474	2,511	2,133	406
12.4	Unearned income (-)		(16,921)	(41,620)	(58,541)	(16,722)	(47,777)
<b>XIII.</b>	<b>DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	(11)	<b>25,559</b>	<b>803</b>	<b>26,362</b>	<b>30,976</b>	<b>354</b>
13.1	Fair value hedge		25,559	803	26,362	30,976	354
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>148,393</b>	<b>6,872</b>	<b>155,265</b>	<b>156,381</b>	<b>7,765</b>
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>	(13)	<b>15,346</b>	<b>965</b>	<b>16,311</b>	<b>14,300</b>	<b>1,183</b>
15.1	Goodwill		1,205	-	1,205	1,205	-
15.2	Other		14,141	965	15,106	13,095	1,183
<b>XVI.</b>	<b>INVESTMENT PROPERTY (Net)</b>	(14)	-	-	-	-	-
<b>XVII.</b>	<b>TAX ASSET</b>	(15)	<b>56,467</b>	<b>1,271</b>	<b>57,738</b>	<b>48,522</b>	<b>1,536</b>
17.1	Current tax asset		-	-	-	-	-
17.2	Deferred tax asset		56,467	1,271	57,738	48,522	1,536
<b>XVIII.</b>	<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(16)	-	-	-	-	-
18.1	Held for sale		-	-	-	-	-
18.2	Discontinued operations		-	-	-	-	-
<b>XIX.</b>	<b>OTHER ASSETS</b>	(17)	<b>500,203</b>	<b>47,570</b>	<b>547,773</b>	<b>372,652</b>	<b>36,970</b>
<b>TOTAL ASSETS</b>			<b>12,429,499</b>	<b>5,666,750</b>	<b>18,096,249</b>	<b>11,856,315</b>	<b>5,182,860</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2010**  
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

**I- CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)**

	Note Ref.	Reviewed Current Period 30.06.2010			Audited Prior Period 31.12.2009		
		TRY	FC	Total	TRY	FC	Total
<b>I. DEPOSITS</b>	(1)	<b>5,938,318</b>	<b>4,819,715</b>	<b>10,758,033</b>	<b>5,920,071</b>	<b>4,443,213</b>	<b>10,363,284</b>
1.1 Deposits from Risk Group of the Bank		140,429	428,536	568,965	169,603	287,471	457,074
1.2 Other		5,797,889	4,391,179	10,189,068	5,750,468	4,155,742	9,906,210
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)	<b>58,558</b>	<b>83,271</b>	<b>141,829</b>	<b>31,036</b>	<b>26,953</b>	<b>57,989</b>
<b>III. FUNDS BORROWED</b>	(3)	<b>1,600,538</b>	<b>1,886,436</b>	<b>3,486,974</b>	<b>1,142,881</b>	<b>1,317,619</b>	<b>2,460,500</b>
<b>IV. MONEY MARKET BALANCES</b>		<b>333,373</b>	-	<b>333,373</b>	<b>1,071,971</b>	-	<b>1,071,971</b>
4.1 Interbank money market takings		220	-	220	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		333,153	-	333,153	1,071,971	-	1,071,971
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. SUNDRY CREDITORS</b>		<b>274,326</b>	<b>56,580</b>	<b>330,906</b>	<b>246,316</b>	<b>20,916</b>	<b>267,232</b>
<b>VIII. OTHER LIABILITIES</b>	(4)	<b>416,393</b>	<b>779</b>	<b>417,172</b>	<b>237,607</b>	<b>388</b>	<b>237,995</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	<b>272</b>	<b>471</b>	<b>743</b>
<b>X. FINANCE LEASE PAYABLES (Net)</b>	(5)	-	-	-	-	-	-
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>	(6)	<b>53,947</b>	<b>1</b>	<b>53,948</b>	<b>73,493</b>	-	<b>73,493</b>
11.1 Fair value hedge		53,947	1	53,948	73,493	-	73,493
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(7)	<b>129,776</b>	<b>20,900</b>	<b>150,676</b>	<b>132,829</b>	<b>18,380</b>	<b>151,209</b>
12.1 General loan loss provisions		72,638	20,105	92,743	70,145	16,681	86,826
12.2 Restructuring reserve		-	-	-	-	-	-
12.3 Reserve for employee benefits		21,000	-	21,000	18,512	-	18,512
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		36,138	795	36,933	44,172	1,699	45,871
<b>XIII. TAX LIABILITY</b>	(8)	<b>40,439</b>	<b>1,267</b>	<b>41,706</b>	<b>37,244</b>	<b>733</b>	<b>37,977</b>
13.1 Current tax liability		40,439	1,267	41,706	37,244	733	37,977
13.2 Deferred tax liability		-	-	-	-	-	-
<b>XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	(9)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(10)	-	<b>468,591</b>	<b>468,591</b>	-	<b>483,474</b>	<b>483,474</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(11)	<b>1,794,726</b>	<b>118,315</b>	<b>1,913,041</b>	<b>1,728,644</b>	<b>104,664</b>	<b>1,833,308</b>
16.1 Paid-in capital		1,100,000	-	1,100,000	1,100,000	-	1,100,000
16.2 Supplementary capital		13,635	2,025	15,660	20,119	4,857	24,976
16.2.1 Share premium		2,227	-	2,227	2,227	-	2,227
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		10,482	2,025	12,507	16,966	4,857	21,823
16.2.4 Tangible assets revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment properties revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		926	-	926	926	-	926
16.3 Profit reserves		573,686	116,290	689,976	340,621	99,807	440,428
16.3.1 Legal reserves		70,496	-	70,496	57,519	-	57,519
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		512,714	116,290	629,004	274,270	99,807	374,077
16.3.4 Other profit reserves		(9,524)	-	(9,524)	8,832	-	8,832
16.4 Profit or loss		107,405	-	107,405	267,904	-	267,904
16.4.1 Prior years' income/ (loss)		-	-	-	-	-	-
16.4.2 Current year income/ (loss)		107,405	-	107,405	267,904	-	267,904
16.5 Minority shares	(12)	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>10,640,394</b>	<b>7,455,855</b>	<b>18,096,249</b>	<b>10,622,364</b>	<b>6,416,811</b>	<b>17,039,175</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 JUNE 30, 2010**

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

**II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS**

	Note Ref.	Reviewed Current Period 30.06.2010			Audited Prior Period 31.12.2009		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (II+III)</b>		<b>9,727,274</b>	<b>11,895,141</b>	<b>21,622,415</b>	<b>7,540,811</b>	<b>7,977,427</b>	<b>15,518,238</b>
<b>I. GUARANTEES</b>	(1), (3)	<b>1,824,194</b>	<b>2,408,314</b>	<b>4,232,508</b>	<b>1,532,701</b>	<b>2,222,970</b>	<b>3,755,671</b>
1.1 Letters of guarantee		1,620,253	1,349,909	2,970,162	1,415,128	1,309,344	2,724,472
1.1.1 Guarantees subject to State Tender Law		85,488	22,906	108,394	78,334	24,009	102,343
1.1.2 Guarantees given for foreign trade operations		181,906	56,895	238,801	134,913	65,521	200,434
1.1.3 Other letters of guarantee		1,352,859	1,270,108	2,622,967	1,201,881	1,219,814	2,421,695
1.2 Bank loans		128	70,040	70,168	171	39,034	39,205
1.2.1 Import letter of acceptance		128	68,576	68,704	171	36,594	36,765
1.2.2 Other bank acceptances		-	1,464	1,464	-	2,440	2,440
1.3 Letters of credit		4,565	906,696	911,261	339	784,043	784,382
1.3.1 Documentary letters of credit		4,565	824,598	829,163	339	689,769	690,108
1.3.2 Other letters of credit		-	82,098	82,098	-	94,274	94,274
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		199,051	57,017	256,068	116,803	68,573	185,376
1.9 Other collaterals		197	24,652	24,849	260	21,976	22,236
<b>II. COMMITMENTS</b>	(1), (3)	<b>3,362,541</b>	<b>620,259</b>	<b>3,982,800</b>	<b>3,110,272</b>	<b>648,459</b>	<b>3,758,731</b>
2.1 Irrevocable commitments		3,362,541	620,259	3,982,800	3,110,272	648,459	3,758,731
2.1.1 Forward asset purchase commitments		279,487	591,415	870,902	108,571	235,667	344,238
2.1.2 Forward deposit purchase and sales commitments		-	-	-	-	16,814	16,814
2.1.3 Share capital commitment to associates and subsidiaries		2,000	-	2,000	2,000	-	2,000
2.1.4 Loan granting commitments		1,243,699	-	1,243,699	996,619	-	996,619
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		7,033	4,467	11,500	346,683	380,104	726,787
2.1.7 Payment commitment for checks		724,170	-	724,170	650,733	-	650,733
2.1.8 Tax and fund liabilities from export commitments		15,897	-	15,897	14,914	-	14,914
2.1.9 Commitments for credit card expenditure limits		1,043,687	1,055	1,044,742	956,344	1,172	957,516
2.1.10 Commitments for promotions related with credit cards and banking activities		2,429	-	2,429	1,899	-	1,899
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		44,139	23,322	67,461	32,509	14,702	47,211
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	<b>4,540,539</b>	<b>8,866,568</b>	<b>13,407,107</b>	<b>2,897,838</b>	<b>5,105,998</b>	<b>8,003,836</b>
3.1 Derivative financial instruments for hedging purposes		411,063	229,760	640,823	469,988	291,511	761,499
3.1.1 Fair value hedge		411,063	229,760	640,823	469,988	291,511	761,499
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		4,129,476	8,636,808	12,766,284	2,427,850	4,814,487	7,242,337
3.2.1 Forward foreign currency buy/sell transactions		768,204	2,573,001	3,341,205	550,095	1,105,030	1,655,125
3.2.1.1 Forward foreign currency transactions-buy		383,389	1,375,055	1,758,444	358,911	481,993	840,904
3.2.1.2 Forward foreign currency transactions-sell		384,815	1,197,946	1,582,761	191,184	623,037	814,221
3.2.2 Swap transactions related to f.c. and interest rates		1,458,757	2,723,282	4,182,039	915,490	1,860,058	2,775,548
3.2.2.1 Foreign currency swap-buy		212,926	1,554,318	1,767,244	151,511	1,067,639	1,219,150
3.2.2.2 Foreign currency swap-sell		908,331	1,060,054	1,968,385	563,979	653,905	1,217,884
3.2.2.3 Interest rate swaps-buy		168,750	54,455	223,205	100,000	69,257	169,257
3.2.2.4 Interest rate swaps-sell		168,750	54,455	223,205	100,000	69,257	169,257
3.2.3 Foreign currency, interest rate and securities options		1,901,288	2,728,322	4,629,610	962,265	1,366,226	2,328,491
3.2.3.1 Foreign currency options-buy		933,033	1,324,612	2,257,645	440,198	701,814	1,142,012
3.2.3.2 Foreign currency options-sell		832,255	1,403,710	2,235,965	485,412	664,412	1,149,824
3.2.3.3 Interest rate options-buy		136,000	-	136,000	36,655	-	36,655
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		-	612,203	612,203	-	483,173	483,173
3.2.4.1 Foreign currency futures-buy		-	294,689	294,689	-	234,791	234,791
3.2.4.2 Foreign currency futures-sell		-	317,514	317,514	-	248,382	248,382
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		1,227	-	1,227	-	-	-
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>28,460,360</b>	<b>7,836,848</b>	<b>36,297,208</b>	<b>24,656,726</b>	<b>7,504,361</b>	<b>32,161,087</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>7,980,524</b>	<b>624,490</b>	<b>8,605,014</b>	<b>6,815,522</b>	<b>543,183</b>	<b>7,358,705</b>
4.1 Assets under management		1,290,573	254	1,290,827	1,144,178	27	1,144,205
4.2 Investment securities held in custody		3,334,478	179,591	3,514,069	2,771,794	171,077	2,942,871
4.3 Checks received for collection		3,203,700	279,113	3,482,813	2,754,141	229,619	2,983,760
4.4 Commercial notes received for collection		151,338	87,932	239,270	145,063	84,934	229,997
4.5 Other assets received for collection		336	77,600	77,936	247	57,526	57,773
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		99	-	99	99	-	99
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>20,451,294</b>	<b>7,207,933</b>	<b>27,659,227</b>	<b>17,815,500</b>	<b>6,957,362</b>	<b>24,772,862</b>
5.1 Marketable securities		482,683	8,992	491,675	266,577	8,351	274,928
5.2 Guarantee notes		10,173,287	5,519,121	15,692,408	8,833,394	5,403,205	14,236,599
5.3 Commodity		2,248	214,452	216,700	7,515	104,472	111,987
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		8,488,080	971,759	9,459,839	7,478,811	1,077,294	8,556,105
5.6 Other pledged items		1,304,996	493,609	1,798,605	1,229,203	364,040	1,593,243
5.7 Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>28,542</b>	<b>4,425</b>	<b>32,967</b>	<b>25,704</b>	<b>3,816</b>	<b>29,520</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>38,187,634</b>	<b>19,731,989</b>	<b>57,919,623</b>	<b>32,197,537</b>	<b>15,481,788</b>	<b>47,679,325</b>

The accompanying notes are an integral of these financial statements.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD FROM**  
**JANUARY 1 TO JUNE 30, 2010**

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

**III. CONSOLIDATED STATEMENT OF INCOME**

		Reviewed Current Period 01.01-30.06.2010	Reviewed Prior Period 01.01-30.06.2009	Reviewed Current Period 01.04-30.06.2010	Reviewed Prior Period 01.04-30.06.2009	
		Note Ref.	Total	Total	Total	
<b>I.</b>	<b>INTEREST INCOME</b>	(1)	<b>802,611</b>	<b>984,697</b>	<b>398,660</b>	<b>442,303</b>
1.1	Interest on loans		604,538	714,795	312,383	324,465
1.2	Interest received from reserve deposits		9,039	17,420	4,737	6,743
1.3	Interest received from banks		7,984	13,031	3,950	5,420
1.4	Interest received from money market placements		1,529	24,534	513	6,493
1.5	Interest received from marketable securities portfolio		135,225	151,300	54,762	72,314
1.5.1	Held-for-trading financial assets		8,186	5,602	4,073	2,881
1.5.2	Financial assets at fair value through profit and loss		-	-	-	-
1.5.3	Available-for-sale financial assets		93,643	81,254	38,736	38,408
1.5.4	Investments held-to-maturity		33,396	64,444	11,953	31,025
1.6	Finance lease Income		20,699	29,859	9,925	14,225
1.7	Other interest income		23,597	33,758	12,390	12,643
<b>II.</b>	<b>INTEREST EXPENSE</b>	(2)	<b>377,059</b>	<b>539,274</b>	<b>194,249</b>	<b>218,664</b>
2.1	Interest on deposits		250,164	367,121	127,738	154,482
2.2	Interest on funds borrowed		84,981	143,570	45,863	49,614
2.3	Interest on money market borrowings		29,136	16,135	17,634	9,471
2.4	Interest on securities issued		-	-	-	-
2.5	Other interest expense		12,778	12,448	3,014	5,097
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>425,552</b>	<b>445,423</b>	<b>204,411</b>	<b>223,639</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>147,588</b>	<b>141,220</b>	<b>73,978</b>	<b>73,505</b>
4.1	Fees and commissions received		215,837	199,022	110,115	101,644
4.1.1	Non-cash loans		25,873	22,211	13,120	11,279
4.1.2	Other		189,964	176,811	96,995	90,365
4.2	Fees and commissions paid		68,249	57,802	36,137	28,139
4.2.1	Non-cash loans		616	954	186	489
4.2.2	Other		67,633	56,848	35,951	27,650
<b>V.</b>	<b>DIVIDEND INCOME</b>	(3)	<b>6</b>	<b>9</b>	<b>3</b>	<b>2</b>
<b>VI.</b>	<b>NET TRADING INCOME</b>	(4)	<b>855</b>	<b>44,761</b>	<b>(3,203)</b>	<b>14,754</b>
6.1	Securities trading gains/ (losses)		20,334	47,239	6,667	21,157
6.2	Gains/ (losses) from derivative financial instruments		(160,852)	(96,155)	(97,038)	(32,226)
6.3	Foreign exchange gains/ (losses)		141,373	93,677	87,168	25,823
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5)	<b>28,313</b>	<b>15,921</b>	<b>15,061</b>	<b>7,451</b>
<b>VIII.</b>	<b>NET OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>602,314</b>	<b>647,334</b>	<b>290,250</b>	<b>319,351</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	(6)	<b>74,536</b>	<b>91,964</b>	<b>16,351</b>	<b>45,311</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(7)	<b>395,716</b>	<b>374,788</b>	<b>201,227</b>	<b>188,718</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>132,062</b>	<b>180,582</b>	<b>72,672</b>	<b>85,322</b>
<b>XII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-	-	-
<b>XIII.</b>	<b>GAIN / (LOSS) ON EQUITY METHOD</b>		-	-	-	-
<b>XIV.</b>	<b>GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV.</b>	<b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	(8)	<b>132,062</b>	<b>180,582</b>	<b>72,672</b>	<b>85,322</b>
<b>XVI.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	(9)	<b>(24,657)</b>	<b>(33,205)</b>	<b>(15,068)</b>	<b>(16,346)</b>
16.1	Current income tax (charge)/benefit		(30,026)	(22,435)	(10,308)	(18,764)
16.2	Deferred tax (charge)/benefit		5,369	(10,770)	(4,760)	2,418
<b>XVII.</b>	<b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	(10)	<b>107,405</b>	<b>147,377</b>	<b>57,604</b>	<b>68,976</b>
<b>XVIII.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-	-	-
18.1	Income on assets held for sale		-	-	-	-
18.2	Income on sale of associates, subsidiaries and entities under common control (Joint vent.)		-	-	-	-
18.3	Income on other discontinued operations		-	-	-	-
<b>XIX.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
19.1	Loss from assets held for sale		-	-	-	-
19.2	Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-
19.3	Loss from other discontinued operations		-	-	-	-
<b>XX.</b>	<b>PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>	(8)	-	-	-	-
<b>XXI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	(9)	-	-	-	-
21.1	Current income tax (charge)/benefit		-	-	-	-
21.2	Deferred tax (charge)/benefit		-	-	-	-
<b>XXII.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	(10)	-	-	-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>	(11)	<b>107,405</b>	<b>147,377</b>	<b>57,604</b>	<b>68,976</b>
23.1	Group's profit/loss		107,405	147,377	57,604	68,976
23.2	Minority shares		-	-	-	-
	Earnings per share		0.0976	0.1340	0.0524	0.0627

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF PROFIT-LOSS ACCOUNTED FOR UNDER EQUITY**  
**FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2010**  
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

**IV. CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY**

	Reviewed Current Period 01.01-30.06.2010	Reviewed Prior Period 01.01-30.06.2009
<b>I.</b> Additions to marketable securities revaluation differences for available for sale financial assets	11,290	53,523
<b>II.</b> Tangible assets revaluation differences	-	-
<b>III.</b> Intangible assets revaluation differences	-	-
<b>IV.</b> Foreign exchange differences for foreign currency transactions	(18,356)	1,516
<b>V.</b> Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
<b>VI.</b> Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
<b>VII.</b> The effect of corrections of errors and changes in accounting policies	-	-
<b>VIII.</b> Other profit loss items accounted for under equity due to TAS	-	-
<b>IX.</b> Deferred tax of valuation differences	2,323	(1,732)
<b>X.</b> Total Net Profit/Loss accounted under equity (I+II+...+IX)	(4,743)	53,307
<b>XI.</b> Profit/Loss	(22,929)	(43,928)
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	(22,929)	(43,928)
1.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3 Transfer of hedge of net investments in foreign operations to Income Statement	-	-
1.4 Other	-	-
<b>XII.</b> Total Profit/Loss accounted for the period (X±XI)	(27,672)	9,379

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 JUNE 30, 2009**  
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

**V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Reviewed	Note Ref	Paid-in Capital	Effect of inflation Accounting on Capital and Other		Share premium	Share certificate cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus shares obtained from Associates	Hedging Funds	Acc. val. diff. from assets held for sale and from disc. op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
				Capital	Reserves																
<b>I</b>	<b>Prior Period – 01.01.-30.06.2009</b>																				
	<b>Beginning Balance – 31.12.2008</b>		<b>1,100,000</b>	<b>926</b>	<b>2,227</b>	<b>-</b>	<b>46,693</b>	<b>-</b>	<b>197,905</b>	<b>8,149</b>	<b>-</b>	<b>186,998</b>	<b>5,218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,548,116</b>	<b>-</b>	<b>1,548,116</b>
<b>II.</b>	<b>Corrections according to TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	The effect of corrections of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	The effects of changes in accounting policy.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III.</b>	<b>New Balance (I+II)</b>		<b>1,100,000</b>	<b>926</b>	<b>2,227</b>	<b>-</b>	<b>46,693</b>	<b>-</b>	<b>197,905</b>	<b>8,149</b>	<b>-</b>	<b>186,998</b>	<b>5,218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,548,116</b>	<b>-</b>	<b>1,548,116</b>
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV.</b>	<b>Increase/Decrease related to merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V.</b>	<b>Marketable securities valuation differences</b>		-	-	-	-	-	-	-	-	-	-	<b>7,863</b>	-	-	-	-	-	<b>7,863</b>	-	<b>7,863</b>
<b>VI.</b>	<b>Hedging Funds (Effective Portion)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII.</b>	<b>Tangible assets revaluation differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII.</b>	<b>Intangible assets revaluation differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX.</b>	<b>Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint vent.)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X.</b>	<b>Foreign exchange differences</b>		-	-	-	-	-	-	-	<b>1,516</b>	-	-	-	-	-	-	-	-	<b>1,516</b>	-	<b>1,516</b>
<b>XI.</b>	<b>The disposal of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII.</b>	<b>The reclassification of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII.</b>	<b>The effect of change in associate's equity</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV.</b>	<b>Capital increase</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV.</b>	<b>Share premium</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI.</b>	<b>Share cancellation profits</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII.</b>	<b>Inflation adjustment to paid-in capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVIII.</b>	<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIX.</b>	<b>Period net income/(loss)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XX.</b>	<b>Profit distribution</b>		-	-	-	-	-	-	-	-	<b>147,377</b>	-	-	-	-	-	-	-	<b>147,377</b>	-	<b>147,377</b>
20.1	Dividends distributed		-	-	-	-	<b>10,826</b>	-	<b>176,172</b>	-	-	<b>(186,998)</b>	-	-	-	-	-	-	-	-	-
20.2	Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	<b>10,826</b>	-	<b>176,172</b>	-	-	<b>(186,998)</b>	-	-	-	-	-	-	-	-	-
	<b>Closing Balance 30.06.2009</b>																				
	<b>(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX)</b>		<b>1,100,000</b>	<b>926</b>	<b>2,227</b>	<b>-</b>	<b>57,519</b>	<b>-</b>	<b>374,077</b>	<b>9,665</b>	<b>147,377</b>	<b>-</b>	<b>13,081</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,704,872</b>	<b>-</b>	<b>1,704,872</b>

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 JUNE 30, 2010**

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

**V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Reviewed	Note Ref	Paid-in Capital	Effect of inflation Accounting on Capital and Other Reserves	Share premium	Share Certificate Cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus shares obtained from Associates	Hedging Funds	Acc. valuation diff. from assets held for sale and assets from disc. op.	Total Equity Before Minority Shares	Minority Shares	Total Equity	
<b>I</b>	<b>Current Period – 01.01-30.06.2010</b>																				
	<b>Beginning balance – 31.12.2009</b>		1,100,000	926	2,227	-	57,519	-	374,077	8,832	-	267,904	21,823	-	-	-	-	-	1,833,308	-	1,833,308
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II.</b>	<b>Increase/Decrease related to merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III.</b>	<b>Marketable securities valuation differences</b>		-	-	-	-	-	-	-	-	-	-	(9,316)	-	-	-	-	-	(9,316)	-	(9,316)
<b>IV.</b>	<b>Hedging Funds (Effective Portion)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V.</b>	<b>Tangible assets revaluation differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI.</b>	<b>Intangible assets revaluation differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII.</b>	<b>Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint vent.)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII.</b>	<b>Foreign exchange differences</b>		-	-	-	-	-	-	-	(18,356)	-	-	-	-	-	-	-	-	(18,356)	-	(18,356)
<b>IX.</b>	<b>The disposal of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X.</b>	<b>The reclassification of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI.</b>	<b>The effect of change in associate's equity</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII.</b>	<b>Capital increase</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII.</b>	<b>Share premium</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV.</b>	<b>Share cancellation profits</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV.</b>	<b>Inflation adjustment to paid-in capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI.</b>	<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII.</b>	<b>Period net income/(loss)</b>		-	-	-	-	-	-	-	-	107,405	-	-	-	-	-	-	-	107,405	-	107,405
<b>XVIII.</b>	<b>Profit distribution</b>		-	-	-	-	12,977	-	254,927	-	-	(267,904)	-	-	-	-	-	-	-	-	-
18.1	Dividends distributed		-	-	-	-	12,977	-	254,927	-	-	(267,904)	-	-	-	-	-	-	-	-	-
18.2	Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Closing Balance 30.06.2010</b>																				
	<b>(I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII)</b>		1,100,000	926	2,227	-	70,496	-	629,004	(9,524)	107,405	-	12,507	-	-	-	-	-	1,913,041	-	1,913,041

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM**  
**JANUARY 1 TO JUNE 30, 2010**

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

**VI. CONSOLIDATED STATEMENT OF CASH FLOWS**

	Reviewed Current Period	Reviewed Prior Period
Note Ref	01.01-31.06.2010	01.01-31.06.2009
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>I.1 Operating profit before changes in operating assets and liabilities</b>	<b>185,473</b>	<b>(410,487)</b>
1.1.1 Interest received	843,603	1,055,743
1.1.2 Interest paid	(293,101)	(756,005)
1.1.3 Dividend received	6	9
1.1.4 Fees and commissions received	215,837	198,414
1.1.5 Other income	160,725	(396,935)
1.1.6 Collections from previously written off loans	80,227	57,019
1.1.7 Payments to personnel and service suppliers	(208,653)	(213,663)
1.1.8 Taxes paid	(23,767)	(5,088)
1.1.9 Others	(589,404)	(349,981)
	(1)	
<b>I.2 Changes in operating assets and liabilities</b>	<b>(1,033,130)</b>	<b>(953,605)</b>
1.2.1 Net (increase) decrease in financial assets held for trading	(111,818)	19,721
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	10,397	(1,060)
1.2.4 Net (increase) decrease in loans	(1,606,162)	796,779
1.2.5 Net (increase) decrease in other assets	(205,751)	200,381
1.2.6 Net increase (decrease) in bank deposits	(656,695)	436,768
1.2.7 Net increase (decrease) in other deposits	313,430	(1,305,662)
1.2.8 Net increase (decrease) in funds borrowed	1,010,346	(1,104,459)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	213,123	3,927
	(1)	
<b>I. Net cash provided from / (used in) banking operations</b>	<b>(847,657)</b>	<b>(1,364,092)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash provided from / (used in) investing activities</b>	<b>165,948</b>	<b>583,929</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	-	(1)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	-	-
2.3 Fixed assets purchases	(6,899)	(8,154)
2.4 Fixed assets sales	11,679	2,409
2.5 Cash paid for purchase of financial assets available for sale	(2,614,787)	(1,152,206)
2.6 Cash obtained from sale of financial assets available for sale	2,326,440	1,805,504
2.7 Cash paid for purchase of investment securities	-	(59,542)
2.8 Cash obtained from sale of investment securities	454,218	-
2.9 Others	(4,703)	(4,081)
	(1)	
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash provided from / (used in) financing activities</b>	<b>(4,416)</b>	<b>-</b>
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	(4,416)	-
3.3 Capital increase	-	-
3.4 Dividends paid	-	-
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>83,054</b>	<b>4,500</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>	<b>(603,071)</b>	<b>(775,663)</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	<b>2,666,213</b>	<b>3,716,944</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>2,063,142</b>	<b>2,941,281</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2010**

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

**SECTION THREE**  
**ACCOUNTING PRINCIPLES**

**I. Basis of Presentation**

The Parent Bank prepares its financial statements and notes according to Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS), other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency (BRSA), Turkish Commercial Code and Tax Legislation.

The prior period financial statements are prepared in line with the principles of TAS No:1 "Fundamentals of Preparing and Presenting Financial Statements" published in the 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. Certain reclassifications have been made to the prior year financial statements in order to comply with the current year presentation whenever required. The reclassifications in the prior year financial statements are presented in the table below:

<b><u>INCOME STATEMENT</u></b>	<b><u>30.06.2009</u></b>
Other Interest Income (Increase / (Decrease))	(2,044)
Other Interest Expense (Increase / (Decrease))	(29,939)
Gains from Derivative Financial Instruments (Increase / (Decrease))	2,044
Losses from Derivative Financial Instruments (Increase / (Decrease))	29,939

**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 primary objective of the Parent Bank is to increase profitability with optimum liquidity and minimum risk while fulfilling customer needs. Thus, the Parent Bank uses 31% on average of its resources in liquid assets, as well as intending for the highest possible yield 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, risk bearing short term positions of currency, interest or price movements is performed only by the Treasury Asset-Liability Management 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.

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

The Parent Bank's hedging activities for the currency risk due to foreign currency available-for-sale equity instruments are described under the Currency Risk section; and the Parent Bank's hedging activities from interest rate risk arising from fixed interest rate deposits and floating interest rate borrowings are described in detail under Interest Rate Risk section.

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 the balance sheet structure.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2010**

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

**III. Information about the Parent Bank and its Consolidated Subsidiaries**

Türk Ekonomi Bankası Anonim Şirketi and its financial institutions, The Economy Bank N.V. (Economy Bank), Stichting Effecten Dienstverlening (Stichting), Kronenburg Vastgoed B.V. (Kronenburg), TEB Finansal Kiralama A.Ş. (TEB Leasing), TEB Faktoring A.Ş. (TEB Faktoring), TEB Yatırım Menkul Değerler A.Ş. (TEB Yatırım) and TEB Portföy Yönetimi A.Ş. (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 “Communiqué 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 entities 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 Faktoring	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 June 30, 2010, December 31, 2009 and June 30, 2009.

The transactions and balances between the consolidated entities and the Parent Bank are eliminated.

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

**Explanations on Foreign Currency Transactions**

Gains or losses arising from foreign currency transactions realized during the year are reflected to the income statement. Foreign currency assets and liabilities at each period-end are translated into Turkish lira at the period-end foreign exchange buying rates and the resulting foreign exchange gains or losses are recorded in the income statement as foreign exchange gain or loss. The EUR exchange rate used for translating foreign currency transactions into Turkish Lira and reflecting these to consolidated financial statements as of June 30, 2010, is TRY 1.9292, in full TRY, while the USD exchange rate is TRY 1.5737, in full TRY (December 31, 2009 – EUR: TRY 2.1427, in full TRY, USD: TRY 1.4873, 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 IV.

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 Turkish Lira using the exchange rate prevailing at the balance sheet date for their assets and liabilities and six months average exchange rate for their income statement items. The currency translation loss arising from the consolidated subsidiaries’ inflation and devaluation differences amounting to TRY 9,524 (December 31, 2009 - TRY 8,832 currency translation gain) has been recorded 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 foreign exchange rates with the contractual forward rates discounted to the balance sheet date with the prevailing current market rates. The resulting gain or loss is reflected to the income statement.

In the assessment of fair value of interest rate swap instruments, interest amounts to be paid or to be received due to/from the fixed rate on the derivative contract are discounted to the balance sheet date with the current applicable fixed rate in the market that is prevailing between the balance sheet date and the interest payment date, whereas interest amounts to be paid or to be received due to/from the floating rate on the derivative contract are recalculated with the current applicable market rates that are prevailing between the balance sheet date and the interest payment date and are discounted to the balance sheet date again with the current applicable market rates that are prevailing between the balance sheet date and the interest payment date. The differences between the fixed rate interest amounts and floating rate interest amounts to be received/paid are recorded in the profit/loss accounts in the current period.

The fair value of call and put option agreements are measured at the valuation date by using the current premium values of all option agreements, and the differences between the contractual premiums received/paid and the current premiums measured at valuation date are recognized in the statement of income.

Futures transactions are valued on a daily basis by the primary market prices and related unrealized gains or losses are reflected in the income statement.

The valuation of CDS transactions are based on the differences between the existing and recalculated payment plans discounted to the valuation date with current CDS interest rates.

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**IV. Explanations on Forward and Option Contracts and Derivative Instruments (continued)**

As of July 1, 2008, the Parent Bank has adopted fair value hedge accounting in order to avoid the effects of interest rate changes in the market by matching a portion of its swap portfolio with its loan portfolio.

While the Parent Bank recognizes the fair value changes of the hedged items in the “other interest income” and “other interest expenses” accounts, it recognizes the fair value changes of the hedging instruments related to the same period in the “gains/(losses) from derivative financial instruments” account.

Additionally, the difference between the fair value and carrying value of the hedged items as of the application date of hedge accounting is amortized based on their maturities and recognized in “other interest income” and “other interest expenses” accounts.

**V. Explanations on Interest Income and Expenses**

Interest income and expense are recognized in the income statement for all interest bearing instruments whose cash inflows and outflows are known 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.

**VI. Explanations on 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 and are expensed on the related periods.

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

**VII. Explanations 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. The 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.

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**VII. Explanations on Financial Assets (continued)**

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 described 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 value of these assets approximates 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".

*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 other than 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.

Marketable securities are initially recognized at cost including the transaction costs.

After the initial recognition, available for sale securities are measured at fair value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Valuation Differences" 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 value of these securities is determined using the prices declared in the Official Gazette 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" rule.

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.

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**VII. Explanations on Financial Assets (continued)**

*Loans and Provisions for Impairment*

Loans are financial assets 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.

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 Group'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" ("the Provisioning Decree") published in the Official Gazette No. 26333 dated November 1, 2006 which was amended with the communiqué published in the Official Gazette No. 27119 dated January 23, 2009. 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, and related interest income is credited to the "Interest Received from Non-performing Loans" account.

Releases of loan loss provisions are booked in "Other Operating Income" account and reversed from the "Provision and Impairment Expenses - Specific Provision Expense" account in the income statement.

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; the Parent 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. With the change in the same regulation on February 6, 2008, the Parent Bank started to book general loan loss provision of 2% for cash loans under watch-list and 0.4% for non-cash loans under watch-list.

The Bank calculates 0% general loan loss provision for some of its standard loan portfolio in accordance with the Temporary Article No: 4 of "the Provisioning Decree" dated March 1, 2010.

Specific reserves are also provided by TEB Leasing and TEB Faktoring based on the Communiqué on "Methods and Principles for the Determination of Receivables to be Reserved for and Allocation of Reserves of Financial Institutions, Leasing, and Factoring Firms" published in the Official Gazette No: 26588 on July 20, 2007 which was amended with the communiqué published in the Official Gazette No. 27270 dated June 26, 2009 and based on the Communiqué about "The Amendment in the Communiqué on Methods and Principles for the Determination of Receivables to be Reserved for and Allocation of Reserves of Finance Companies, Leasing, and Factoring Firms" published in the Official Gazette No: 26808 on March 6, 2008.

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**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 or not. 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. Explanations on 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.

**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 June 30, 2010, the Group has reverse repurchase agreements amounting to TRY 2,865 (December 31, 2009 – TRY 9,402).

As of June 30, 2010, the Group does not have any marketable securities lending transaction (December 31, 2009 - None).

**XI. Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets**

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.

TEB Leasing is not considered as a discontinued operation within the framework of TFRS 5 in the accompanying financial statements since the decision regarding the transfer of TEB Leasing shares to Fortis Finansal Kiralama A.Ş. explained in detail in Section 3, Note XXII, has been assessed subsequent to the balance sheet date.

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

The positive difference of TRY 1,205 (December 31, 2009 - TRY 1,205), between the acquisition cost and share in the 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. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

The other intangible assets of the Group 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. Softwares are purchased only in emergency cases and for special projects.

There are no anticipated changes in the accounting estimates about the amortization rate and amortization 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. Leasehold improvements are depreciated over the lease period by straight-line method.

Other tangible fixed assets are accounted for at their restated costs until December 31, 2004; afterwards the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected less reserve for impairment, if any, and depreciated on a straight-line method. Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. There has been no change in the depreciation method applied 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.

The Parent Bank employs independent appraisers in determining the current fair values of its real estates. As of June 30, 2010, there is a provision for impairment loss amounting to TRY 2,762 for real estates held for resale as per the appraisals performed at the year end (December 31, 2009 – TRY 2,608).

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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 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 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" by taking the useful lives into account.

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 provision for employee termination benefits as of June 30, 2010 is TRY 21,000 (December 31, 2009 - TRY 18,512).

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

*Defined Contribution Plans*

The Group pays contributions to Social Security Funds on a mandatory basis. 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, announced in the Official Gazette dated June 21, 2006, the corporate tax rate is 20%.

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 twenty-fifth 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 June 30, 2010 TRY 3,144 (December 31, 2009 - TRY 5,467) deferred tax which is related with items recorded in the equity was net off under equity in "Marketable Securities Valuation Differences".

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 June 30, 2010 and December 31, 2009, 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 in the standalone financial statements of the consolidated subsidiaries.

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 5,369 is stated under the tax provision in the income statement (June 30, 2009 - TRY 10,770 deferred tax charge). The deferred tax of TRY 3,144 (December 31, 2009 - TRY 5,467) 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 Issued Share Certificates**

None.

**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.

**XXII. Explanations on Reporting According to Segmentation**

The Group mainly operates in retail and corporate banking segments.

Current Period	Retail	Corporate	Treasury/ Head Office	Eliminations	Total
Net interest income	51,058	235,964	138,530	-	425,552
Net fees and commissions income and other operating income	46,010	107,116	24,245	(1,470)	175,901
Trading profit / loss	2,047	13,462	(14,766)	112	855
Dividend income	-	-	18,795	(18,789)	6
Impairment provision for loans and other receivables (-)	17,287	52,513	4,736	-	74,536
Other operating expenses (-)	81,010	153,324	162,852	(1,470)	395,716
<b>Profit before tax</b>	<b>818</b>	<b>150,705</b>	<b>(784)</b>	<b>(18,677)</b>	<b>132,062</b>
Taxation	-	-	(24,657)	-	(24,657)
<b>Net profit for the period</b>	<b>818</b>	<b>150,705</b>	<b>(25,441)</b>	<b>(18,677)</b>	<b>107,405</b>

Current Period	Retail	Corporate	Treasury/ Head Office	Eliminations	Total
Segment assets	2,385,766	10,402,877	5,325,526	(17,921)	18,096,248
Investments in associates and subsidiaries	-	-	165,606	(165,605)	1
<b>Total Assets</b>	<b>2,385,766</b>	<b>10,402,877</b>	<b>5,491,132</b>	<b>(183,526)</b>	<b>18,096,249</b>
Segment liabilities	5,264,831	6,611,648	4,324,643	(17,914)	16,183,208
Shareholders' equity	-	-	2,078,653	(165,612)	1,913,041
<b>Total Liabilities</b>	<b>5,264,831</b>	<b>6,611,648</b>	<b>6,403,296</b>	<b>(183,526)</b>	<b>18,096,249</b>

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**XXII. Explanations on Reporting According to Segmentation (continued)**

Prior Period	Retail	Corporate	Treasury/ Head Office	Eliminations	Total
Net interest income	49,425	290,898	105,100	-	445,423
Net fees and commissions income and other operating income	36,332	98,176	23,540	(907)	157,141
Trading profit / loss	1,407	5,757	37,832	(235)	44,761
Dividend income	-	-	14,563	(14,554)	9
Impairment provision for loans and other receivables (-)	22,674	69,860	(570)	-	91,964
Other operating expenses (-)	75,589	147,735	152,369	(905)	374,788
<b>Profit before tax</b>	<b>(11,099)</b>	<b>177,236</b>	<b>29,236</b>	<b>(14,791)</b>	<b>180,582</b>
Taxation	-	-	(33,205)	-	(33,205)
<b>Net profit for the period</b>	<b>(11,099)</b>	<b>177,236</b>	<b>(3,969)</b>	<b>(14,791)</b>	<b>147,377</b>

Prior Period	Retail	Corporate	Treasury/ Head Office	Eliminations	Total
Segment assets	1,986,569	9,026,566	6,056,517	(30,478)	17,039,174
Investments in associates and subsidiaries	-	-	165,606	(165,605)	1
<b>Total Assets</b>	<b>1,986,569</b>	<b>9,026,566</b>	<b>6,222,123</b>	<b>(196,083)</b>	<b>17,039,175</b>
Segment liabilities	5,695,943	5,629,843	3,910,434	(30,353)	15,205,867
Shareholders' equity	-	-	1,999,038	(165,730)	1,833,308
<b>Total Liabilities</b>	<b>5,695,943</b>	<b>5,629,843</b>	<b>5,909,472</b>	<b>(196,083)</b>	<b>17,039,175</b>

**XXIII. Explanations on Other Matters**

BNP Paribas, holding 50% of TEB Mali Yatırımlar A.Ş. which holds the controlling shareholding of 84.25% of the Parent Bank, has acquired 75% of the shares of Fortis Bank Belgium being the main shareholder of Fortis Bank A.Ş. with 94.11% shareholding, from the State of Belgium based on the resolutions taken at Fortis Holding General Assembly of Shareholders held in Belgium and Netherlands on April 28 and 29, respectively. The share transfer procedures were completed as of May 13, 2009.

On September 23, 2009, the BRSA has announced its consent on the indirect acquisition of 70.52% of total shares of Fortis Bank A.Ş. by BNP Paribas as per the 18<sup>th</sup> article of the Banking Act No: 5411.

BNP Paribas and the Çolakoğlu Group, the indirect controlling shareholders of TEB, have entered into a Memorandum of Understanding concerning the merger of Türk Ekonomi Bankası A.Ş. ("TEB") and Fortis Bank A.Ş. on June 3, 2010. Under the Memorandum of Understanding, it has been agreed, subject to BRSA approval, that the two banks will be merged under TEB. Upon approval of the regulatory authorities, as a result of share transfers between the main shareholders following the merger, it is contemplated that TEB Mali Yatırımlar A.Ş. ("TEB Mali") shall remain as the majority shareholder in TEB and that the Colakoglu Group and the BNP Paribas Group will each continue to hold 50% of TEB Mali. The proposed transactions are subject to execution of definitive contracts and receipt of approvals from various regulatory and corporate bodies. The merger is expected to be concluded by the beginning of 2011.

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**XXIII. Explanations on Other Matters (continued)**

Following the preparatory studies carried out by TEB and Fortis Bank A.Ş. on the merger feasibility report, to commence implementation of the merger and restructuring transactions, the Board of Directors of TEB resolved on July 12, 2010 that; June 30, 2010 financial statements of the respective merging banks will be the basis of the merger, the effects of restructuring transactions taking place following this date on the merger financial statements shall be considered in the audit report and during the valuation studies of appraiser as well as determining the merger ratio, an independent appraiser be appointed to carry out the valuation studies; and accordingly, TEB General Management was authorised to apply to the BRSA for the purposes of obtaining pre-approval as per the relevant regulation of the BRSA to commence and proceed with the merger procedures.

In connection with the studies for the merger of Fortis Bank A.Ş. under TEB and the restructuring transactions, a Share Purchase Agreement was signed on July 12, 2010 for the sale and transfer of 26,549,941 shares with a nominal value of TRY 26,549,941 out of 29,499,939 shares held by TEB in TEB Finansal Kiralama A.Ş. (TEB Leasing), within the total share capital of TRY 29,500,000 and 58 shares, in the share capital of TEB Leasing, held by TEB Tüketici Finansman A.Ş. (TEB Cetelem), a subsidiary of the main shareholder TEB Mali Yatırımlar A.Ş. with a nominal value of TRY 58 and , 1 share, in the share capital of TEB Leasing, held by Ege Turizm A.Ş., a subsidiary of the main shareholder TEB Mali Yatırımlar A.Ş. with a nominal value of TRY 1, in other words, the sale of 90% of the share capital of TEB Leasing to Fortis Finansal Kiralama A.Ş (Fortis Leasing) for a consideration of TRY 113,345,000. The profit on these sales shall be determined following the completion of the cost calculations.

As per the Memorandum of Understanding dated June 3, 2010, the indirect controlling shareholders of TEB, BNP Paribas Group and the Çolakoğlu Group, have completed their negotiations and reached to an agreement on the shareholders agreement and other relevant documents on July 24, 2010. Accordingly, subsequent to obtaining all necessary regulatory approvals and respective corporate approvals, the merger will be realized under TEB. TEB Mali Yatırımlar A.Ş. will continue to be the principal shareholder of TEB, and Çolakoğlu Group and BNP Paribas Group will respectively hold 50% shares of TEB Mali Yatırımlar A.Ş.

*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 and the Communiqué on "The Amendment in Measurement and Assessment of Capital Adequacy of Banks" published on October 10, 2007 in the Official Gazette numbered 26669. The Group's consolidated capital adequacy ratio in accordance with the related communiqué is 14.75% at June 30, 2010. (December 31, 2009 - 16.95%).

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:**

	Consolidated							Parent Bank						
	Risk Weight							Risk Weight						
	0%	10%	20%	50%	100%	150%	200%	0%	10%	20%	50%	100%	150%	200%
<b>Risk Weighted Assets, Liabilities and Non-Cash</b>														
<b>Loans</b>														
Balance Sheet Items (Net)														
Cash	306,895	-	245	-	-	-	-	306,888	-	245	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due From Central Bank of Turkey	71	-	-	-	-	-	-	71	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	115,243	-	371,073	-	61,166	-	-	-	-	159,190	-	61,166	-	-
Interbank Money Market Placements	100,500	-	-	-	-	-	-	100,000	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	2,865	-	-	-	-	-	-	-	-	-	-	-
Reserve Deposits	1,405,841	-	-	-	-	-	-	1,405,841	-	-	-	-	-	-
Loans	369,897	-	318,961	2,923,030	7,848,162	21,299	143	340,249	-	38,939	2,923,030	6,789,443	21,299	143
Non-performing loans (Net)	-	-	-	-	169,506	-	-	-	-	-	-	155,034	-	-
Financial Lease Receivables	-	-	-	42,900	316,740	-	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1,812,339	-	56,039	-	7,050	-	-	1,804,657	-	-	-	5,407	-	-
Held to Maturity Investments	424,048	-	-	-	7,439	-	-	414,962	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	5,500	-	-	-	-	-	-	5,500	-	-
Sundry Debtors	-	-	208,687	-	30,268	-	-	-	-	204,683	-	5,059	-	-
Interest and Income Accruals	59,264	-	2,329	29,852	184,706	-	-	58,568	-	382	29,303	179,661	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	-	-	-	-	1	-	-	-	-	-	-	153,922	-	-
Tangible Assets	-	-	-	-	112,981	-	-	-	-	-	-	104,992	-	-
Other Assets	271,846	-	237	-	47,128	-	-	220,013	-	-	-	35,743	-	-
<b>Off-Balance Sheet Items</b>														
Guarantees and Commitments	100,013	-	368,931	-	2,886,452	-	-	82,010	-	161,984	-	2,864,225	-	-
Derivative Financial Instruments	-	-	151,661	-	54,653	-	-	-	-	146,948	-	54,541	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Value at Risk</b>	<b>4,965,957</b>	<b>-</b>	<b>1,481,028</b>	<b>2,995,782</b>	<b>11,731,752</b>	<b>21,299</b>	<b>143</b>	<b>4,733,259</b>	<b>-</b>	<b>712,371</b>	<b>2,952,333</b>	<b>10,414,693</b>	<b>21,299</b>	<b>143</b>
<b>Total Risk Weighted Assets</b>	<b>-</b>	<b>-</b>	<b>296,206</b>	<b>1,497,891</b>	<b>11,731,752</b>	<b>31,949</b>	<b>286</b>	<b>-</b>	<b>-</b>	<b>142,474</b>	<b>1,476,167</b>	<b>10,414,963</b>	<b>31,949</b>	<b>286</b>

(\*) Factoring receivables are included in loans.

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

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	13,558,084	11,449,496	12,065,569	10,110,208
Amount Subject to Market Risk (ASMR)	459,738	458,488	270,800	326,175
Amount Subject to Operational Risk (ASOR) (*)	1,917,590	1,492,474	1,724,813	1,323,618
Shareholders' Equity	2,350,785	2,271,620	2,168,215	2,082,025
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	14.75	16.95	15.42	17.70

**TRWA:** Total Risk Weighted Assets

**ASMR:** Amount Subject to Market Risk

**ASOR:** Amount Subject to Operational Risk

(\*) 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	1,100,000	1,100,000	1,100,000	1,100,000
Nominal capital	1,100,000	1,100,000	1,100,000	1,100,000
Capital commitments (-)	-	-	-	-
Paid-in capital restatement difference	926	926	926	926
Share premium	2,227	2,227	2,158	2,158
Cancellation profits	-	-	-	-
Legal reserves	70,496	57,519	45,468	34,959
First legal reserve (Turkish Commercial Code 466/1)	54,347	42,642	39,932	29,423
Second legal reserve (Turkish Commercial Code 466/2)	16,149	14,877	5,536	5,536
Other legal reserve per special legislation	-	-	-	-
Statutory reserves	-	-	-	-
Extraordinary reserves	619,480	382,909	479,352	279,694
Reserves allocated by the General Assembly	629,004	374,077	479,352	279,694
Retained earnings	-	-	-	-
Accumulated losses	-	-	-	-
Foreign currency share capital exchange difference	(9,524)	8,832	-	-
Restatement differences of legal, statutory and extraordinary reserves	-	-	-	-
Profit	107,405	267,904	94,783	210,167
Current period net profit	107,405	267,904	94,783	210,167
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	157,370	148,730	157,370	148,730
Minority Shares	-	-	-	-
Losses (-) (that cannot be covered by reserves)	-	-	-	-
Net current period loss	-	-	-	-
Prior years' losses	-	-	-	-
Leasehold improvements (-)	42,284	50,750	41,964	50,395
Prepaid expenses (-)	38,736	30,854	37,524	29,475
Intangible assets (-)	15,106	14,278	11,371	10,910
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>1,960,573</b>	<b>1,863,128</b>	<b>1,789,198</b>	<b>1,685,854</b>
<b>SUPPLEMENTARY CAPITAL</b>				
General Loan Loss Reserves	92,743	86,826	81,654	74,628
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	-	-	-	-
Secondary subordinated loans	291,841	311,846	291,841	311,846
45% of Marketable securities value increase fund	5,628	9,820	5,522	9,697
Associates and subsidiaries	-	-	-	-
Available for sale securities	5,628	9,820	5,522	9,697
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-	-	-
Minority interest	-	-	-	-
<b>Total Supplementary Capital</b>	<b>390,212</b>	<b>408,492</b>	<b>379,017</b>	<b>396,171</b>
<b>TIER III CAPITAL</b>				
<b>CAPITAL</b>	<b>2,350,785</b>	<b>2,271,620</b>	<b>2,168,215</b>	<b>2,082,025</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>				
Shareholdings in unconsolidated banks and financial institutions	-	-	-	-
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>2,350,785</b>	<b>2,271,620</b>	<b>2,168,215</b>	<b>2,082,025</b>

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## **II. Explanations Related to the Consolidated Credit Risk**

Credit risk is the risk that the Group is a party in a contract whereby the counterparty fails to meet its obligation and cause to incur a financial loss.

The credit allocation is performed on a debtor and a debtor group basis within the limits. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating procedures of the Parent Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Parent Bank's loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

The credit risks and limits related to treasury activities, the limits of the correspondent banks that are determined by their ratings and the control of the maximum acceptable risk level in relation to the equity of the Parent Bank are monitored daily. Risk limits are determined in connection with these daily transactions, and risk concentration is monitored systematically concerning off-balance sheet operations.

As prescribed in the Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves", the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Most of the statement of accounts for the loans are derived from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

For the forward transactions and other similar positions of the Parent Bank, operational limits are set by the Board of Directors and the transactions take place within these limits.

The fulfillment of the benefits and proceeds related to forward transactions is generally realized at maturity. However, in order to minimize the risk, counter positions of existing risks are entered into in the market.

Indemnified non-cash loans are subject to the same risk weight as outstanding loans matured but not yet paid.

Since the volume of the restructured loans is not material to the financial statements, no additional follow up methodology is developed, except as stated in the regulations.

Financial institutions abroad and country risks of the Parent Bank are generally taken for the financial institutions and countries whose investment level is rated by international rating agencies and which do not have the risk of failing to meet minimum obligations. Therefore, the probable risks are not material when the financial structure of the Bank is concerned.

The Parent Bank does not have a material credit risk concentration as an active participant in the international banking market when the financial operations of the other financial institutions are concerned.

As of June 30, 2010, the receivables of the Group from its top 100 cash loan customers amount to TRY 2,010,936 (December 31, 2009 – TRY 2,058,182) with a share of 17.86% in the total cash loans (December 31, 2009 – 21.27%).

As of June 30, 2010, the receivables of the Group from its top 100 non-cash loan customers amount to TRY 1,500,679 (December 31, 2009 – TRY 1,403,850) with a share of 35.46% in the total non-cash loans (December 31, 2009 – 37.38%).

The share of cash and non-cash receivables of the Group from its top 100 customers in total balance sheet and off-balance sheet assets is 17.74% as of June 30, 2010 (December 31, 2009 – 20.20%).

As of June 30, 2010, the general loan loss provision related with the credit risk taken by the Parent Bank is TRY 92,743 (December 31, 2009 – TRY 86,826).

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**II. Explanations Related to the Consolidated Credit Risk (continued)**

**Credit risk by types of borrowers and geographical concentration:**

	Loans to Real Persons and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities*		Other Loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Loans according to borrowers</b>	<b>10,820,177</b>	<b>9,264,790</b>	<b>596,564</b>	<b>600,942</b>	<b>2,612,863</b>	<b>2,718,449</b>	<b>1,356,862</b>	<b>1,515,475</b>
Private Sector	8,053,996	7,037,974	172,676	146,393	-	-	779,980	758,721
Public Sector	35,857	4,925	292	16,448	2,598,176	2,706,467	115,200	156,098
Banks	-	-	423,596	438,101	8,878	7,378	461,682	600,656
Retail	2,730,324	2,221,891	-	-	-	-	-	-
Share Certificates	-	-	-	-	5,809	4,604	-	-
<b>Information according to geographical concentration</b>	<b>10,820,177</b>	<b>9,264,790</b>	<b>596,564</b>	<b>600,942</b>	<b>2,612,863</b>	<b>2,718,449</b>	<b>1,356,862</b>	<b>1,515,475</b>
Domestic	10,464,224	9,007,454	398,949	493,728	2,538,517	2,690,093	711,062	985,900
European Union Countries	114,507	114,137	36,304	13,157	51,032	3,861	402,638	354,967
OECD Countries***	84,156	45,667	3,521	-	12,383	-	8,055	4,653
Off-shore Banking Regions	39,127	17,272	999	33,157	1,226	1,147	159,513	124,316
USA, Canada	8,546	5,610	705	-	2,110	2,515	74,717	44,714
Other Countries	109,617	74,650	156,086	60,900	7,595	20,833	877	925
<b>Total</b>	<b>10,820,177</b>	<b>9,264,790</b>	<b>596,564</b>	<b>600,942</b>	<b>2,612,863</b>	<b>2,718,449</b>	<b>1,356,862</b>	<b>1,515,475</b>

\* Includes marketable securities designated at fair value through profit or loss, available-for-sale and held-to-maturity.

\*\* Includes the on balance sheet transactions classified in the Uniform Chart of Accounts except the ones in the first three categories and the transactions defined as loan in the Article 48 of the Banking Act No: 5411.

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

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**II. Explanations Related to the Consolidated Credit Risk (continued)**

**Information according to geographical concentration :**

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income/ Loss
<b>Current Period</b>					
Domestic	16,705,406	11,489,713	4,066,997	-	98,639
European Union Countries	664,688	3,537,540	76,711	-	8,766
OECD Countries (*)	108,127	104,168	17,218	-	-
Off-shore Banking Regions	208,088	304,984	16,816	-	-
USA, Canada	135,764	470,708	-	-	-
Other Countries	274,175	276,095	54,766	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	1	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
<b>Total</b>	<b>18,096,248</b>	<b>16,183,208</b>	<b>4,232,508</b>	<b>1</b>	<b>107,405</b>
<b>Prior Period</b>					
Domestic	16,001,944	11,552,369	3,541,051	-	254,055
European Union Countries	545,913	1,988,246	84,979	-	13,849
OECD Countries (*)	52,449	143,363	62,322	-	-
Off-shore Banking Regions	188,825	744,537	10,913	-	-
USA, Canada	92,735	418,453	826	-	-
Other Countries	157,308	358,899	55,580	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	1	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
<b>Total</b>	<b>17,039,174</b>	<b>15,205,867</b>	<b>3,755,671</b>	<b>1</b>	<b>267,904</b>

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

(\*\*) Assets and liabilities that cannot be allocated on a coherent basis.

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**II. Explanations Related to the Consolidated Credit Risk (continued)**

**Sector concentrations for cash loans :**

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	267,592	3.34	106,495	3.27	238,642	3.45	114,439	4.11
Farming and Raising Livestock	231,396	2.89	73,210	2.25	203,062	2.95	84,420	3.03
Forestry, Wood and Paper	28,353	0.35	33,127	1.02	24,598	0.36	28,540	1.03
Fishery	7,843	0.10	158	0.00	10,982	0.14	1,479	0.05
Manufacturing	2,868,226	35.83	1,983,393	60.93	2,732,120	39.66	1,640,106	58.83
Mining and Quarry	172,069	2.15	58,775	1.81	187,474	2.72	63,422	2.28
Production	2,680,437	33.48	1,800,480	55.31	2,499,316	36.28	1,492,664	53.54
Electricity, Gas and Water	15,720	0.20	124,138	3.81	45,330	0.66	84,020	3.01
Construction	402,803	5.03	86,092	2.64	328,971	4.78	89,515	3.21
Services	1,523,938	19.04	958,916	29.46	1,215,030	17.64	812,993	29.16
Wholesale and Retail Trade	401,957	5.02	46,598	1.43	296,997	4.31	41,251	1.48
Hotel, Tourism, Food and Beverage Services	107,531	1.34	73,331	2.25	94,972	1.38	66,573	2.39
Transportation and Communication	338,983	4.23	153,902	4.73	238,557	3.46	142,822	5.12
Financial Institutions	315,839	3.96	449,126	13.80	289,028	4.20	468,513	16.81
Real Estate and Renting Services	131,506	1.64	221,315	6.80	114,309	1.66	76,786	2.75
Self-Employment Services	101,122	1.26	365	0.01	87,821	1.27	1,135	0.04
Education Services	8,819	0.11	251	0.01	10,052	0.15	207	0.01
Health and Social Services	118,181	1.48	14,028	0.43	83,294	1.21	15,706	0.56
Other(*)	2,942,641	36.76	120,525	3.70	2,374,619	34.47	130,652	4.69
<b>Total</b>	<b>8,005,200</b>	<b>100.00</b>	<b>3,255,421</b>	<b>100.00</b>	<b>6,889,382</b>	<b>100.00</b>	<b>2,787,705</b>	<b>100.00</b>

(\*) Accruals of loans are included in other.

The table below shows the maximum exposure to credit risk for the components of the financial statements:

	Current Period	Prior Period
Central Bank of Turkey	1,410,802	1,183,741
Due From banks	549,252	724,003
Other money markets	103,484	704,464
Trading financial assets	250,533	137,917
Derivative financial instruments	87,773	62,106
Derivative financial instruments for hedging purposes	26,362	31,330
Financial assets available-for-sale	1,912,876	1,678,892
Held-to-maturity investments	449,454	901,640
Loans (*)	12,221,485	10,647,801
<b>Total</b>	<b>17,012,021</b>	<b>16,071,894</b>
Contingent liabilities	4,232,508	3,755,671
Commitments	3,982,800	3,758,731
<b>Total</b>	<b>8,215,308</b>	<b>7,514,402</b>
<b>Total credit risk exposure</b>	<b>25,227,329</b>	<b>23,586,296</b>

(\*) Loans include TRY 430,590 (December 31, 2009: TRY 374,900) factoring receivables and TRY 374,154 (December 31, 2009: TRY 407,169) lease receivables.

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**II. Explanations Related to the Consolidated Credit Risk (continued)**

Credit quality per class of financial assets as of June 30, 2010 and December 31, 2009 are as follows:

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and advances to customers			
Corporate lending	5,228,977	173,516	5,402,493
Small business lending	2,925,759	299,660	3,225,419
Consumer lending	2,194,526	57,952	2,252,478
Credit cards	490,614	45,737	536,351
Other	-	-	-
<b>Total</b>	<b>10,839,876</b>	<b>576,865</b>	<b>11,416,741</b>

Prior period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and advances to customers			
Corporate lending	4,757,069	183,715	4,940,784
Small business lending	2,290,680	358,587	2,649,267
Consumer lending	1,707,757	61,846	1,769,603
Credit cards	413,164	92,914	506,078
Other	-	-	-
<b>Total</b>	<b>9,168,670</b>	<b>697,062</b>	<b>9,865,732</b>

Carrying amount per class of financial assets whose terms have been renegotiated:

	Current Period	Prior Period
Loans and advances to customers		
Corporate lending	55,338	44,976
Small business lending	88,954	84,371
Consumer lending	3,140	4,529
Credit cards	6,640	8,183
<b>Total</b>	<b>154,072</b>	<b>142,059</b>

**Credit Rating System**

The credit risk is assessed through the internal rating system of the Parent Bank, by classifying loans from highest grade to lowest grade according to the probability of default. As of June 30, 2010 consumer loans and small business loans are excluded from the internal rating system of the Parent Bank. Additional scoring methodologies are applied for these loans. The risks that are subject to rating models can be allocated as follows:

Category	Description of Category	Share in the Total %
1st Category	Case where the borrower has a very strong financial structure	26.63
2nd Category	Case where the borrower has a good financial structure	19.92
3rd Category	Case where the borrower has an intermediate level of financial structure	36.30
4th Category	Case where the financial structure of the borrower has to be closely monitored in the medium run	17.15
<b>Total</b>		<b>100.00</b>

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**III. Explanations Related to the 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 Parent 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 summarized below, is taken into consideration by the standard method. Beside the standard 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	18,837	17,259
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	486	346
(III) Capital Requirement to be Employed For Currency Risk – Standard Method	17,447	4,050
(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	9	9
(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)	36,779	21,664
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	459,738	270,800

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	19,338	20,096	18,579	16,485	19,966	10,596
Common Stock Risk	774	804	744	248	311	216
Currency Risk	17,552	17,657	17,447	16,968	18,160	16,393
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	25	41	9	2,570	7,057	9
<b>Total Value Subject to Risk</b>	<b>471,107</b>	<b>482,475</b>	<b>459,738</b>	<b>453,391</b>	<b>516,500</b>	<b>409,063</b>

**Other price risks**

The Group is not subject to a significant share price risk due to share certificates.

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**IV. Explanations Related to the Consolidated Currency Risk**

Foreign currency risk indicates the probability of loss that the Group is 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 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 June 30, 2010, the Group's net long position is TRY 6,532 (December 31, 2009 - TRY 143,387 net long) resulting from short position on the balance sheet amounting to TRY 792,103 (December 31, 2009 - TRY 444,614 short) and long position on the off-balance sheet amounting to TRY 798,635 (December 31, 2009 - TRY 588,001 long).

The announced current foreign exchange buying rates of the Parent Bank at June 30, 2010 and the previous five working days in full TRY are as follows:

	<b>23.06.2010</b>	<b>24.06.2010</b>	<b>25.06.2010</b>	<b>28.06.2010</b>	<b>29.06.2010</b>	<b>30.06.2010</b>
<b>USD</b>	1.5580	1.5708	1.5750	1.5643	1.5747	1.5737
<b>CHF</b>	1.4044	1.4194	1.4278	1.4370	1.4453	1.4529
<b>GBP</b>	2.3208	2.3514	2.3472	2.3537	2.3696	2.3645
<b>JPY</b>	0.0172	0.0175	0.0175	0.0174	0.0177	0.0177
<b>EURO</b>	1.9134	1.9307	1.9373	1.9327	1.9217	1.9292

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before June 30, 2010 are as follows:

	<b>Monthly Average Foreign Exchange Rate</b>
<b>USD</b>	1.5701
<b>CHF</b>	1.3903
<b>GBP</b>	2.3151
<b>JPY</b>	0.0172
<b>EURO</b>	1.9186

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**IV. Explanations Related to the Consolidated Currency Risk (continued)**

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

<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.	612,209	626,166	294	40,804	1,279,473
Banks	272,414	93,911	467	38,393	405,185
Financial Assets at Fair Value Through Profit and Loss (*****)	4,163	4,354	-	89	8,606
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	76,636	138,953	-	-	215,589
Loans (**)	985,377	2,598,272	19,906	435,778	4,039,333
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-	-
Held-To-Maturity Investments	7,593	9,262	-	-	16,855
Derivative Financial Assets for Hedging Purposes	-	803	-	-	803
Tangible Assets	6,872	-	-	-	6,872
Intangible Assets	965	-	-	-	965
Other Assets (***)	260,638	205,177	18	5,265	471,098
<b>Total Assets</b>	<b>2,226,867</b>	<b>3,676,898</b>	<b>20,685</b>	<b>520,329</b>	<b>6,444,779</b>
<b>Liabilities</b>					
Bank Deposits	144,055	57,805	41	46,103	248,004
Foreign Currency Deposits (*)	1,627,920	2,737,647	12,616	193,528	4,571,711
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	1,535,045	803,580	370	16,032	2,355,027
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	38,398	15,219	520	2,443	56,580
Derivative Financial Liabilities for Hedging Purposes	-	1	-	-	1
Other Liabilities (***)	1,988	2,735	170	666	5,559
<b>Total Liabilities</b>	<b>3,347,406</b>	<b>3,616,987</b>	<b>13,717</b>	<b>258,772</b>	<b>7,236,882</b>
<b>Net Balance Sheet Position</b>	<b>(1,120,539)</b>	<b>59,911</b>	<b>6,968</b>	<b>261,557</b>	<b>(792,103)</b>
<b>Net Off-Balance Sheet Position</b>	<b>1,230,665</b>	<b>(178,333)</b>	<b>(6,709)</b>	<b>(246,988)</b>	<b>798,635</b>
Financial Derivative Assets (****)	2,506,442	2,260,442	25,617	335,808	5,128,309
Financial Derivative Liabilities (****)	1,275,777	2,438,775	32,326	582,796	4,329,674
Non-Cash Loans (*****)	709,554	1,645,670	3,234	49,856	2,408,314
<b>Prior Period</b>					
Total Assets	2,376,324	3,079,193	16,781	355,620	5,827,918
Total Liabilities	2,988,060	3,055,413	14,468	214,591	6,272,532
Net Balance Sheet Position	(611,736)	23,780	2,313	141,029	(444,614)
Net Off-Balance Sheet Position	781,482	(38,002)	(5,211)	(150,268)	588,001
Financial Derivative Assets	1,313,600	1,347,192	127,109	176,932	2,964,833
Financial Derivative Liabilities	532,118	1,385,194	132,320	327,200	2,376,832
Non-Cash Loans (*****)	752,192	1,423,259	3,353	44,166	2,222,970

(\*) Precious metal accounts amounting to TRY 88,255 (December 31, 2009 - TRY 23,762) are included in the foreign currency deposits.

(\*\*) Foreign currency indexed loans amounting to TRY 782,826 (December 31, 2009 - TRY 649,252) are included in the loan portfolio.

(\*\*\*) As TRY 16,337 (December 31, 2009 TRY - 13,986) foreign currency indexed factoring receivables is included in other assets while TRY 56 (December 31, 2009 - TRY 100) prepaid expenses is deducted from other assets, TRY 79,758 (December 31, 2009 - TRY 21,235) expense accruals from derivative financial instruments, and TRY 20,105 (December 31, 2009 - TRY 16,681) provision for general loan losses and TRY 795 (December 31, 2009 - TRY 1,699) are deducted from other liabilities.

(\*\*\*\*) Forward asset and marketable securities purchase-sale commitments of TRY 295,420 (December 31, 2009 - TRY 117,828) are added to derivative financial assets and TRY 295,995 (December 31, 2009 - TRY 117,839) is added to derivative financial liabilities.

(\*\*\*\*\*) TRY 21,078 (December 31, 2009 - TRY 18,080) income accruals from derivative financial instruments is deducted from Financial Assets at Fair Value Through Profit and Loss.

(\*\*\*\*\*\*) There is no effect on the net off-balance sheet position.

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**IV. Explanations Related to the Consolidated Currency Risk (continued)**

**Foreign currency sensitivity:**

The Group is mainly exposed to EUR and USD currencies.

The following table details the Group's sensitivity to a 10% increase and decrease in the TRY against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. A positive number indicates a positive effect in profit or loss and other equity in the case of short position and a negative effect in the case of long position where the TRY strengthens against USD and EUR.

Change in Currency Rate in %		Effect on profit or loss		Effect on equity (*)	
		June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
USD	10 increase	(11,842)	(1,422)	123	393
USD	10 decrease	11,842	1,422	(123)	(393)
EURO	10 increase	11,013	16,975	11,709	10,074
EURO	10 decrease	(11,013)	(16,975)	(11,709)	(10,074)

(\*) The effect on equity does not include the effect of changes in foreign exchange rate on the income statement.

The Group's sensitivity to foreign currency rates have not changed significantly during the current period. The positions taken in line with market expectations can increase the foreign currency sensitivity from period to period.

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**V. Explanations Related to the Consolidated Interest Rate Risk**

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Parent 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 Parent Bank management monitors the market interest rates on a daily basis and revises the interest rates of the Bank when necessary.

Since the Group does not allow maturity mismatches or imposes limits on the mismatch, no significant interest rate risk exposure is 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	3-12 Months	1-5 Years	Over 5 Years	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	1,083,789	-	-	-	-	634,153	1,717,942
Banks	340,460	5,372	-	-	-	203,420	549,252
Financial Assets at Fair Value Through Profit and Loss	2,649	52,806	134,086	59,234	6,416	83,115	338,306
Money Market Placements	103,383	101	-	-	-	-	103,484
Available-For-Sale Financial Assets	263,331	68,741	614,353	950,021	10,621	5,809	1,912,876
Loans(*)	4,498,263	876,244	2,036,580	3,233,847	615,687	156,120	11,416,741
Factoring Receivables	132,976	197,083	98,589	-	-	1,942	430,590
Financial Lease Receivables	30,352	29,168	117,353	179,472	6,365	11,444	374,154
Held-To-Maturity Investments	-	284,389	148,295	16,770	-	-	449,454
Other Assets	28,929	-	873	5,110	13	768,525	803,450
<b>Total Assets</b>	<b>6,484,132</b>	<b>1,513,904</b>	<b>3,150,129</b>	<b>4,444,454</b>	<b>639,102</b>	<b>1,864,528</b>	<b>18,096,249</b>
Liabilities							
Bank Deposits	238,951	22,209	4,056	-	-	109,793	375,009
Other Deposits	6,616,080	1,316,583	253,460	49,766	-	2,147,135	10,383,024
Money Market Borrowings	228,101	105,272	-	-	-	-	333,373
Sundry Creditors	-	-	-	-	-	330,906	330,906
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	1,035,271	790,582	1,696,731	140,854	292,127	-	3,955,565
Factoring Payables	-	-	-	-	-	-	-
Other Liabilities	2,591	1,319	13,309	50,038	18,524	2,632,591	2,718,372
<b>Total Liabilities</b>	<b>8,120,994</b>	<b>2,235,965</b>	<b>1,967,556</b>	<b>240,658</b>	<b>310,651</b>	<b>5,220,425</b>	<b>18,096,249</b>
Balance Sheet Long Position	-	-	1,182,573	4,203,796	328,451	-	5,714,820
Balance Sheet Short Position	(1,636,862)	(722,061)	-	-	-	(3,355,897)	(5,714,820)
Off-Balance Sheet Long Position	-	-	225,264	337,024	116,573	-	678,861
Off-Balance Sheet Short Position	-	-	(205,424)	(330,128)	(117,715)	-	(653,267)
<b>Total Position</b>	<b>(1,636,862)</b>	<b>(722,061)</b>	<b>1,202,413</b>	<b>4,210,692</b>	<b>327,309</b>	<b>(3,355,897)</b>	<b>25,594</b>

(\*) Loans with floating interest rates of the Parent Bank amounting to TRY 2,606,579 are included in "Up to 1 Month" while mark to market differences from hedged loans amounting to TRY 40,165 are included in "1-5 Years".

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**V. Explanations Related to the 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 in the non-interest bearing column consists of tangible assets amounting to TRY 155,265; intangible assets amounting to TRY 16,311, TRY 57,738 tax asset, and the other liabilities line includes the shareholders' equity of TRY 1,913,041.

**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	-	-	-	5.18
Banks	0.17	0.08	-	7.16
Financial Assets At Fair Value Through Profit And Loss	3.58	5.21	-	9.57
Money Market Placements	-	1.05	-	6.95
Available-For-Sale Financial Assets	2.66	4.34	-	8.19
Loans	4.83	5.14	3.72	14.29
Leasing Receivables	5.31	7.55	-	26.64
Factoring Receivables	2.92	2.85	-	10.67
Held-To-Maturity Investments	6.90	6.01	-	12.00
Liabilities				
Bank Deposits	0.86	0.34	-	4.87
Other Deposits	2.16	1.92	-	7.38
Money Market Borrowings	-	-	-	6.62
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	3.43	2.46	3.26	7.36

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**V. Explanations Related to the Consolidated 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	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
<b>Prior Period</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	989,645	-	-	-	-	522,067	1,511,712
Banks	561,176	7,845	10,582	-	-	144,400	724,003
Financial Assets at Fair Value Through Profit and Loss	3,119	3,225	77,549	58,649	2,371	55,110	200,023
Money Market Placements	704,464	-	-	-	-	-	704,464
Available-For-Sale Financial Assets	306,548	35,229	729,735	566,383	35,700	5,297	1,678,892
Loans(*)	4,165,352	597,379	1,891,437	2,503,918	519,001	188,645	9,865,732
Factoring Receivables	165,045	111,170	97,038	107	-	1,540	374,900
Financial Lease Receivables	33,846	33,290	127,966	193,676	6,045	12,346	407,169
Held-To-Maturity Investments	-	736,302	46,750	118,588	-	-	901,640
Other Assets	23,811	-	231	3,579	19	643,000	670,640
<b>Total Assets</b>	<b>6,953,006</b>	<b>1,524,440</b>	<b>2,981,288</b>	<b>3,444,900</b>	<b>563,136</b>	<b>1,572,405</b>	<b>17,039,175</b>
<b>Liabilities</b>							
Bank Deposits	152,630	60,165	5,231	-	-	78,555	296,581
Other Deposits	6,492,489	1,277,476	254,197	64,764	-	1,977,777	10,066,703
Money Market Borrowings	1,071,971	-	-	-	-	-	1,071,971
Sundry Creditors	1,854	-	-	-	-	265,378	267,232
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	1,267,303	278,339	883,282	190,550	324,500	-	2,943,974
Factoring Payables	743	-	-	-	-	-	743
Other Liabilities	14,414	933	4,163	50,799	16,461	2,305,201	2,391,971
<b>Total Liabilities</b>	<b>9,001,404</b>	<b>1,616,913</b>	<b>1,146,873</b>	<b>306,113</b>	<b>340,961</b>	<b>4,626,911</b>	<b>17,039,175</b>
Balance Sheet Long Position	-	-	1,834,415	3,138,787	222,175	-	5,195,377
Balance Sheet Short Position	(2,048,398)	(92,473)	-	-	-	(3,054,506)	(5,195,377)
Off-Balance Sheet Long Position	64,561	13,387	89,238	488,519	55,452	-	711,157
Off-Balance Sheet Short Position	(51,109)	(13,333)	(80,505)	(484,955)	(59,100)	-	(689,002)
<b>Total Position</b>	<b>(2,034,946)</b>	<b>(92,419)</b>	<b>1,843,148</b>	<b>3,142,351</b>	<b>218,527</b>	<b>(3,054,506)</b>	<b>22,155</b>

(\*) Loans with floating interest rates of the Parent Bank amounting to TRY 2,311,525 are included in "Up to 1 Month" while mark to market differences from hedged loans amounting to TRY 46,589 are included in "1-5 Years".

The other assets line in the non-interest bearing column consists of tangible assets amounting to TRY 164,146; intangible assets amounting to TRY 15,483, TRY 50,058 tax asset and the other liabilities line includes the shareholders' equity of TRY 1,833,308.

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**V. Explanations Related to the Consolidated Interest Rate Risk (continued)**

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

	EURO	USD	YEN	TRY
	%	%	%	%
<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	-	-	-	7.49
Banks	0.35	0.22	-	9.39
Financial Assets At Fair Value Through Profit And Loss	5.69	7.81	-	12.01
Money Market Placements	1.25	0.84	-	8.97
Available-For-Sale Financial Assets	5.60	7.79	-	13.09
Loans	4.62	4.88	3.86	14.10
Leasing Receivables	8.14	7.78	-	21.68
Factoring Receivables	4.06	3.92	-	12.56
Held-To-Maturity Investments	5.25	5.81	-	9.86
<b>Liabilities</b>				
Bank Deposits	1.38	1.22	0.25	6.62
Other Deposits	2.94	2.21	0.30	8.27
Money Market Borrowings	-	-	-	8.18
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	3.56	3.46	-	9.79

**Interest rate sensitivity:**

If interest rates had been increased by 0.5% in TRY and FC and all other variables were held constant, the Group's:

- Net profit of the group for the year would have changed by TRY 176 (December 31, 2009 - TRY 4,884).

The interest rate sensitivity the Group is exposed to due to its balance sheet composition is calculated with the net interest income approach. The net interest income is calculated by using the original interest rates until maturity and using market interest curves until the remaining annualized period subject to analysis. This calculation is re-performed by altering the market interest curves based on rate changes accepted by management. The difference between the initial and re-performed calculation is assessed to be the interest sensitivity of the Group.

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**VI. Explanations Related to the 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 Board of Directors.

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.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group. The most important of these is to maintain limits on the ratio of the Parent Bank's net liquid assets to customer liabilities, set to reflect market conditions. The ratio realized during the year were as follows:

	Current Period	Prior Period
	%	%
Average during the period	20	29
Highest	24	39
Lowest	18	20

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**VI. Explanations Related to the 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	3-12 Months	1-5 Years	Over 5 Years	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	634,153	1,083,789	-	-	-	-	-	1,717,942
Banks	250,327	293,553	5,372	-	-	-	-	549,252
Financial Assets at Fair Value Through Profit and Loss	-	22,910	53,052	156,213	99,638	6,493	-	338,306
Money Market Placements	-	103,383	101	-	-	-	-	103,484
Available-For-Sale Financial Assets	5,809	1,490	129	461,025	1,098,371	346,052	-	1,912,876
Loans(**)	29,175	4,454,137	872,509	2,034,666	3,254,447	615,687	156,120	11,416,741
Factoring Receivables	-	132,976	197,083	98,589	-	-	1,942	430,590
Financial Lease Receivables	-	30,352	29,168	117,353	179,472	6,365	11,444	374,154
Held-To-Maturity Investments	-	-	219,341	103,718	126,395	-	-	449,454
Other Assets	1,205	494,049	4,233	22,469	13,699	13	267,782	803,450
<b>Total Assets</b>	<b>920,669</b>	<b>6,616,639</b>	<b>1,380,988</b>	<b>2,994,033</b>	<b>4,772,022</b>	<b>974,610</b>	<b>437,288</b>	<b>18,096,249</b>
<b>Liabilities</b>								
Bank Deposits	113,954	234,790	22,209	4,056	-	-	-	375,009
Other Deposits	2,633,741	6,121,163	1,316,064	234,356	77,700	-	-	10,383,024
Funds Provided From Other Financial Institutions	-	751,079	764,009	1,649,167	320,093	471,217	-	3,955,565
Money Market Borrowings	-	228,101	105,272	-	-	-	-	333,373
Marketable Securities Issued	-	-	-	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-	-	-
Sundry Creditors	2,052	327,544	1,233	62	15	-	-	330,906
Other Liabilities	-	475,567	29,943	65,509	71,551	19,752	2,056,050	2,718,372
<b>Total Liabilities</b>	<b>2,749,747</b>	<b>8,138,244</b>	<b>2,238,730</b>	<b>1,953,150</b>	<b>469,359</b>	<b>490,969</b>	<b>2,056,050</b>	<b>18,096,249</b>
<b>Liquidity Gap</b>	<b>(1,829,078)</b>	<b>(1,521,605)</b>	<b>(857,742)</b>	<b>1,040,883</b>	<b>4,302,663</b>	<b>483,641</b>	<b>(1,618,762)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	724,874	6,936,359	1,242,619	3,148,025	3,955,483	563,136	468,679	17,039,175
Total Liabilities	2,744,692	8,580,381	1,587,261	1,082,347	474,446	591,659	1,978,389	17,039,175
<b>Liquidity Gap</b>	<b>(2,019,818)</b>	<b>(1,644,022)</b>	<b>(344,642)</b>	<b>2,065,678</b>	<b>3,481,037</b>	<b>(28,523)</b>	<b>(1,509,710)</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.

(\*\*) Loans with floating interest rates of the Parent Bank amounting to TRY 2,606,579 (December 31, 2009: TRY 2,311,525) are included in "Up to 1 Month" while mark to market differences from hedged loans amounting to TRY 40,165 (December 31, 2009: TRY 46,589) are included in "1-5 Years".

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**VI. Explanations Related to the Consolidated Liquidity Risk (continued)**

**Analysis of financial liabilities by remaining contractual maturities:**

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
<b>As of June 30, 2010</b>								
Money market borrowings	-	228,128	107,091	-	-	-	(1,846)	333,373
Other deposits	2,633,741	6,134,950	1,329,473	245,219	84,191	-	(44,550)	10,383,024
Bank deposits	113,954	234,846	22,294	4,342	-	-	(427)	375,009
Funds provided from other financial institutions	-	757,997	773,451	1,701,202	434,345	513,416	(224,846)	3,955,565
<b>Total</b>	<b>2,747,695</b>	<b>7,355,921</b>	<b>2,232,309</b>	<b>1,950,763</b>	<b>518,536</b>	<b>513,416</b>	<b>(271,669)</b>	<b>15,046,971</b>
<b>As of December 31, 2009</b>								
Money market borrowings	-	1,073,776	-	-	-	-	(1,805)	1,071,971
Other deposits	2,389,653	6,094,914	1,282,478	221,423	123,388	-	(45,153)	10,066,703
Bank deposits	97,638	133,625	60,256	5,270	-	-	(208)	296,581
Funds provided from other financial institutions	-	990,406	251,306	893,390	432,782	633,259	(257,169)	2,943,974
<b>Total</b>	<b>2,487,291</b>	<b>8,292,721</b>	<b>1,594,040</b>	<b>1,120,083</b>	<b>556,170</b>	<b>633,259</b>	<b>(304,335)</b>	<b>14,379,229</b>

**Analysis of contractual expiry by maturity of the Group's derivative financial instruments:**

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total	
<b>As of June 30, 2010</b>							
<b>Derivative financial instruments for hedging purposes</b>							
Fair value hedge		13,975	1,448	193,005	50,854	55,898	315,180
<b>Held for trading transactions</b>							
Foreign Exchange Forward Contracts		790,325	463,773	307,629	21,034	-	1,582,761
Currency Swaps		1,098,960	71,832	354,682	310,016	-	1,835,490
Interest Rate Swaps		94	644	17,744	49,844	6,235	74,561
<b>Total</b>		<b>1,903,354</b>	<b>537,697</b>	<b>873,060</b>	<b>431,748</b>	<b>62,133</b>	<b>3,807,992</b>
<b>As of December 31, 2009</b>							
<b>Derivative financial instruments for hedging purposes</b>							
Fair value hedge		53,145	1,428	129,455	166,432	62,240	412,700
<b>Held for trading transactions</b>							
Foreign exchange forward contracts		352,364	211,116	206,776	43,965	-	814,221
Currency swaps		827,674	118,893	114,647	213,511	-	1,274,725
Interest rate swaps		248	6,740	5,912	34,101	-	47,001
<b>Total</b>		<b>1,233,431</b>	<b>338,177</b>	<b>456,790</b>	<b>458,009</b>	<b>62,240</b>	<b>2,548,647</b>

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and Disclosures 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	106,566	174,561	140,477	168,877
Balances with the Central Bank of Turkey	331,903	1,078,899	203,891	979,850
Other	-	26,013	-	18,617
<b>Total</b>	<b>438,469</b>	<b>1,279,473</b>	<b>344,368</b>	<b>1,167,344</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposits	331,903	301,823	203,891	251,831
Unrestricted time deposits	-	777,076	-	728,019
Restricted time deposits	-	-	-	-
<b>Total</b>	<b>331,903</b>	<b>1,078,899</b>	<b>203,891</b>	<b>979,850</b>

TRY 1,078,899 (December 31, 2009 – TRY 979,850 ) foreign currency and TRY 331,832 (December 31, 2009 – TRY 203,796) domestic currency unrestricted deposits balance comprises of reserve deposits. Domestic currency unrestricted deposits balance includes average reserve deposit held in Central Bank. The interest rates applied for reserve deposits are 5.20% for TRY deposits and none for foreign currency deposits (December 31, 2009 – TRY 5.20%).

**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: None (December 31, 2009 – None).
- a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None (December 31, 2009 – None).

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 250,533 (December 31, 2009 – TRY 137,917).

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	8,021	12,778	15,696	14,195
Swap Transactions	27,434	2,934	18,899	1,739
Futures Transactions	-	-	-	-
Options	27,387	7,881	8,374	2,973
Other	1,338	-	230	-
<b>Total</b>	<b>64,180</b>	<b>23,593</b>	<b>43,199</b>	<b>18,907</b>

3. a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	9,712	395	37,534	241,727
Foreign	134,355	404,790	134,298	310,444
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>144,067</b>	<b>405,185</b>	<b>171,832</b>	<b>552,171</b>

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	236,247	238,427	59,736	31,707
USA and Canada	74,717	44,714	-	-
OECD Countries(*)	8,055	4,653	-	-
Off-shore banking regions	159,513	124,316	-	-
Other	877	925	-	-
<b>Total</b>	<b>479,409</b>	<b>413,035</b>	<b>59,736</b>	<b>31,707</b>

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

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**I. Explanations and Disclosures 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	296,092	127,368	124,704	40,373
Other	-	-	-	-
<b>Total</b>	<b>296,092</b>	<b>127,368</b>	<b>124,704</b>	<b>40,373</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	216,718	-	526,855	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>216,718</b>	<b>-</b>	<b>526,855</b>	<b>-</b>

Net book value of unrestricted financial assets available-for-sale is TRY 1,272,698 (December 31, 2009 – TRY 986,960).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	1,907,914	1,674,868
Quoted on a stock exchange	1,484,454	1,509,681
Unquoted	423,460	165,187
Share certificates	5,809	4,604
Quoted on a stock exchange	3,726	2,515
Unquoted (*)	2,083	2,089
Impairment provision(-)	(847)	(580)
<b>Total</b>	<b>1,912,876</b>	<b>1,678,892</b>

(\*) In the Board of Directors meeting held on September 23, 2009, the Parent Bank decided to participate in the revised capital structure of Kredi Garanti Fonu A.Ş. including TOBB (Turkish Union of Chambers and Exchange Commodities), KOSGEB (Presidency of Development and Support of Small and Medium-sized Enterprises Administration) and the banks by TRY 4,000. Upon this decision related to the capital increase of Kredi Garanti Fonu A.Ş. on September 11, 2009, the Parent Bank paid TRY 2,000 of its capital commitment of TRY 4,000 on October 14, 2009.

All unquoted available for sale equities are recorded at fair value except for the Bank's investment of TRY 2,083 which is recorded at cost since its fair value cannot be reliably estimated (December 31, 2009 – TRY 2,089).

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

**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	1,736	6,691	1,603	46,004
Corporate shareholders	1,736	6,691	1,603	46,004
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	22,853	-	22,842	-
<b>Total</b>	<b>24,589</b>	<b>6,691</b>	<b>24,445</b>	<b>46,004</b>

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	10,874,913	-	231,636	154,072
Discount notes	122,324	-	594	-
Export loans	987,448	-	12,423	-
Import loans	-	-	-	-
Loans given to financial sector	398,597	-	-	-
Foreign loans	525,442	-	1,529	6,299
Consumer loans(**)	2,191,559	-	56,670	3,140
Credit cards	506,591	-	9,335	6,640
Precious metal loans	373,286	-	15,498	-
Other	5,769,666	-	135,587	137,993
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>10,874,913</b>	<b>-</b>	<b>231,636</b>	<b>154,072</b>

(\*)The total principal amount of the loans under close monitoring in accordance with the requirements of the regulation on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” amended on February 6, 2008.

(\*\*) TRY 40,165 income accrual resulting from the fair value difference of the hedged item loans is included in the loan balance.

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	6,361,928	-	127,440	19,796
Non-specialized loans	6,361,928	-	127,440	19,796
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans and other receivables	4,512,985	-	104,196	134,276
Non-specialized loans	4,512,985	-	104,196	134,276
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>10,874,913</b>	<b>-</b>	<b>231,636</b>	<b>154,072</b>

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**I. Explanations and Disclosures 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>94,735</b>	<b>2,021,506</b>	<b>2,116,241</b>
Housing Loans	3,019	1,051,975	1,054,994
Vehicle Loans	4,889	159,246	164,135
General Purpose Loans	86,827	810,285	897,112
Other	-	-	-
<b>Consumer Loans -Indexed to FC</b>	<b>269</b>	<b>55,857</b>	<b>56,126</b>
Housing Loans	-	36,288	36,288
Vehicle Loans	-	15,215	15,215
General Purpose Loans	269	4,354	4,623
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>10,628</b>	<b>2,940</b>	<b>13,568</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	10,628	2,940	13,568
Other	-	-	-
<b>Individual Credit Cards-TRY</b>	<b>446,841</b>	-	<b>446,841</b>
With Installments	141,242	-	141,242
Without Installments	305,599	-	305,599
<b>Individual Credit Cards-FC</b>	<b>2,329</b>	-	<b>2,329</b>
With Installments	-	-	-
Without Installments	2,329	-	2,329
<b>Personnel Loans-TRY</b>	<b>3,267</b>	<b>9,301</b>	<b>12,568</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	3,267	9,301	12,568
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TRY</b>	<b>9,254</b>	-	<b>9,254</b>
With Installments	4,161	-	4,161
Without Installments	5,093	-	5,093
<b>Personnel Credit Cards-FC</b>	<b>86</b>	-	<b>86</b>
With Installments	-	-	-
Without Installments	86	-	86
<b>Overdraft Accounts-TRY(Real Persons) (*)</b>	<b>52,822</b>	-	<b>52,822</b>
<b>Overdraft Accounts-FC(Real Persons)</b>	<b>44</b>	-	<b>44</b>
<b>Total</b>	<b>620,275</b>	<b>2,089,604</b>	<b>2,709,879</b>

(\*) Overdraft accounts include personnel loans amounting to TRY 945.

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**I. Explanations and Disclosures 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>112,743</b>	<b>992,732</b>	<b>1,105,475</b>
Business Loans	279	60,354	60,633
Vehicle Loans	16,025	225,769	241,794
General Purpose Loans	96,439	706,609	803,048
Other	-	-	-
<b>Commercial loans with installment facility - Indexed to FC</b>	<b>16,039</b>	<b>152,235</b>	<b>168,274</b>
Business Loans	-	6,239	6,239
Vehicle Loans	1,804	52,040	53,844
General Purpose Loans	14,235	93,956	108,191
Other	-	-	-
<b>Commercial loans with installment facility –FC</b>	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards-TRY</b>	<b>63,329</b>	-	<b>63,329</b>
With Installments	13,221	-	13,221
Without Installments	50,108	-	50,108
<b>Corporate Credit Cards-FC</b>	<b>727</b>	-	<b>727</b>
With Installments	-	-	-
Without Installments	727	-	727
<b>Overdraft Accounts-TRY(Legal Entities)</b>	<b>130,417</b>	-	<b>130,417</b>
<b>Overdraft Accounts-FC(Legal Entities)</b>	<b>2,219</b>	-	<b>2,219</b>
<b>Total</b>	<b>325,474</b>	<b>1,144,967</b>	<b>1,470,441</b>

f) Loans according to borrowers:

	Current Period	Prior Period
Public	36,149	21,373
Private	11,224,472	9,655,714
<b>Total</b>	<b>11,260,621</b>	<b>9,677,087</b>

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	10,697,802	9,317,509
Foreign loans	562,819	359,578
<b>Total</b>	<b>11,260,621</b>	<b>9,677,087</b>

h) Loans granted to subsidiaries and associates:

Such loans are eliminated from the consolidated financial statements.

i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectability	6,441	12,288
Loans and receivables with doubtful collectability	38,723	53,327
Uncollectible loans and receivables	142,468	181,406
<b>Total</b>	<b>187,632</b>	<b>247,021</b>

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

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

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

j.1) Information on loans and other receivables included in non-performing loans which are restructured or rescheduled: None (December 31, 2009 – None).

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectable loans and receivables
Prior period end balance	81,297	127,242	227,127
Additions (+)	99,433	838	3,976
Transfers from other categories of non-performing loans (+)	-	121,697	114,608
Transfers to other categories of non-performing loans (-)	121,697	114,608	-
Collections (-)	15,419	28,014	37,653
Write-offs (-)(*)	19	6	115,050
Corporate and commercial loans	-	-	71,943
Retail loans	15	-	10,881
Credit cards	4	6	32,226
Other	-	-	-
Current period end balance	43,595	107,149	193,008
Specific provision (-)	6,441	38,723	142,468
<b>Net Balances on Balance Sheet</b>	<b>37,154</b>	<b>68,426</b>	<b>50,540</b>

(\*) TRY 39,957 of the non-performing loans portfolio of the Parent Bank with TRY 39,321 provision has been sold to Standart Varlık A.Ş. for TRY 4,125. This balance has been collected upon the completion of the necessary procedures as of March 31, 2010, and the related non-performing loans have been written off from the records.

TRY 75,008 of the non-performing loans portfolio of the Parent Bank with TRY 75,008 provision has been sold to LBT Varlık Yönetim A.Ş. for TRY 6,500. This balance has been collected upon the completion of the necessary procedures as of June 28, 2010, and the related non-performing loans have been written off from the records.

j.3) Information on foreign currency non-performing loans and other receivables:

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectable loans and receivables
Current Period :			
Current period end balance	-	-	9,038
Specific provision (-)	-	-	7,952
<b>Net Balances on Balance Sheet</b>	-	-	<b>1,086</b>
Prior Period :			
Prior period end balance	-	7,675	-
Specific provision (-)	-	7,182	-
<b>Net Balances on Balance Sheet</b>	-	<b>493</b>	-

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

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

j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	43,595	107,149	193,008
Specific provision (-)	6,441	38,723	142,468
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>37,154</b>	<b>68,426</b>	<b>50,540</b>
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	81,297	127,242	227,127
Specific provision (-)	12,288	53,327	181,406
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>69,009</b>	<b>73,915</b>	<b>45,721</b>
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

k) Main principles of liquidating non performing 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 classified as non performing loans by complying with the requirements of the Tax Procedural Law in accordance with the decision of the upper management of the Parent Bank.

l) Explanation related to write-off policy:

Unrecoverable non performing loans can be written off with the decision of the Board of Directors.

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

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

m) Other explanations and disclosures:

<b>Current Period</b>	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
Neither past due nor impaired	5,228,977	2,925,759	2,194,526	490,614	-	10,839,876
Past due not impaired	113,369	218,212	57,212	31,952	-	420,745
Individually impaired	108,836	161,283	22,280	51,353	-	343,752
<b>Total gross</b>	<b>5,451,182</b>	<b>3,305,254</b>	<b>2,274,018</b>	<b>573,919</b>	<b>-</b>	<b>11,604,373</b>
Less: allowance for individually impaired loans	48,689	79,835	21,540	37,568	-	187,632
<b>Total allowance for impairment</b>	<b>48,689</b>	<b>79,835</b>	<b>21,540</b>	<b>37,568</b>	<b>-</b>	<b>187,632</b>
<b>Total net</b>	<b>5,402,493</b>	<b>3,225,419</b>	<b>2,252,478</b>	<b>536,351</b>	<b>-</b>	<b>11,416,741</b>
<b>Prior Period</b>	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
Neither past due nor impaired	4,757,069	2,290,680	1,707,757	413,164	-	9,168,670
Past due not impaired	118,499	260,810	61,415	67,693	-	508,417
Individually impaired	101,576	219,835	34,416	79,839	-	435,666
<b>Total gross</b>	<b>4,977,144</b>	<b>2,771,325</b>	<b>1,803,588</b>	<b>560,696</b>	<b>-</b>	<b>10,112,753</b>
Less: allowance for individually impaired loans	36,360	122,058	33,985	54,618	-	247,021
<b>Total allowance for impairment</b>	<b>36,360</b>	<b>122,058</b>	<b>33,985</b>	<b>54,618</b>	<b>-</b>	<b>247,021</b>
<b>Total net</b>	<b>4,940,784</b>	<b>2,649,267</b>	<b>1,769,603</b>	<b>506,078</b>	<b>-</b>	<b>9,865,732</b>

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

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

m) Other explanations and disclosures: (continued)

A reconciliation of the allowance for impairment losses and advances by classes is as follows;

	Corporate	Small Business	Consumer	Credit Cards	Other	Total
At January 1, 2010	36,360	122,058	33,985	54,618	-	247,021
Charge for the year	38,771	27,393	(980)	22,958	-	88,142
Recoveries	(8,257)	(15,077)	(1,191)	(7,896)	-	(32,421)
Amounts written off (*)	(17,404)	(54,539)	(10,274)	(32,112)	-	(114,329)
Exchange Difference	(781)	-	-	-	-	(781)
<b>At June 30, 2010</b>	<b>48,689</b>	<b>79,835</b>	<b>21,540</b>	<b>37,568</b>	<b>-</b>	<b>187,632</b>

	Corporate	Small Business	Consumer	Credit Cards	Other	Total
At January 1, 2009	24,559	50,719	12,108	23,303	-	110,689
Charge for the year	21,655	93,405	33,310	65,606	-	213,976
Recoveries	(9,865)	(22,066)	(6,490)	(10,020)	-	(48,441)
Amounts written off (**)	-	-	(4,943)	(24,271)	-	(29,214)
Exchange Difference	11	-	-	-	-	11
<b>At December 31, 2009</b>	<b>36,360</b>	<b>122,058</b>	<b>33,985</b>	<b>54,618</b>	<b>-</b>	<b>247,021</b>

(\*) TRY 39,957 of the non-performing loans portfolio of the Parent Bank with TRY 39,321 provision has been sold to Standart Varlık A.Ş. for TRY 4,125. This balance has been collected upon the completion of the necessary procedures as of March 31, 2010, and the related non-performing loans have been written off from the records.

TRY 75,008 of the non-performing loans portfolio of the Parent Bank with TRY 75,008 provision has been sold to LBT Varlık Yönetim A.Ş. for TRY 6,500. This balance has been collected upon the completion of the necessary procedures as of June 28, 2010, and the related non-performing loans have been written off from the records.

(\*\*)TRY 29,530 of the non-performing loans portfolio of the Parent Bank with TRY 29,214 provision has been sold to LBT Varlık Yönetim A.Ş. for TRY 1,950. This balance has been collected upon the completion of the necessary procedures as of November 9, 2009, and the related non-performing loans have been written off from the records.

The fair value of collaterals, capped with the respective outstanding loan balance, that the Group holds relating to loans individually determined to be impaired at June 30, 2010 is TRY 125,355 (December 31, 2009: TRY 126,773).

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

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

m) Other explanations and disclosures: (continued)

Collaterals and credit enhancement as of June 30, 2010 and December 31, 2009:

<b>June 30, 2010</b>	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
Residential, commercial or industrial property	14,472	12,490	1,904	-	-	28,866
Financial assets	-	-	-	-	-	-
Other	-	16	-	-	-	16
<b>Total</b>	<b>14,472</b>	<b>12,506</b>	<b>1,904</b>	<b>-</b>	<b>-</b>	<b>28,882</b>

<b>December 31, 2009</b>	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
Residential, commercial or industrial property	11,639	7,324	1,339	-	-	20,302
Financial assets	-	-	-	-	-	-
Other	16	6	17	-	-	39
<b>Total</b>	<b>11,655</b>	<b>7,330</b>	<b>1,356</b>	<b>-</b>	<b>-</b>	<b>20,341</b>

Aging analysis of past due but not impaired loans per classes of financial statements:

<b>June 30, 2010</b>	<b>Less than 30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>More than 91 days</b>	<b>Total</b>
Loans and Advances to customers					
Corporate lending	88,345	15,151	9,873	-	113,369
Small business lending	114,934	55,939	47,339	-	218,212
Consumer lending	9,937	35,542	11,733	-	57,212
Credit cards	17,638	250	14,064	-	31,952
Other	-	-	-	-	-
<b>Total</b>	<b>230,854</b>	<b>106,882</b>	<b>83,009</b>	<b>-</b>	<b>420,745</b>

<b>December 31, 2009</b>	<b>Less than 30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>More than 91 days</b>	<b>Total</b>
Loans and Advances to customers					
Corporate lending	93,255	6,512	18,732	-	118,499
Small business lending	142,081	69,771	48,958	-	260,810
Consumer lending	7,825	41,900	11,690	-	61,415
Credit cards	67,580	106	7	-	67,693
Other	-	-	-	-	-
<b>Total</b>	<b>310,741</b>	<b>118,289</b>	<b>79,387</b>	<b>-</b>	<b>508,417</b>

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

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

m) Other explanations and disclosures: (continued)

Of the total aggregate amount of gross past due but not yet impaired loans and advances to customers, the fair value of collaterals, capped with the respective outstanding total past due and not past due loan balances of the customer, that the Group held as at June 30, 2010 was TRY 255,892 (December 31, 2009 - TRY 311,296).

Loans and advances amounting to TRY 2,737,352 have floating interest rates (December 31, 2009 – TRY 2,486,750) and the remaining TRY 8,523,269 have fixed interest rates (December 31, 2009 – TRY 7,190,337).

**6. Information on held-to-maturity investments :**

a.1) Information on held-to-maturity investments given as collateral or blocked:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share Certificates	-	-	-	-
Bond, Treasury bill and similar securities	66,060	-	187,395	-
Other	-	-	-	-
<b>Total</b>	<b>66,060</b>	<b>-</b>	<b>187,395</b>	<b>-</b>

a.2) Held-to-maturity investments subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	121,218	-	560,365	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>121,218</b>	<b>-</b>	<b>560,365</b>	<b>-</b>

Net book value of unrestricted financial assets available-for-sale is TRY 262,176 (December 31, 2009 – TRY 153,880).

b) Movement of held-to-maturity investments:

	Current Period	Prior Period
Beginning balance	901,640	818,811
Foreign currency differences on monetary assets	(237)	(183)
Purchases during year(*)	2,270	97,111
Disposals through sales and redemptions	(454,219)	-
Impairment provision (-)	-	-
Change in income on redeemed cost adjustments	-	(14,099)
<b>Closing Balance</b>	<b>449,454</b>	<b>901,640</b>

(\*) Accruals are included in purchases during the year.

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

- a.1) Information on the unconsolidated associates: None. (December 31, 2009 – None)
- b.1) Information on the consolidated associates: None (December 31, 2009 – None).
- b.2) Valuation of consolidated associates: None (December 31, 2009 – None).
- b.3) Consolidated associates which are quoted on the stock exchange: None (December 31, 2009 – None).

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

- a) Information on the unconsolidated subsidiaries: None (December 31, 2009 – 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(%)	Other shareholders' share percentage (%)
The Economy Bank N.V.	Netherlands	100.00	-
TEB Finansal Kiralama A.Ş.	İstanbul/Turkey	100.00	-
TEB Faktoring A.Ş.	İstanbul/Turkey	100.00	-
TEB Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	74.94	25.06
TEB Portföy Yönetimi A.Ş.	İstanbul/Turkey	46.77	53.23

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) 1,262,849	171,089	7,836	28,049	1,801	8,699	7,035	-
(ii) 516,439	105,261	2,012	23,437	-	9,508	3,088	-
(ii) 485,259	21,564	999	21,444	-	4,497	5,167	-
(ii) 39,328	34,824	1,807	2,013	-	6,526	4,641	-
(ii) 12,286	10,958	594	453	215	2,067	2,430	-

(\*) Represents the amounts in the financial statements as of June 30, 2009.

- (i) Represents financial figures of foreign currency statutory financial statements translated at period end foreign exchange rates for balance sheet and six months' average rates for profit and loss as of June 30, 2010. The Economy Bank NV has two consolidated subsidiaries named Stichting Effecten Dienstverlening and Kronenburg Vastgoed B.V.
- (ii) Represents financial figures based on BRSA regulations as of June 30, 2010.

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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	165,912	165,910
Movements during the period	(31)	2
Purchases	-	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales	-	-
Revaluation increase	(31)	2
Provision for impairment	-	-
<b>Balance at the end of the period</b>	<b>165,881</b>	<b>165,912</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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.Ş.	40,190	40,190
Factoring Companies	/ TEB Faktoring A.Ş.	24,037	24,037
Other Financial Subsidiaries	/ TEB Yatırım Menkul Değerler A.Ş.	34,770	34,770
	TEB Portföy Yönetimi A.Ş.	5,354	5,354
	Stichting Effecten Dienstverlening (*)	241	268
	Kronenburg Vastgoed B.V. (*)	35	39
<b>Total</b>		<b>165,881</b>	<b>165,912</b>

(\*) Consolidated subsidiary of the Economy Bank NV.

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

b.4) Consolidated subsidiaries quoted on the stock exchange: None (December 31, 2009 – None).

**9. Information on entities under common control (Joint Vent.):**

Description	Address (City/ Country)	Bank's share percentage-If different voting percentage(%)	Other shareholders' share percentage (%)
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	İstanbul/Türkiye	0.1	33.3

(\*) In the Extraordinary General Meeting held on July 23, 2010, it was decided to increase the paid in capital by TRY 6,000 and the Parent Bank paid its share amounting to TRY 4 on August 2, 2010.

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

a) Maturity Analysis:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	208,377	176,873	230,115	195,102
Between 1-4 years	196,475	171,006	215,413	187,146
Over 4 years	35,011	33,443	36,041	34,822
Specific provisions	(7,168)	(7,168)	(9,901)	(9,901)
<b>Total</b>	<b>432,695</b>	<b>374,154</b>	<b>471,668</b>	<b>407,169</b>

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

b) Other explanations and disclosures:

<b>Current Period</b>	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Other</b>	<b>Total</b>
Neither past due nor impaired	52,416	232,632	-	-	285,048
Past due not impaired	13,115	64,547	-	-	77,662
Individually impaired	-	18,612	-	-	18,612
<b>Total gross</b>	<b>65,531</b>	<b>315,791</b>	<b>-</b>	<b>-</b>	<b>381,322</b>
Less: allowance for individually impaired loans	-	7,168	-	-	7,168
<b>Total allowance for impairment</b>	<b>-</b>	<b>7,168</b>	<b>-</b>	<b>-</b>	<b>7,168</b>
<b>Total net</b>	<b>65,531</b>	<b>308,623</b>	<b>-</b>	<b>-</b>	<b>374,154</b>

<b>Prior Period</b>	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Other</b>	<b>Total</b>
Neither past due nor impaired	50,673	252,932	-	-	303,605
Past due not impaired	2,242	88,976	-	-	91,218
Individually impaired	-	22,247	-	-	22,247
<b>Total gross</b>	<b>52,915</b>	<b>364,155</b>	<b>-</b>	<b>-</b>	<b>417,070</b>
Less: allowance for individually impaired loans	-	9,901	-	-	9,901
<b>Total allowance for impairment</b>	<b>-</b>	<b>9,901</b>	<b>-</b>	<b>-</b>	<b>9,901</b>
<b>Total net</b>	<b>52,915</b>	<b>354,254</b>	<b>-</b>	<b>-</b>	<b>407,169</b>

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

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

b) Other explanations and disclosures: (continued)

A reconciliation of the allowance for impairment losses and advances by classes is as follows;

	Corporate	Small Business	Consumer	Other	Total
At January 1, 2010	-	9,901	-	-	9,901
Charge for the year	-	3,441	-	-	3,441
Recoveries	-	(700)	-	-	(700)
Amounts written off	-	(5,474)	-	-	(5,474)
<b>At June 30, 2010</b>	-	<b>7,168</b>	-	-	<b>7,168</b>

	Corporate	Small Business	Consumer	Other	Total
At January 1, 2009	-	5,015	-	-	5,015
Charge for the year	-	17,359	-	-	17,359
Recoveries	-	(4,421)	-	-	(4,421)
Amounts written off	-	(8,052)	-	-	(8,052)
<b>At December 31, 2009</b>	-	<b>9,901</b>	-	-	<b>9,901</b>

The fair value of collaterals that TEB Finansal Kiralama A.Ş. holds relating to lease receivables individually determined to be impaired at June 30, 2010 is TRY 4,087 (December 31, 2009 – TRY 2,894).

Aging analysis of past due but not impaired loans per classes of financial statements:

June 30, 2010	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and Advances to customers					
Corporate lending	3,898	6,743	-	2,474	13,115
Small business lending	26,790	23,239	7,529	6,989	64,547
Consumer lending	-	-	-	-	-
Other	-	-	-	-	-
<b>Total</b>	<b>30,688</b>	<b>29,982</b>	<b>7,529</b>	<b>9,463</b>	<b>77,662</b>

December 31, 2009	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and Advances to customers					
Corporate lending	-	2,242	-	-	2,242
Small business lending	38,199	25,868	12,061	12,848	88,976
Consumer lending	-	-	-	-	-
Other	-	-	-	-	-
<b>Total</b>	<b>38,199</b>	<b>28,110</b>	<b>12,061</b>	<b>12,848</b>	<b>91,218</b>

Of the total aggregate amount of gross past due but not yet impaired loans and advances to customers, the fair value of collaterals, capped with the respective outstanding total past due and not past due loan balances of the customers, that TEB Finansal Kiralama A.Ş. held as at June 30, 2010 was TRY 29,718 (December 31, 2009 – TRY 25,787).

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**11. Information on derivative financial assets for hedging purposes:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Fair value hedge	25,559	803	30,976	354
Cash flow hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
<b>Total</b>	<b>25,559</b>	<b>803</b>	<b>30,976</b>	<b>354</b>

**12. Information on tangible assets:**

	Opening Balance December 31, 2009				Disposals	Other	Ending Balance June 30, 2010
	Additions						
<b>Cost:</b>							
Land and buildings	18,336	-	-	(867)		17,469	
Leased tangible assets	52,426	-	(112)	(2,966)		49,348	
Vehicles	508	50	(32)	(12)		514	
Other	286,116	25,624	(11,205)	(577)		299,958	
<b>Total Cost</b>	<b>357,386</b>	<b>25,674</b>	<b>(11,349)</b>	<b>(4,422)</b>		<b>367,289</b>	
	Opening Balance December 31, 2009				Disposals	Other	Ending Balance June 30, 2010
	Period Charge						
<b>Accumulated Depreciation:</b>							
Land and buildings	(4,778)	(201)	-	128		(4,851)	
Leased tangible assets	(41,219)	(3,094)	111	2,966		(41,236)	
Vehicles	(241)	(45)	16	11		(259)	
Other (*)	(147,002)	(20,095)	1,028	391		(165,678)	
<b>Total Accumulated Depreciation</b>	<b>(193,240)</b>	<b>(23,435)</b>	<b>1,155</b>	<b>3,496</b>		<b>(212,024)</b>	
<b>Net Book Value</b>	<b>164,146</b>	<b>2,239</b>	<b>(10,194)</b>	<b>(926)</b>		<b>155,265</b>	

(\*) "Other" consists of TRY 2,762 provision for impairment of real estates in assets to be disposed in accordance with the appraisal reports. (December 31, 2009: TRY 2,608)

- a) 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: As of June 30, 2010, provision for impairment loss amounting to TRY 2,762 is booked for real estates to be disposed with respect to appraisals performed at the year end (December 31, 2009 – TRY 2,608).
- b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

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

**13. Information on intangible assets:**

	Opening Balance December 31, 2009	Additions	Disposals	Other	Ending Balance June 30, 2010
Cost:					
Other intangible assets	44,176	4,703	-	675	49,554
<b>Total Cost</b>	<b>44,176</b>	<b>4,703</b>	<b>-</b>	<b>675</b>	<b>49,554</b>
	Opening Balance December 31, 2009	Period Charge	Disposals	Other	Ending Balance June 30, 2010
Accumulated Amortization:					
Other intangible assets	(28,693)	(3,760)	-	(790)	(33,243)
<b>Total Accumulated Amortization</b>	<b>(28,693)</b>	<b>(3,760)</b>	<b>-</b>	<b>(790)</b>	<b>(33,243)</b>
<b>Net Book Value</b>	<b>15,483</b>	<b>943</b>	<b>-</b>	<b>(115)</b>	<b>16,311</b>

- Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.
- Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition : None.
- The book value of intangible fixed assets that are pledged or restricted for use: None.
- Amount of purchase commitments for intangible fixed assets: None.
- Information on revalued intangible assets according to their types: None.
- Amount of total research and development expenses recorded in income statement within the period if any: None.
- Positive or negative consolidation goodwill on entity basis: There is a positive goodwill of TRY 1,205 (December 31, 2009 – TRY 1,205) arising from the purchase of TEB Portföy by TEB Yatırım on February 27, 2005.
- Movements on goodwill in the current period:

	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 (-)	-	-
Amortization (-)	-	-
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

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**14. Information on investment property:** None (December 31, 2009 – None).

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

- a) As of June 30, 2010, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TRY 57,738 (December 31, 2009 – TRY 50,058). There are no tax exemptions or deductions over which deferred tax asset is computed.

Investment incentive was abolished being effective from January 1, 2006. In case that entities do not have sufficient taxable income, deduction of the unused investment incentive as of December 31, 2005 from 2006, 2007 and 2008 income was allowed however it was not permitted to defer this investment incentive to subsequent periods after 2008. The Constitutional Court abolished this regulation on October 15, 2009 and the time constraint related to investment incentive has been removed as of the issue date of this report. The resolution has been published in the Official Gazette on January 8, 2010. For this reason, TEB Finansal Kiralama A.Ş. recognized deferred tax asset amounting to TRY 41,551 as of June 30, 2010 (December 31, 2009 - TRY 36,214) financial statements assuming that it will take advantage of the unused investment incentive in the subsequent periods.

- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.
- d) Movement of deferred tax:

	Current Period	Prior Period
<b>At January 1</b>	<b>50,058</b>	<b>18,762</b>
Effect of change in tax rate	(156)	2
Other	144	589
Deferred tax (charge)/benefit	5,369	34,903
<b>Deferred tax (charge)/benefit (Net)</b>	<b>5,357</b>	<b>35,494</b>
Deferred tax accounted for under equity	2,323	(4,198)
<b>Deferred Tax Asset</b>	<b>57,738</b>	<b>50,058</b>

	Current Period	Prior Period
<b>At January 1 (Deferred Tax Liability)</b>	-	<b>(9)</b>
Effect of change in tax rate	-	-
Deferred tax (charge)/benefit	-	9
<b>Deferred tax (charge)/benefit (Net)</b>	-	<b>9</b>
Deferred tax accounted for under equity	-	-
<b>Deferred Tax Liability</b>	-	-

**16. Information on assets held for sale and discontinued operations :** None (December 31, 2009: None).

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**17. Information on other assets:**

a) Breakdown of other assets:

	Current Period	Prior Period
Clearing Account	206,883	112,330
Receivables From Securities Transactions	28,929	23,365
Leasing Contracts in Progress	5,239	930
Collateral Given for Derivative Financial Assets	39,135	31,743
Advances Given	4,537	3,424
Transaction Costs Related to Financial Liabilities	4,852	7,296
Prepaid Rents	4,722	4,515
Prepaid Insurance Premiums	4,104	99
Other Prepaid Expenses	25,058	18,944
Receivables from Credit Cards Payments	167,178	162,685
Temporary EFT Account	34,574	30,668
Other	22,562	13,623
<b>Total</b>	<b>547,773</b>	<b>409,622</b>

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.

**18. Information on factoring receivables:**

a) Maturity Analysis:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short term	331,785	107,266	297,787	85,225
Medium and Long Term	-	-	107	-
Specific provisions	(7,850)	(611)	(7,828)	(391)
<b>Total</b>	<b>323,935</b>	<b>106,655</b>	<b>290,066</b>	<b>84,834</b>

b) Other explanations and disclosures:

Current Period	Corporate	Small Business	Consumer	Other	Total
Neither past due nor impaired	268,344	142,293	-	-	410,637
Past due not impaired	7,912	10,099	-	-	18,011
Individually impaired	3,425	6,978	-	-	10,403
<b>Total gross</b>	<b>279,681</b>	<b>159,370</b>	<b>-</b>	<b>-</b>	<b>439,051</b>
Less: allowance for individually impaired loans	1,623	6,838	-	-	8,461
<b>Total allowance for impairment</b>	<b>1,623</b>	<b>6,838</b>	<b>-</b>	<b>-</b>	<b>8,461</b>
<b>Total net</b>	<b>278,058</b>	<b>152,532</b>	<b>-</b>	<b>-</b>	<b>430,590</b>

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**18. Information on factoring receivables: (continued)**

b) Other explanations and disclosures: (continued)

<b>Prior Period</b>	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Other</b>	<b>Total</b>
Neither past due nor impaired	222,576	122,430	-	-	345,006
Past due not impaired	24,139	4,215	-	-	28,354
Individually impaired	2,943	6,816	-	-	9,759
<b>Total gross</b>	<b>249,658</b>	<b>133,461</b>	<b>-</b>	<b>-</b>	<b>383,119</b>
Less: allowance for individually impaired loans	1,403	6,816	-	-	8,219
<b>Total allowance for impairment</b>	<b>1,403</b>	<b>6,816</b>	<b>-</b>	<b>-</b>	<b>8,219</b>
<b>Total net</b>	<b>248,255</b>	<b>126,645</b>	<b>-</b>	<b>-</b>	<b>374,900</b>

A reconciliation of the allowance for impairment losses and advances by classes is as follows;

	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Other</b>	<b>Total</b>
At January 1, 2010	1,403	6,816	-	-	8,219
Charge for the period	220	255	-	-	475
Recoveries	-	(233)	-	-	(233)
Amounts written off	-	-	-	-	-
<b>At June 30, 2010</b>	<b>1,623</b>	<b>6,838</b>	<b>-</b>	<b>-</b>	<b>8,461</b>
	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Other</b>	<b>Total</b>
At January 1, 2009	1,012	5,510	-	-	6,522
Charge for the period	391	2,108	-	-	2,499
Recoveries	-	(802)	-	-	(802)
Amounts written off	-	-	-	-	-
<b>At December 31, 2009</b>	<b>1,403</b>	<b>6,816</b>	<b>-</b>	<b>-</b>	<b>8,219</b>

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**SECTION FIVE**

**II. Explanations and Disclosures 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	308,636	-	736,898	2,091,434	17,775	163,024	156	8,232	3,326,155
Foreign currency deposits	1,298,897	-	1,228,172	1,599,303	134,516	60,742	160,245	1,581	4,483,456
Residents in Turkey	947,339	-	1,182,771	1,534,574	119,677	24,736	28,832	1,581	3,839,510
Residents abroad	351,558	-	45,401	64,729	14,839	36,006	131,413	-	643,946
Public sector deposits	264,023	-	1,935	3,330	-	-	182	-	269,470
Commercial deposits	670,587	-	858,058	532,563	40,315	3,187	-	83	2,104,793
Other institutions deposits	13,473	-	17,774	78,786	548	313	1	-	110,895
Precious metals deposits	78,125	-	7,227	1,950	695	258	-	-	88,255
Interbank deposits	113,954	-	198,204	51,433	7,363	1,022	3,033	-	375,009
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	73	-	19,292	3,017	-	-	-	-	22,382
Foreign Banks	40,184	-	178,912	48,416	7,363	1,022	3,033	-	278,930
Special finance houses	73,697	-	-	-	-	-	-	-	73,697
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,747,695</b>	<b>-</b>	<b>3,048,268</b>	<b>4,358,799</b>	<b>201,212</b>	<b>228,546</b>	<b>163,617</b>	<b>9,896</b>	<b>10,758,033</b>

**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	270,084	-	803,947	2,310,906	66,611	37,413	629	11,414	3,501,004
Foreign currency deposits	1,283,739	-	1,186,456	1,338,293	79,720	147,897	161,371	2,122	4,199,598
Residents in Turkey	925,985	-	1,142,739	1,286,703	64,399	74,596	24,790	2,122	3,521,334
Residents abroad	357,754	-	43,717	51,590	15,321	73,301	136,581	-	678,264
Public sector deposits	103,715	-	1,095	1,508	-	-	194	-	106,512
Commercial deposits	705,974	-	670,802	649,711	14,650	27,499	263	102	2,069,001
Other institutions deposits	9,528	-	24,219	87,932	44,702	444	1	-	166,826
Precious metals deposits	16,613	-	3,854	2,086	835	374	-	-	23,762
Interbank deposits	97,638	-	91,200	34,046	64,623	9,057	17	-	296,581
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	14,862	-	-	5,068	-	-	-	-	19,930
Foreign Banks	32,303	-	91,200	28,978	64,623	9,057	17	-	226,178
Special finance houses	50,473	-	-	-	-	-	-	-	50,473
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,487,291</b>	<b>-</b>	<b>2,781,573</b>	<b>4,424,482</b>	<b>271,141</b>	<b>222,684</b>	<b>162,475</b>	<b>13,63810</b>	<b>3,633,878</b>

**b) Information on saving deposits under the guarantee of saving deposit insurance:**

**b.1) Saving deposits exceeding the limit of insurance:**

**i) 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 Insurance (*)		Exceeding the limit of Insurance (*)	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	1,359,603	1,265,160	1,859,662	2,130,077
Foreign currency saving deposits	355,317	379,691	1,173,395	1,302,510
Other deposits in the form of saving deposits	2,447	3,372	85,329	18,838
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
<b>Total</b>	<b>1,717,367</b>	<b>1,648,223</b>	<b>3,118,386</b>	<b>3,451,425</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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b.2) Information on the saving deposits of the bank with head office abroad, if the saving deposits in the branches of the bank located in Turkey are under the guarantee of saving deposit insurance in that country abroad: None.

b.3) Saving deposits not guaranteed by insurance:

i) Deposit of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Deposits and accounts in branches abroad	69,936	64,476
Deposits of ultimate shareholders and their close families	255,254	263,013
Deposits of chairman and members of the Board of Directors and their close families	11,264	10,408
Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

**2. Information on derivative financial liabilities:**

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	4,784	28,586	2,629	3,341
Swap Transactions	35,480	23,473	21,294	6,142
Futures Transactions	-	23,331	-	14,497
Options	17,631	7,881	7,061	2,973
Other	663	-	52	-
<b>Total</b>	<b>58,558</b>	<b>83,271</b>	<b>31,036</b>	<b>26,953</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	350,550	142,506	279,972	165,273
From Foreign Banks, Institutions and Funds	1,249,988	1,743,930	862,909	1,152,346
<b>Total</b>	<b>1,600,538</b>	<b>1,886,436</b>	<b>1,142,881</b>	<b>1,317,619</b>

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b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	1,548,838	1,485,108	1,130,992	873,061
Medium and long-term	51,700	401,328	11,889	444,558
<b>Total</b>	<b>1,600,538</b>	<b>1,886,436</b>	<b>1,142,881</b>	<b>1,317,619</b>

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

The Parent Bank diversifies its funding resources by the customer deposits and by the foreign borrowings. As of June 30, 2010, the Bank has a syndication loan of EUR 190,000,000 and USD 92,000,000, with a maturity of November 24, 2010, under foreign borrowings obtained on December 2, 2009.

The 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. The 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.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>From domestic transactions</b>	<b>333,153</b>	-	<b>1,071,971</b>	-
Financial institutions and organizations	332,650	-	1,071,243	-
Other institutions and organizations	-	-	-	-
Real persons	503	-	728	-
<b>From foreign transactions</b>	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
<b>Total</b>	<b>333,153</b>	-	<b>1,071,971</b>	-

4. **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 (December 31, 2009 – None).

**5. 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

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**5. Explanations on financial lease obligations (Net): (continued)**

- 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 the Parent Bank are leased under operational leases. For the year ended June 30, 2010, operational lease expenses amounting to TRY 38,572 (June 30, 2009 – TRY 38,346) 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.

**6. Information on derivative financial liabilities for hedging purposes:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Fair value hedge (*)	53,947	1	73,493	-
Cash flow hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
<b>Total</b>	<b>53,947</b>	<b>1</b>	<b>73,493</b>	<b>-</b>

(\*) Comprised of swaps for hedging purposes.

**7. Information on provisions:**

- a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	68,208	61,030
Provisions for Second Group Loans and Receivables	7,565	9,225
Provisions for Non-Cash Loans	10,794	8,833
Other	6,176	7,738
<b>Total</b>	<b>92,743</b>	<b>86,826</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 39,820 (December 31, 2009 - TRY 26,976) is offset from the loans on the balance sheet.
- c) The specific provisions provided for unindemnified non cash loans amount to TRY 14,213 (December 31, 2009 - TRY 10,617).

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

**7. Information on provisions: (continued)**

d) Information on employee termination benefits and unused vacation accrual:

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

As of June 30, 2010, the Group provided a reserve of TRY 13,346 (December 31, 2009- TRY 9,476) for the unused vacations. This balance is classified under other provisions in the financial statements.

d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	18,512	13,795
Service cost	1,705	2,676
Interest cost	991	1,591
Settlement cost	982	1,473
Actuarial (gain)/loss	-	2,410
Benefits paid	(1,190)	(3,433)
<b>Total</b>	<b>21,000</b>	<b>18,512</b>

e) Information on other provisions:

e.1) Provisions for possible losses: None (December 31, 2009 – 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	13,346	9,476
Provision for promotion of credit cards and banking services	4,469	4,163
Other (*)	19,118	32,232
<b>Total</b>	<b>36,933</b>	<b>45,871</b>

(\*) Included in other, TRY 3,379 (December 31, 2009 – TRY 20,605) is the provision related to the bonuses to be paid to the personnel, TRY 14,213 (December 31, 2009 – TRY 10,617) is the specific provisions for unindemnified non cash loans.

f) Liabilities on pension rights:

f.1) Liabilities for pension funds established in accordance with “Social Security Institution”: None (December 31, 2009 – None).

f.2) Liabilities resulting from all kinds of pension funds, foundations etc, which provide post retirement benefits for the employees: None (December 31, 2009 – None).

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

**8. Explanations on taxes payable:**

a) Information on current tax liability:

a.1) Corporate taxes:

	Current Period	Prior Period
Provision for Corporate Taxes	10,275	3,913

a.2) Information on taxes payable:

	Current Period	Prior Period
Taxation on Securities	7,401	9,088
Property Tax	961	920
Banking Insurance Transaction Tax (BITT)	9,604	10,050
Foreign Exchange Transaction Tax	7	10
Value Added Tax Payable	402	735
Other (*)	6,831	7,436
<b>Total</b>	<b>25,206</b>	<b>28,239</b>

(\*) Other includes income taxes deducted from wages amounting to TRY 5,616 (December 31, 2009 – TRY 6,108) and stamp taxes payable amounting to TRY 709 (December 31, 2009 - TRY 782) while prepaid income tax amounting to TRY 539 is deducted from other.

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	2,742	2,563
Social Security Premiums-Employer	2,909	2,723
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	191	180
Unemployment Insurance-Employer	383	359
Other	-	-
<b>Total</b>	<b>6,225</b>	<b>5,825</b>

c) Explanations on deferred tax liabilities, if any: None (December 31, 2009 – None).

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**9. Information on liabilities regarding assets held for sale and discontinued operations:** None (December 31, 2009 – None).

**10. 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 15, 2011 and interest rate is LIBOR+2.85%. USD 6 million principle of this subordinated loan was paid in two tranches on October 15, 2009 and April 15, 2010 in accordance with the terms of the main agreement.

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 July 15, 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 27, 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 Parent Bank has obtained a primary subordinated loan by issuing a bond amounting to 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 semi-annually interest payment. The interest rate is defined as 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 LIBOR + 5.25%.

Each of the four of the above facilities match BRSA's subordinated loan-capital definitions and positively 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	FC	TRY	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	468,591	-	483,474
<b>Total</b>	-	<b>468,591</b>	-	<b>483,474</b>

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**11. Information on Shareholders' Equity:**

- a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock	1,100,000	1,100,000
Preferred stock	-	-

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

Capital System	Paid-in capital	Ceiling
Registered Capital System	1,100,000	1,400,000

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

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

- e) Capital commitments in the last fiscal year and at the end of the following 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 Parent Bank's future interest income via simulations of net interest income and scenario analysis.

- g) Information on preferred shares:

7% of the Parent Bank's remaining net income after tax subsequent to deducting legal reserves and first dividends, corresponding to the Bank's 60,000 shares of TRY 30 (in full TRY) is distributed to the founder shares.

- h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	10,482	2,025	16,966	4,857
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>10,482</b>	<b>2,025</b>	<b>16,966</b>	<b>4,857</b>

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**11. Information on Shareholders' Equity: (continued)**

i) Information on marketable securities value increase fund: (continued)

	Current Period	Prior Period
Foreign currency marketable securities value increase fund	2,025	4,857
Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities held to maturity related to the above amount	-	-
<b>Total</b>	<b>2,025</b>	<b>4,857</b>

**Information on legal reserves:**

	Current Period	Prior Period
First legal reserves	54,347	42,642
Second legal reserves	16,149	14,877
Other legal reserves appropriated in accordance with special legislation	-	-
<b>Total</b>	<b>70,496</b>	<b>57,519</b>

**Information on extraordinary reserves:**

	Current Period	Prior Period
Reserves appropriated by the General Assembly	629,004	374,077
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange differences	-	-
<b>Total</b>	<b>629,004</b>	<b>374,077</b>

**Other Information on Shareholders' Equity:**

The movement of the marketable securities value increase fund is as follows:

	Current Period	Prior Period
At January 1	21,823	5,218
Net unrealized gains on available for sale investments	11,290	76,054
Realized gains on available for sale investments recycled to income statement on disposal	-	-
Realized losses on available for sale investments recycled to income statement on disposal and impairment	(22,929)	(55,251)
Tax effect of net gains on available for sale investments	2,323	(4,198)
Unrealized gains / (losses) on cash flow hedges	-	-
Gains / (losses) on cash flow hedges recycled to income statement	-	-
Tax effect of net gains on cash flow hedges	-	-
<b>At period end</b>	<b>12,507</b>	<b>21,823</b>

**12. Information on minority shares:** None (December 31, 2009 – None).

**13. Explanations on factoring payables:** None (December 31, 2009 – TRY 743).

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**SECTION FIVE**

**III. Explanations and Disclosures 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 1,044,722 and TRY 957,516; payment commitments for checks are TRY 724,170 and TRY 650,733 as of June 30, 2010 and December 31, 2009, 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 June 30, 2010 total guarantees and commitments consist of letters of guarantee amounting to TRY 2,970,162 (December 31, 2009 - TRY 2,724,472), acceptances amounting to TRY 70,168 (December 31, 2009 - TRY 39,205) and letters of credit amounting to TRY 911,261 (December 31, 2009 - TRY 784,382).

- b.2) Guarantees, suretyships, and similar transactions: The Group has other guarantees and suretyships amounting to TRY 280,917 as of June 30, 2010 (December 31, 2009 – TRY 207,612).

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

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	212,424	206,721
With maturity of 1 year or less than 1 year	61,132	40,135
With maturity of more than 1 year	151,292	166,586
Other non-cash loans	4,020,084	3,548,950
<b>Total</b>	<b>4,232,508</b>	<b>3,755,671</b>

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	23,566	1.29	29,239	1.21	22,109	1.44	39,986	1.80
Farming and raising livestock	19,828	1.09	11,381	0.47	16,422	1.07	23,166	1.04
Forestry	3,491	0.19	17,858	0.74	5,180	0.34	16,820	0.76
Fishery	247	0.01	-	-	507	0.03	-	-
Manufacturing	986,240	54.06	1,267,457	52.64	830,539	54.19	1,142,034	51.37
Mining	51,650	2.83	19,270	0.80	43,566	2.85	24,103	1.08
Production	914,790	50.14	1,240,664	51.53	767,155	50.05	1,101,885	49.57
Electric, gas and water	19,800	1.09	7,523	0.31	19,818	1.29	16,046	0.72
Construction	397,601	21.80	301,098	12.50	328,665	21.44	280,978	12.64
Services	388,654	21.31	359,101	14.91	331,611	21.64	335,758	15.10
Wholesale and retail trade	134,575	7.39	39,632	1.65	99,329	6.48	23,038	1.04
Hotel, food and beverage services	10,367	0.57	5,680	0.24	7,139	0.47	3,209	0.14
Transportation and telecommunication	101,478	5.56	182,561	7.58	77,468	5.05	177,007	7.96
Financial institutions	40,344	2.21	96,111	3.99	39,790	2.60	80,748	3.63
Real estate and renting services	29,456	1.61	13,779	0.57	25,949	1.69	22,953	1.03
Self-employment services	48,064	2.63	4,961	0.20	47,328	3.09	10,290	0.46
Education services	337	0.02	627	0.03	564	0.04	579	0.03
Health and social services	24,033	1.32	15,750	0.65	34,044	2.22	17,934	0.81
Other	28,133	1.54	451,419	18.74	19,777	1.29	424,214	19.09
<b>Total</b>	<b>1,824,194</b>	<b>100.00</b>	<b>2,408,314</b>	<b>100.00</b>	<b>1,532,701</b>	<b>100.00</b>	<b>2,222,970</b>	<b>100.00</b>

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

**1. Information on off-balance sheet liabilities: (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	1,599,202	1,310,514	21,051	39,395
Bank acceptances	128	70,040	-	-
Letters of credit	4,565	902,516	-	4,180
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	199,097	80,119	151	1,550
<b>Total</b>	<b>1,802,992</b>	<b>2,363,189</b>	<b>21,202</b>	<b>45,125</b>

The Parent Bank provided a reserve of TRY 14,213 (December 31, 2009: TRY 10,617) for non-cash loans not yet indemnified amounting to TRY 24,943 (December 31, 2009: TRY 18,361).

**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)	12,182,647	6,867,168	-	-
Forward transactions	3,341,205	1,655,125	-	-
Swap transactions	3,735,629	2,437,034	-	-
Futures transactions	612,203	483,173	-	-
Option transactions	4,493,610	2,291,836	-	-
Interest related derivative transactions (II)	582,410	375,169	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	446,410	338,514	-	-
Interest option transactions	136,000	36,655	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	-	-	-	-
Other trading derivative transactions (IV)	1,227	-	-	-
A.Total trading derivative transactions (I+II+III+IV)	12,766,284	7,242,337	-	-
<b>Types of hedging transactions</b>				
Fair value hedges	-	-	640,823	761,499
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	640,823	761,499
<b>Total Derivative Transactions (A+B)</b>	<b>12,766,284</b>	<b>7,242,337</b>	<b>640,823</b>	<b>761,499</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 current period 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 and Disclosures Related to the Consolidated Off-Balance Sheet Contingencies and Commitments (continued)**

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

As of July 1, 2008, the Parent Bank has started to apply fair value hedge accounting in order to avoid the effects of interest rate changes in the market by matching TRY 640,823 (December 31, 2009: TRY 761,499) of its swap portfolio with its loan portfolio.

As of June 30, 2010 and December 31, 2009, 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	383,389	384,815	381,676	1,077,081	1,069,033	832,255	-	-
USD	707,120	780,232	236,186	853,645	654,349	662,756	294,689	-
EURO	486,363	285,031	1,310,345	201,092	589,346	686,118	-	-
OTHER	181,572	132,683	62,242	59,772	80,917	54,836	-	317,514
<b>Total</b>	<b>1,758,444</b>	<b>1,582,761</b>	<b>1,990,449</b>	<b>2,191,590</b>	<b>2,393,645</b>	<b>2,235,965</b>	<b>294,689</b>	<b>317,514</b>
Prior Period								
TRY	358,911	191,184	251,511	663,979	476,853	485,412	-	-
USD	160,626	445,333	272,232	566,736	324,011	322,206	234,791	-
EURO	286,391	145,176	744,288	104,290	245,423	230,800	-	-
OTHER	34,976	32,528	120,376	52,136	132,380	111,406	-	248,382
<b>Total</b>	<b>840,904</b>	<b>814,221</b>	<b>1,388,407</b>	<b>1,387,141</b>	<b>1,178,667</b>	<b>1,149,824</b>	<b>234,791</b>	<b>248,382</b>

As of June 30, 2010, the Group has no cash flow hedges. (December 31, 2009 – None)

As of June 30, 2010, the Group has no hedge of net investment. (December 31, 2009 – None)

**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 entities 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 June 30, 2010 there are no contingent assets that need to be explained. (December 31, 2009 – 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 June 30, 2010 there are no contingent liabilities that need to be explained. (December 31, 2009 – 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 consolidated statement of contingencies and commitments.

Investment fund participation certificates held in custody which belong to the customers and the portfolio are accounted for with their nominal values. As of June 30, 2010 the total nominal value and the total number of certificates are TRY 1,290,827 and 129,071,754 thousand respectively (December 31, 2009: TRY 1,444,205 and 113,835,511 thousand) and the total fair value is TRY 6,464,320 (December 31, 2009: TRY 5,645,247)

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

**5. The information on the Bank's rating by the international rating introductions (\*) :**

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

**Moody's Investor Services: January 2010**

<b>View</b>	Stable
<b>Bank Financial Strength</b>	D+
<b>Foreign Currency Deposits</b>	Ba3/NP

**Fitch Ratings: June 2010**

**Foreign Currency Commitments**

Long term	BBB-
Short term	F3
View	Stable

**Turkish Lira Commitments**

Long term	BBB
Short term	F3
View	Stable
National	AAA (tur)
View	Stable

**Individual Rating** C/D

**Support Points** 2

(\*) Ratings above are not performed based on the "Communiqué for Authorization and Activities of Rating Institutions" published by the Capital Markets Board.

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**SECTION FIVE**

**IV. Explanations and Disclosures Related to the Consolidated Statement of Income**

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

<b>Current Period</b>	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TRY</b>	<b>FC</b>	<b>TRY</b>	<b>FC</b>
Interest on loans (*)				
Short term loans	297,607	53,354	431,396	77,462
Medium and long term loans	217,812	29,634	184,228	19,021
Interest on non-performing loans	6,131	-	2,688	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>521,550</b>	<b>82,988</b>	<b>618,312</b>	<b>96,483</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TRY 25,227 (June 30, 2009: TRY 20,598).

**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	-	-	-	10
Domestic banks	2,521	61	675	45
Foreign banks	4,290	1,112	3,288	9,013
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>6,811</b>	<b>1,173</b>	<b>3,963</b>	<b>9,068</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	7,765	421	4,916	686
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	90,727	2,916	75,499	5,755
Held-to-maturity securities	32,859	537	63,886	558
<b>Total</b>	<b>131,351</b>	<b>3,874</b>	<b>144,301</b>	<b>6,999</b>

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

Interest income received from associates and subsidiaries are eliminated in the consolidated financial statements.

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**IV. Explanations and Disclosures Related to the Consolidated Statement of Income**  
**(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	11,565	1,304	10,776	5,444
Foreign banks	42,479	14,119	87,807	22,037
Branches and head office abroad	-	-	-	-
Other financial institutions	-	15,514	-	17,506
<b>Total</b>	<b>54,044</b>	<b>30,937</b>	<b>98,583</b>	<b>44,987</b>

(\* Includes fees and commission expenses of cash loans amounting to TRY 2,424 (June 30, 2009: TRY 1,794).

**b) Information on interest expenses to associates and subsidiaries:**

Interest expenses paid to associates and subsidiaries are eliminated in the consolidated financial statements.

**c) Information on interest expenses to marketable securities issued:** None (June 30, 2009 – None).

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

Account Name	Time Deposits							Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Accumulated Deposits	
<b>TRY</b>								
Bank deposits	897	3,043	188	-	22	20	-	4,171
Saving deposits	1	35,413	94,330	3,248	4,275	26	385	137,678
Public sector deposits	-	70	92	1	8	-	-	171
Commercial deposits	1,099	30,784	27,380	283	765	-	-	60,311
Other deposits	-	1,284	5,634	2,214	11	2	-	9,145
7 days call accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,997</b>	<b>70,594</b>	<b>127,624</b>	<b>5,746</b>	<b>5,081</b>	<b>48</b>	<b>385</b>	<b>211,475</b>
<b>FC</b>								
Foreign currency deposits	3,000	11,199	18,320	555	1,779	2,909	14	37,776
Bank deposits	124	176	357	29	36	-	-	722
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	126	36	18	8	3	-	-	191
<b>Total</b>	<b>3,250</b>	<b>11,411</b>	<b>18,695</b>	<b>592</b>	<b>1,818</b>	<b>2,909</b>	<b>14</b>	<b>38,689</b>
<b>Grand Total</b>	<b>5,247</b>	<b>82,005</b>	<b>146,319</b>	<b>6,338</b>	<b>6,899</b>	<b>2,957</b>	<b>399</b>	<b>250,164</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	6	9
Other	-	-
<b>Total</b>	<b>6</b>	<b>9</b>

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

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

	Current Period	Prior Period
<b>Income</b>	<b>1,237,095</b>	<b>1,570,768</b>
Gains on capital market operations	28,242	54,543
Gains on derivative financial instruments(**)	294,312	321,573
Foreign exchange gains(*)	914,541	1,194,652
<b>Losses (-)</b>	<b>1,236,240</b>	<b>1,526,007</b>
Losses on capital market operations	7,908	7,304
Loss on derivative financial instruments(**)	455,164	417,728
Foreign exchange losses(*)	773,168	1,100,975

(\*) As of June 30, 2010, the foreign exchange gains on the foreign currency indexed loans are TRY 30,661 (June 30, 2009: TRY 31,038) and the foreign exchange losses on the foreign currency indexed loans are TRY 29,062 (June 30, 2009: TRY 15,640).

(\*\*) Gain on hedging transactions is TRY 19,137 (June 30, 2009 – TRY 9,416), while loss on hedging transactions is TRY 41,050 (June 30, 2009 – TRY 55,618).

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

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

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	59,317	97,957
III. Group Loans and Receivables	(5,975)	1,891
IV. Group Loans and Receivables	(6,976)	19,612
V. Group Loans and Receivables	72,268	76,454
General provision expenses	6,044	(13,373)
Marketable securities impairment losses	4,589	621
Financial assets at fair value through profit and loss	33	26
Investment securities available for sale	4,556	595
Impairment provision expense	1,603	1,570
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investments held to maturity	1,603	1,570
Other	2,983	5,189
<b>Total</b>	<b>74,536</b>	<b>91,964</b>

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**(continued)**

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

	Current Period	Prior Period
Personnel expenses	191,117	190,178
Reserve for employee termination benefits	3,678	3,724
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	23,435	23,515
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	3,760	3,255
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1,226	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	132,055	126,313
Rent expenses	38,572	38,346
Maintenance expenses	3,005	2,774
Advertisement expenses	13,410	12,131
Other expenses	77,068	73,062
Loss on sales of assets	22	39
Other(*)	40,423	27,764
<b>Total</b>	<b>395,716</b>	<b>374,788</b>

(\*) Included in other, the premiums paid to the Saving Deposit Insurance Fund is TRY 5,367 (June 30, 2009 - TRY 5,117) and taxes other than on income is TRY 21,050 (June 30, 2009 - TRY 11,079).

**8. Information on profit/(loss) from continued and discontinued operations before taxes:**

Profit before tax of the Group consists of net interest income and net fees and commission income amounting to TRY 425,552 (June 30, 2009 - TRY 445,423) and TRY 147,588 (June 30, 2009 - TRY 141,220), respectively; while operating expenses are TRY 395,716 (June 30, 2009 - TRY 374,788).

**9. Information on tax provision for continued and discontinued operations:**

- As of June 30, 2010, current tax charge is TRY 30,026 (June 30, 2009 - TRY 22,435 tax charge) and deferred tax benefit is TRY 5,369 (June 30, 2009 - TRY 10,770 deferred tax charge).
- Deferred tax benefit on temporary differences is TRY 5,369 (June 30, 2009 - TRY 10,770 deferred tax charge).

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

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

c) Tax reconciliation:

	Current Period	Prior Period
<b>Profit before tax</b>	<b>132,062</b>	<b>180,582</b>
<b>Additions</b>	<b>19,686</b>	<b>25,422</b>
Disallowables	3,788	13,545
General loan loss provision	6,857	1,822
Effect of different tax rate	3,854	2,578
Other	5,187	7,477
<b>Deductions</b>	<b>(28,462)</b>	<b>(39,978)</b>
General loan loss provision	(186)	(14,037)
Provision for possible tax disputes	-	(14,711)
Prior years' losses	-	(9,839)
Unused investment incentive	(27,361)	-
Other	(915)	(1,391)
<b>Taxable Profit / (Loss)</b>	<b>123,286</b>	<b>166,026</b>
Corporate tax rate	%20	%20
<b>Tax calculated</b>	<b>24,657</b>	<b>33,205</b>

As of June 30, 2010, current tax charge is TRY 30,026 (June 30, 2009 – TRY 22,435 current tax charge) and deferred tax benefit on temporary differences is TRY 5,369 (June 30, 2009 – TRY 10,770 deferred tax charge). Net tax charge recognized in the financial statements is TRY 24,657 (June 30, 2009 – TRY 33,205 tax charge).

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

The Group's net profit for the period ended June 30, 2010 is TRY 107,405 (June 30, 2009: TRY 147,377).

**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 (June 30, 2009 – None).
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (June 30, 2009 – None).
- Profit or loss attributable to minority shares: None (June 30, 2009 – None).

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

**12. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items:**

	Current Period	Prior Period
<u>Other interest income</u>		
Factoring interest income	20,186	24,562
Mark to market differences of the hedged item	465	7,230
Other	2,946	1,966
<b>Total</b>	<b>23,597</b>	<b>33,758</b>

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Brokerage commissions received	13,189	10,369
Credit cards commissions and fees	88,610	89,382
Fund management commissions	20,071	20,616
Import letters of credit commissions	1,899	2,344
Inquiry and company search fees and commissions	10,795	6,753
Settlement expense provision, eft, swift, agency commissions	6,235	4,901
Insurance commissions	7,463	4,553
Transfer commissions	4,223	3,105
Commissions and fees earned from correspondent banks	3,907	3,144
Consultancy fees	220	642
Other	33,352	31,002
<b>Total</b>	<b>189,964</b>	<b>176,811</b>

<u>Other fees and commissions given</u>		
Credit cards commissions and fees	53,824	47,005
Commissions and fees paid to correspondent banks	4,305	3,696
Settlement and swift commissions	2,271	1,485
Other	7,233	4,662
<b>Total</b>	<b>67,633</b>	<b>56,848</b>

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**V. Explanations on the Risk Group of the Parent 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 (Joint Vent.)		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	-	-	15,688	46,004	60,793	88,948
Balance at end of period	-	-	45,516	6,691	85,387	68,158
Interest and commission income	-	-	1,494	7	3,096	286

Included in the balances above, the Parent Bank has placements in foreign bank accounts amounting to TRY TRY 43,780 with respect to direct and indirect corporate and real person shareholders and TRY 37,586 other entities included in the risk group.

b) Prior Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		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	-	-	82,234	14,059	121,993	7,573
Balance at end of period	-	-	15,688	46,004	60,793	88,948
Interest and commission income received	-	-	6,420	1	2,819	75

Included in the balances above, the Parent Bank has placements in foreign bank accounts amounting to TRY 14,085 with respect to direct and indirect corporate and real person shareholders and TRY 8,854 other entities included in the risk group.

c.1) Information on related party deposits balances:

Related parties	Subsidiaries, associates and entities under common control (Joint Vent.)		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	-	-	282,015	189,247	175,059	836,370
Balance at end of period	-	-	378,496	282,015	190,469	175,059
Interest on deposits	-	-	11,865	25,233	2,619	7,194

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 (Joint Vent.)		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	-	-	1,649,880	2,401,449	746,942	419,698
End of period	-	-	3,950,260	1,649,880	820,587	746,942
Total income/loss	-	-	(36,462)	13,883	10,840	(31,252)
Hedging transactions purposes						
Beginning of period	-	-	306,331	322,681	-	-
End of period	-	-	201,404	306,331	-	-
Total income/loss	-	-	(8,905)	(4,448)	-	-

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

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

**1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances (continued):**

- d) As of June 30, 2010, the total amount of remuneration and benefits provided to the senior management of the Group is TRY 13,519 (June 30, 2009 – TRY 11,481).

**2. Disclosures for related parties:**

- a) The relations of the Parent Bank with the entities controlled by the Parent 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	49,537	0.43
Non-cash loans	74,849	1.77
Deposits	568,965	5.29
Derivative financial instruments	4,770,847	37.37
Derivative financial instruments for hedging purposes	201,404	31.43

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 leasing agreements with TEB Finansal Kiralama A.Ş. As of June 30, 2010 the total leasing obligations related to these agreements amounted to TRY 40. This amount is eliminated from the accompanying consolidated financial statements. Additionally, the Parent Bank provides agency services for TEB Yatırım Menkul Değerler A.Ş. 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 0.79%. Details of these loans are explained in the Section V, Note 1a.

As of June 30, 2010 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 Accountants' Limited Review Report**

The consolidated interim financial statements of the Group have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and the independent auditor's limited review report dated August 13, 2010 is presented preceding the financial statements.

**II. Other Footnotes and Explanations Prepared by Independent Accountants**

None.