

**TÜRK EKONOMİ BANKASI
ANONİM ŞİRKETİ**

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

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

We have reviewed the accompanying balance sheet of Türk Ekonomi Bankası A.Ş. ("The Bank") as at September 30, 2010 and the related statements of income, changes in shareholders' equity, cash flows for the period then ended. These financial statements are the responsibility of the Bank's management. As independent accountants, our responsibility is to issue a report based on the review performed on these financial statements.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of the Bank for the period ended September 30, 2010 in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations, 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:

Pursuant to the disclosures made on June 3, 2010 by Fortis Bank A.Ş. and Türk Ekonomi Bankası A.Ş. ("TEB"), it was stated that controlling shareholders of the related banks had reached an agreement under the Memorandum of Understanding, executed by and between Çolakoğlu Group and BNP Paribas Group, on the merger of TEB and Fortis Bank A.Ş. under TEB, and that necessary applications would be made to the relevant regulators. It was also announced on September 22, 2010 on the Public Disclosure Platform that it was approved to begin the process in relation to the transfer of all the assets and liabilities of Fortis Bank A.Ş. by dissolution of its legal entity, to TEB as per the resolution of BRSA dated September 21, 2010 and numbered 3859, subject to the approval of other relevant authorities.

An application was filed with the Capital Markets Board (“CMB”) on October 26, 2010, following the Extraordinary General Assemblies of the merging entities dated October 19, 2010, as per the requirement set forth under Article 11 of the CMB Communiqué Serial: I No: 31. The appraisal process of valuers appointed by the court and advisors are ongoing. Such appraisals will be analysed by the Board of Directors of the merging banks when they become ready and the merger ratio will be submitted to the CMB and duly announced publicly.

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 Bank’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 LIMITED**

Hasan Kılıç
Partner

Istanbul, November 11, 2010

**THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2010**

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

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT

The unconsolidated financial statements and the explanatory footnotes and disclosures for the nine 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.

November 11, 2010

Yavuz Canevi	Dr. Akın Akbaygil	Jean Paul Sabet	Varol Civil	M. Aşkın Dolaştır	B. İlğaz Doğan
Chairman of the Board of Directors	Vice Chairman of the Audit Committee	Member of the Audit Committee	General Manager	Assistant General Manager Responsible of Financial Reporting	Director Responsible of Financial Reporting

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 FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2010
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

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

As of September 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
	1,100,000	100.00	1,100,000	100.00

As of September 30, 2010, 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 FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 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 Bank They Possess

<u>Name</u>	<u>Title</u>
Board of Directors;	
Yavuz Canevi	Chairman of the Board of Directors
Dr.Akın Akbaygıl	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
Jean Paul Sabet (*) (*****)	Member of the Board of Directors, Member of the Audit Committee 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
Ayşe Aşardağ (**)	Member of the Board of Directors
Varol Civil	In Charge Member of the Board of Directors and General Manager
Musa Erden	In Charge Member of the Board of Directors
Assistant General Managers;	
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
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
Inspection Committee and Statutory Auditors;	
Hakan Tıraşın	Chairman of the Inspection Committee
Esra Peri Aydoğan (***)	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.
- (**) Ayşe Aşardağ was appointed as the new member of the board of directors as of September 3, 2010, upon the decease of Refael Taranto.
- (***) Esra Peri was appointed as statutory auditor after Ayşe Aşardağ was appointed as the new member of board of directors.
- (****) Ünsal Aysun left from his position as assistant general manager responsible from project financing and cash management as of April 1, 2010.
- (*****) Patrick Rene Pitton left from his position as chairman of the audit committee as of October 27, 2010 and Jean Paul Sabet was appointed as the member of the audit committee at the same date.

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

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

IV. Information About the Persons and Institutions That Have Qualified Shares

Name / Commercial Name	Share Amount	Share Ratio	Paid up Shares	Unpaid Shares
TEB Mali Yatırımlar A.Ş.	926,796	84.25%	926,796	-

The directly or indirectly authorized group that has the qualified shares in the 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. As of October 25, 2010, 50% of the shares of TEB Mali Yatırımlar A.Ş. held by BNP Paribas S.A. was transferred to BNP Paribas Fortis Yatırımlar Holding A.Ş.

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

The Bank's operating areas include corporate, retail and private banking as well as project finance, fund management and custody operations. Besides the ordinary banking operations, the 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 September 30, 2010, the Bank has 331 local branches and 4 foreign branches (December 31, 2009 - 330 local branches, 4 foreign branches).

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet
- II. Statement of Off-Balance Sheet Contingencies and Commitments
- III. Statement of Income
- IV. Statement of Profit and Loss Accounted for Under Equity
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
BALANCE SHEET AS OF SEPTEMBER 30, 2010

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

I. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)

		Reviewed Current Period 30.09.2010			Audited Prior Period 31.12.2009			
	Note Ref.	TRY	FC	Total	TRY	FC	Total	
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	346,428	1,346,720	1,693,148	344,364	1,167,340	1,511,704
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	331,806	27,121	358,927	165,315	22,990	188,305
2.1	Financial assets held for trading		331,806	27,121	358,927	165,315	22,990	188,305
2.1.1	Public sector debt securities		233,931	4,717	238,648	122,146	4,464	126,610
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading		97,875	22,404	120,279	43,169	18,526	61,695
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		-	-	-	-	-	-
III.	BANKS	(3)	30,859	294,804	325,663	57,807	345,794	403,601
IV.	MONEY MARKET PLACEMENTS		-	-	-	610,110	84,807	694,917
4.1	Interbank money market placements		-	-	-	610,110	84,807	694,917
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	2,416,450	204,699	2,621,149	1,599,385	62,327	1,661,712
5.1	Share certificates		15,607	1,770	17,377	2,009	2,583	4,592
5.2	Public sector debt securities		2,400,843	202,929	2,603,772	1,597,376	59,744	1,657,120
5.3	Other marketable securities		-	-	-	-	-	-
VI.	LOANS AND RECEIVABLES	(5)	8,525,191	2,268,588	10,793,779	7,003,244	1,987,471	8,990,715
6.1	Loans and receivables		8,387,113	2,268,588	10,655,701	6,815,092	1,987,471	8,802,563
6.1.1	Loans to Risk Group of the Bank		101,653	25,553	127,206	22,005	31,260	53,265
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		8,285,460	2,243,035	10,528,495	6,793,087	1,956,211	8,749,298
6.2	Non-performing loans		348,698	-	348,698	427,991	-	427,991
6.3	Specific provisions (-)		(210,620)	-	(210,620)	(239,839)	-	(239,839)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD TO MATURITY INVESTMENTS (Net)	(6)	209,866	-	209,866	880,803	-	880,803
8.1	Public sector debt securities		209,866	-	209,866	880,803	-	880,803
8.2	Other marketable securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	-	-	-
9.1	Accounted for under equity method		-	-	-	-	-	-
9.2	Unconsolidated associates		-	-	-	-	-	-
9.2.1	Financial investments		-	-	-	-	-	-
9.2.2	Non-financial investments		-	-	-	-	-	-
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	58,436	61,254	119,690	92,667	61,254	153,921
10.1	Unconsolidated financial subsidiaries		58,436	61,254	119,690	92,667	61,254	153,921
10.2	Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI.	ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	5	-	5	1	-	1
11.1	Consolidated under equity method		-	-	-	-	-	-
11.2	Unconsolidated		5	-	5	1	-	1
11.2.1	Financial subsidiaries		-	-	-	-	-	-
11.2.2	Non-financial subsidiaries		5	-	5	1	-	1
XII.	FINANCE LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1	Finance lease receivables		-	-	-	-	-	-
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	7,452	764	8,216	30,976	354	31,330
13.1	Fair value hedge		7,452	764	8,216	30,976	354	31,330
13.2	Cash flow hedge		-	-	-	-	-	-
13.3	Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(12)	143,339	-	143,339	154,984	-	154,984
XV.	INTANGIBLE ASSETS (Net)	(13)	10,440	-	10,440	10,910	-	10,910
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		10,440	-	10,440	10,910	-	10,910
XVI.	INVESTMENT PROPERTIES (Net)	(14)	-	-	-	-	-	-
XVII.	TAX ASSET	(15)	11,840	-	11,840	7,869	-	7,869
17.1	Current tax asset		-	-	-	-	-	-
17.2	Deferred tax asset		11,840	-	11,840	7,869	-	7,869
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1	Held for sale		-	-	-	-	-	-
18.2	Discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(17)	446,465	30,314	476,779	340,853	31,935	372,788
TOTAL ASSETS			12,538,577	4,234,264	16,772,841	11,299,288	3,764,272	15,063,560

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
BALANCE SHEET AS OF SEPTEMBER 30, 2010

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

I. BALANCE SHEET – LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)

	Note Ref.	Reviewed Current Period 30.09.2010			Audited Prior Period 31.12.2009		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	5,892,121	3,850,350	9,742,471	5,867,274	3,554,361	9,421,635
1.1 Deposits from Risk Group of the Bank		101,448	258,161	359,609	142,353	286,136	428,489
1.2 Other		5,790,673	3,592,189	9,382,862	5,724,921	3,268,225	8,993,146
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	82,030	43,350	125,380	30,123	21,746	51,869
III. FUNDS BORROWED	(3)	1,686,758	1,427,305	3,114,063	787,994	861,621	1,649,615
IV. MONEY MARKET BALANCES		512,306	-	512,306	1,071,971	-	1,071,971
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		512,306	-	512,306	1,071,971	-	1,071,971
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. SUNDRY CREDITORS		288,584	7,955	296,539	244,767	12,633	257,400
VIII. OTHER LIABILITIES	(4)	432,631	723	433,354	237,606	388	237,994
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES	(5)	-	16	16	-	30	30
10.1 Finance lease payables		-	22	22	-	42	42
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	(6)	(6)	-	(12)	(12)
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	55,362	-	55,362	73,493	-	73,493
11.1 Fair value hedge		55,362	-	55,362	73,493	-	73,493
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(7)	138,871	14,862	153,733	119,850	12,222	132,072
12.1 General loan loss provisions		74,001	14,858	88,859	62,406	12,222	74,628
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		21,181	-	21,181	17,556	-	17,556
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		43,689	4	43,693	39,888	-	39,888
XIII. TAX LIABILITY	(8)	40,940	-	40,940	34,555	-	34,555
13.1 Current tax liability		40,940	-	40,940	34,555	-	34,555
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(9)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(10)	-	453,561	453,561	-	483,474	483,474
XVI. SHAREHOLDERS' EQUITY	(11)	1,840,782	4,334	1,845,116	1,644,728	4,724	1,649,452
16.1 Paid-in capital		1,100,000	-	1,100,000	1,100,000	-	1,100,000
16.2 Supplementary capital		38,546	4,334	42,880	19,908	4,724	24,632
16.2.1 Share premium		2,158	-	2,158	2,158	-	2,158
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		35,462	4,334	39,796	16,824	4,724	21,548
16.2.4 Tangible assets revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property 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		524,820	-	524,820	314,653	-	314,653
16.3.1 Legal reserves		45,468	-	45,468	34,959	-	34,959
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		479,352	-	479,352	279,694	-	279,694
16.3.4 Other profit reserves		-	-	-	-	-	-
16.4 Profit or loss		177,416	-	177,416	210,167	-	210,167
16.4.1 Prior years' income / (losses)		-	-	-	-	-	-
16.4.2 Current year income / (loss)		177,416	-	177,416	210,167	-	210,167
16.5 Minority shares	(12)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		10,970,385	5,802,456	16,772,841	10,112,361	4,951,199	15,063,560

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES
AND COMMITMENTS AS OF SEPTEMBER 30, 2010
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

		Reviewed Current Period 30.09.2010			Audited Prior Period 31.12.2009		
	Note Ref.	TRY	FC	TOTAL	TRY	FC	TOTAL
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)	11,772,750	11,215,006	22,987,756	7,443,468	6,990,647	14,434,115
I.	GUARANTEES	(1), (3)	2,031,146	1,939,281	3,970,427	1,532,701	1,895,919
1.1	Letters of guarantee	1,817,014	1,251,093	3,068,107	1,415,128	1,263,128	2,678,395
1.1.1	Guarantees subject to State Tender Law	89,757	15,477	105,234	78,334	24,009	102,343
1.1.2	Guarantees given for foreign trade operations	195,944	27,992	223,936	134,913	19,444	154,357
1.1.3	Other letters of guarantee	1,531,313	1,207,624	2,738,937	1,201,881	1,219,814	2,421,695
1.2	Bank loans	1,059	61,321	62,380	171	39,034	39,205
1.2.1	Import letter of acceptance	1,059	60,574	61,633	171	36,594	36,765
1.2.2	Other bank acceptances	-	747	747	-	2,440	2,440
1.3	Letters of credit	39	548,461	548,500	339	503,069	503,408
1.3.1	Documentary letters of credit	39	456,439	456,478	339	408,795	409,134
1.3.2	Other letters of credit	-	92,022	92,022	-	94,274	94,274
1.4	Pre-financing 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	212,558	47,217	259,775	116,803	68,573	185,376
1.9	Other collaterals	476	31,189	31,665	260	21,976	22,236
II.	COMMITMENTS	(1), (3)	3,332,108	912,955	4,245,063	636,396	3,714,270
2.1	Irrevocable commitments	3,332,108	912,955	4,245,063	3,077,874	636,396	3,714,270
2.1.1	Forward asset purchase commitments	138,746	903,917	1,042,663	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	1,327,079	47	1,327,126	996,619	-	996,619
2.1.5	Securities underwriting commitments	-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements	-	-	-	346,683	380,104	726,787
2.1.7	Payment commitment for checks	702,583	-	702,583	650,733	-	650,733
2.1.8	Tax and fund liabilities from export commitments	15,482	-	15,482	14,914	-	14,914
2.1.9	Commitments for credit card expenditure limits	1,135,554	-	1,135,554	956,344	-	956,344
2.1.10	Commitments for promotions related with credit cards and banking activities	2,857	-	2,857	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	7,807	8,991	16,798	111	3,811	3,922
2.2	Revocable commitments	-	-	-	-	-	-
2.2.1	Revocable loan granting commitments	-	-	-	-	-	-
2.2.2	Other revocable commitments	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	6,409,496	8,362,770	14,772,266	2,832,893	4,458,332
3.1	Derivative financial instruments for hedging purposes	370,563	167,434	537,997	469,988	291,511	761,499
3.1.1	Fair value hedge	370,563	167,434	537,997	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	6,038,933	8,195,336	14,234,269	2,362,905	4,166,821	6,529,726
3.2.1	Forward foreign currency buy/sell transactions	638,799	2,014,674	2,653,473	539,048	1,048,584	1,587,632
3.2.1.1	Forward foreign currency transactions-buy	330,307	1,085,548	1,415,855	355,035	452,209	807,244
3.2.1.2	Forward foreign currency transactions-sell	308,492	929,126	1,237,618	184,013	596,375	780,388
3.2.2	Swap transactions related to f.c. and interest rates	3,055,987	3,504,956	6,560,943	861,205	1,268,459	2,129,664
3.2.2.1	Foreign currency swap-buy	1,029,720	1,986,712	3,016,432	151,511	765,023	916,534
3.2.2.2	Foreign currency swap-sell	1,691,267	1,448,616	3,139,883	509,694	400,436	910,130
3.2.2.3	Interest rate swaps-buy	167,500	34,814	202,314	100,000	51,500	151,500
3.2.2.4	Interest rate swaps-sell	167,500	34,814	202,314	100,000	51,500	151,500
3.2.3	Foreign currency, interest rate and securities options	2,344,147	2,143,538	4,487,685	962,652	1,366,605	2,329,257
3.2.3.1	Foreign currency options-buy	962,444	1,087,179	2,049,623	440,201	702,193	1,142,394
3.2.3.2	Foreign currency options-sell	886,383	1,056,359	1,942,742	485,796	664,412	1,150,208
3.2.3.3	Interest rate options-buy	242,300	-	242,300	36,655	-	36,655
3.2.3.4	Interest rate options-sell	-	-	-	-	-	-
3.2.3.5	Securities options-buy	84,900	-	84,900	-	-	-
3.2.3.6	Securities options-sell	168,120	-	168,120	-	-	-
3.2.4	Foreign currency futures	-	532,168	532,168	-	483,173	483,173
3.2.4.1	Foreign currency futures-buy	-	257,559	257,559	-	234,791	234,791
3.2.4.2	Foreign currency futures-sell	-	274,609	274,609	-	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	-	-	-	-	-	-
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)	29,689,428	7,373,242	37,062,670	24,027,336	7,443,354	31,470,690
IV.	ITEMS HELD IN CUSTODY	7,944,441	545,345	8,489,786	6,213,057	482,176	6,695,233
4.1	Assets under management	1,311,034	-	1,311,034	1,138,296	-	1,138,296
4.2	Investment securities held in custody	3,137,478	110,931	3,248,409	2,175,211	110,097	2,285,308
4.3	Checks received for collection	3,323,272	269,510	3,592,782	2,754,141	229,619	2,983,760
4.4	Commercial notes received for collection	168,358	71,370	239,728	145,063	84,934	229,997
4.5	Other assets received for collection	1,739	93,534	95,273	247	57,526	57,773
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	2,560	-	2,560	99	-	99
4.8	Custodians	-	-	-	-	-	-
V.	PLEDGED ITEMS	21,714,545	6,823,155	28,537,700	17,788,575	6,957,362	24,745,937
5.1	Marketable securities	619,611	9,474	629,085	266,577	8,351	274,928
5.2	Guarantee notes	10,975,349	5,248,817	16,224,166	8,833,394	5,403,205	14,236,599
5.3	Commodity	2,364	146,887	149,251	7,515	104,472	111,987
5.4	Warranty	-	-	-	-	-	-
5.5	Properties	8,733,079	903,897	9,636,976	7,457,561	1,077,294	8,534,855
5.6	Other pledged items	1,384,142	514,080	1,898,222	1,223,528	364,040	1,587,568
5.7	Pledged items-depository	-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	30,442	4,742	35,184	25,704	3,816	29,520
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		41,462,178	18,588,248	60,050,426	31,470,804	14,434,001	45,904,805

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

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

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

III. STATEMENT OF INCOME

		Reviewed Current Period 01.01-30.09.2010	Reviewed Prior Period 01.01-30.09.2009	Reviewed Current Period 01.07-30.09.2010	Reviewed Prior Period 01.07-30.09.2009
		Total	Total	Total	Total
I.	INTEREST INCOME	(1) 1,111,611	1,283,445	384,165	386,680
1.1	Interest on loans	883,423	980,820	304,649	290,519
1.2	Interest received from reserve deposits	13,804	22,875	4,765	5,455
1.3	Interest received from banks	5,308	10,953	1,789	2,164
1.4	Interest received from money market placements	1,881	25,792	518	1,619
1.5	Interest received from marketable securities portfolio	205,690	228,872	72,481	80,561
1.5.1	Held-for-trading financial assets	12,799	10,816	5,308	5,593
1.5.2	Financial assets at fair value through profit and loss	-	-	-	-
1.5.3	Available-for-sale financial assets	149,982	123,280	57,072	43,934
1.5.4	Investments held-to-maturity	42,909	94,776	10,101	31,034
1.6	Finance lease Income	-	-	-	-
1.7	Other interest income	1,505	14,133	(37)	6,362
II.	INTEREST EXPENSE	(2) 532,405	675,052	189,243	177,872
2.1	Interest on deposits	367,813	482,747	128,804	131,316
2.2	Interest on funds borrowed	108,717	147,533	46,403	30,370
2.3	Interest on money market borrowings	39,397	28,006	10,344	11,877
2.4	Interest on securities issued	-	-	-	-
2.5	Other interest expense	16,478	16,766	3,692	4,309
III.	NET INTEREST INCOME/EXPENSE (I - II)	579,206	608,393	194,922	208,808
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	182,790	178,084	59,749	57,994
4.1	Fees and commissions received	281,356	265,040	92,261	88,810
4.1.1	Non-cash loans	30,667	28,114	9,931	9,361
4.1.2	Other	250,689	236,926	82,330	79,449
4.2	Fees and commissions paid	98,566	86,956	32,512	30,816
4.2.1	Non-cash loans	957	1,574	222	526
4.2.2	Other	97,609	85,382	32,290	30,290
V.	DIVIDEND INCOME	(3) 14,458	11,970	2	1
VI.	NET TRADING INCOME	(4) 4,089	47,389	1,897	(942)
6.1	Securities trading gains/ (losses)	27,594	62,066	7,715	15,574
6.2	Gains/ (losses) from derivative financial instruments	(178,104)	(135,722)	(13,377)	(55,390)
6.3	Foreign exchange gains/ (losses)	154,599	121,045	7,559	38,874
VII.	OTHER OPERATING INCOME	(5) 38,276	23,792	8,599	7,066
VIII.	NET OPERATING INCOME (III+IV+V+VI+VII)	818,819	869,628	265,169	272,927
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6) 125,905	131,329	55,274	46,997
X.	OTHER OPERATING EXPENSES (-)	(7) 561,931	509,576	196,235	165,247
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)	130,983	228,723	13,660	60,683
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER	-	-	-	-
XIII.	GAIN / (LOSS) ON EQUITY METHOD	-	-	-	-
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION	-	-	-	-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(8) 130,983	228,723	13,660	60,683
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9) (26,881)	(41,758)	(4,341)	(13,523)
16.1	Current income tax (charge)/benefit	(33,663)	(42,538)	(8,855)	(27,045)
16.2	Deferred tax (charge)/benefit	6,782	780	4,514	13,522
XVII.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10) 104,102	186,965	9,319	47,160
XVIII.	INCOME ON DISCONTINUED OPERATIONS	77,173	-	77,173	-
18.1	Income on assets held for sale	-	-	-	-
18.2	Income on sale of associates, subsidiaries and entities under common control (Joint vent.)	77,173	-	77,173	-
18.3	Income on other discontinued operations	-	-	-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)	-	-	-	-
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	-	-	-	-
XX.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	(8) 77,173	-	77,173	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(9) (3,859)	-	(3,859)	-
21.1	Current income tax (charge)/benefit	(3,859)	-	(3,859)	-
21.2	Deferred tax (charge)/benefit	-	-	-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(10) 73,314	-	73,314	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	(11) 177,416	186,965	82,633	47,160
23.1	Group's profit/loss	177,416	186,965	82,633	47,160
23.2	Minority shares	-	-	-	-
	Earnings per share	0.1613	0.1700	0.0751	0.0429

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

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

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

	Reviewed Current Period 01.01-30.09.2010	Reviewed Prior Period 01.01-30.09.2009
I. Additions to marketable securities revaluation differences for available for sale financial assets	47,671	85,803
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign exchange differences for foreign currency transactions	-	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
VII. The effect of correction of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted for under equity due to TAS	-	-
IX. Deferred tax of valuation differences	(2,955)	(5,736)
X. Total Net Profit/Loss accounted for under equity (I+II+...+IX)	44,716	80,067
XI. Profit/Loss	(26,468)	(56,749)
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	(26,468)	(56,749)
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	-	-
XII. Total Profit/Loss accounted for the period (X±XI)	18,248	23,318

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2009
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Reviewed	Note Ref	Paid-in Capital	Effect of Inflation Accounting on Capital and		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
				Other Capital Reserves	Share Premium																
Prior Period – 01.01.-30.09.2009																					
I	Beginning Balance – 31.12.2008		1,100,000		926	2,158		26,750		123,705			164,198	5,882					- 1,423,619		1,423,619
II.	Corrections according to TAS 8																				
2.1	The effect of correction of errors																				
2.2	The effects of changes in accounting policy																				
III.	New Balance (I+II)		1,100,000		926	2,158		26,750		123,705			164,198	5,882					- 1,423,619		1,423,619
	Changes in period																				
IV.	Increase/Decrease related to merger																				
V.	Marketable securities valuation differences													23,318							23,318
VI.	Hedging Funds (Effective Portion)																				
6.1	Cash-flow hedge																				
6.2	Hedge of net investment in foreign operations																				
VII.	Tangible assets revaluation differences																				
VIII.	Intangible assets revaluation differences																				
IX.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint vent.)																				
X.	Foreign exchange differences																				
XI.	The disposal of assets																				
XII.	The reclassification of assets																				
XIII.	The effect of change in associate's equity																				
XIV.	Capital increase																				
14.1	Cash																				
14.2	Internal sources																				
XV.	Share premium																				
XVI.	Share cancellation profits																				
XVII.	Inflation adjustment to paid-in capital																				
XVIII.	Other																				
XIX.	Period net income/(loss)											186,965								186,965	
XX.	Profit distribution							8,209		155,989			(164,198)								
20.1	Dividends distributed																				
20.2	Transfers to reserves							8,209		155,989			(164,198)								
20.3	Other																				
Closing Balance 30.09.2009																					
(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX)																					
			1,100,000		926	2,158		34,959		279,694		186,965		29,200					- 1,633,902		1,633,902

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2010
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

V. 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. Val. Diff. from Assets Held for Sale and Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity	
I	Current Period – 01.01-30.09.2010																				
	Beginning balance – 31.12.2009		1,100,000	926	2,158	-	34,959	-	279,694	-	-	210,167	21,548	-	-	-	-	-1,649,452	-	-1,649,452	
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
II.	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	18,248	-	-	-	-	18,248	-	18,248	
IV.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.	Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Period net income/(loss)		-	-	-	-	-	-	-	-	177,416	-	-	-	-	-	-	177,416	-	177,416	
XVIII.	Profit distribution		-	-	-	-	10,509	-	199,658	-	-	(210,167)	-	-	-	-	-	-	-	-	
18.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.2	Transfers to reserves		-	-	-	-	10,509	-	199,658	-	-	(210,167)	-	-	-	-	-	-	-	-	
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Closing Balance 30.09.2010																				
	(I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII)		1,100,000	926	2,158	-	45,468	-	479,352	-	177,416	-	39,796	-	-	-	-	-1,845,116	-	-1,845,116	

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

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

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

VI. STATEMENT OF CASH FLOWS

	Reviewed Current Period 01.01-30.09.2010	Reviewed Prior Period 01.01-30.09.2009
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	389,890	388,568
1.1.1 Interest received	1,127,377	1,421,606
1.1.2 Interest paid	(435,685)	(863,705)
1.1.3 Dividend received	14,458	11,970
1.1.4 Fees and commissions received	281,356	265,040
1.1.5 Other income	227,978	245,800
1.1.6 Collections from previously written off loans	112,530	98,253
1.1.7 Payments to personnel and service suppliers	(268,496)	(258,464)
1.1.8 Taxes paid	(27,352)	(15,493)
1.1.9 Others	(642,276)	(516,439)
	(1)	
1.2 Changes in operating assets and liabilities	(772,271)	(1,425,247)
1.2.1 Net (increase) decrease in financial assets held for trading	(108,979)	(218,784)
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	8,486	(14,846)
1.2.4 Net (increase) decrease in loans	(1,927,539)	155,305
1.2.5 Net (increase) decrease in other assets	(142,072)	(22,104)
1.2.6 Net increase (decrease) in bank deposits	(505,743)	104,010
1.2.7 Net increase (decrease) in other deposits	264,224	(504,739)
1.2.8 Net increase (decrease) in funds borrowed	1,436,152	(1,022,318)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	203,200	98,229
	(1)	
I. Net cash provided from / (used in) banking operations	(382,381)	(1,036,679)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from/ (used in) investing activities	(198,066)	(183,081)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	(5,963)	(1)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	113,345	-
2.3 Fixed asset purchases	(11,462)	(13,178)
2.4 Fixed asset sales	16,288	4,367
2.5 Cash paid for purchase of financial assets available for sale	(3,467,248)	(2,421,011)
2.6 Cash obtained from sale of financial assets available for sale	2,488,895	2,309,541
2.7 Cash paid for purchase of investment securities	-	(59,380)
2.8 Cash obtained from sale of investment securities	672,599	-
2.9 Others	(4,520)	(3,419)
	(1)	
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from/ (used in) financing activities	(4,432)	(92)
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	(16)	(92)
3.6 Other	-	-
	(1)	
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(40,260)	(46,453)
	(1)	
V. Net increase / (decrease) in cash and cash equivalents	(625,139)	(1,266,305)
VI. Cash and cash equivalents at beginning of the period	2,336,935	3,061,796
VII. Cash and cash equivalents at end of the period	1,711,796	1,795,491

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

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

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

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

The Bank prepares 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 presented 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.

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

The Bank aims to develop and promote products for the financial needs of each customer such as SMEs, multinational companies and small individual investors in line with Banking Legislation. The primary objective of the Bank is to increase profitability with optimum liquidity and minimum risk while fulfilling customer needs. Thus, the Bank uses 35% on average of its resources in liquid assets, as well as intending for the highest possible yield with effective maturity management.

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

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

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

The 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 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 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.

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III. 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 Bank 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 discounting the differences between the existing and recalculated payment plans to the valuation date with current CDS interest rates.

As of July 1, 2008, the 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 Bank recognizes the fair value changes of the hedged items in the “other interest income” and “other interest expense” 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 expense” accounts.

IV. 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.

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V. 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 by using effective interest rate and are expensed on the related periods.

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

VI. 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 Bank undertakes. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects. The Bank trades these instruments on behalf of its customers and on its own behalf.

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

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

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

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

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VI. Explanations on Financial Assets (continued)

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

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

Loans and Provisions for Impairment

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

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

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VI. Explanations on Financial Assets (continued)

Loans and Provisions for Impairment (continued)

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 Bank records general loan loss provision for loans and other receivables. The Bank calculated the general loan provision as 0.5% for cash loans and other receivables, and 0.1% for non-cash loans until November 1, 2006. Subsequent to the change in the regulation on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette No. 26333 dated November 1, 2006; Bank started to book general loan loss provision of 1% for cash loans and other receivables; and 0.2% for non-cash loans on the increase in the cash and non-cash loan portfolio as compared to their October 31, 2006 balances whereas allocating 0.5% general loan loss provision for cash loans and other receivables, and 0.1% for non-cash loans for the balances as of October 31, 2006. Together with the change in the same regulation made on February 6, 2008, the 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.

VII. Explanations on Impairment of Financial Assets

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss or not. If any such indication exists, the Bank determines the related impairment.

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

VIII. Explanations on Offsetting of Financial Assets and Liabilities

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

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

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

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

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

As of September 30, 2010, the Bank does not have any reverse repo transactions (December 31, 2009 - None).

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

X. 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 Bank does not have any assets held for sale.

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately.

The Bank sold 90% shares of its subsidiary TEB Finansal Kiralama A.Ş. to Fortis Finansal Kiralama A.Ş. in consideration of TRY 113,345 as of September 30, 2010. The profit amounting to TRY 77,173 resulting from this sale is presented as “Income on Sale of Associates, Subsidiaries and Entities Under Common Control” under the “Income on Discontinued Operations” in the current year income statement.

XI. Explanations on Goodwill and Other Intangible Assets

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

Intangible assets are accounted for at restated cost until December 31, 2004 in accordance with inflation accounting and are amortized with straight-line method, after December 31, 2004 the acquisition cost and any other cost incurred so as to prepare the intangible asset ready for use less reserve for impairment, if any, and amortized on a straight-line method. The cost of assets subject to 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 Bank comprise mainly softwares. The requirements of the Turkish Tax Procedural Code are taken into consideration in determining the useful lives and no other specific criteria are used. Useful lives of such assets acquired prior to 2004 are determined as 5 years and for the year 2004 and forthcoming years as 3 years. Softwares used are mainly developed within the Bank by the Bank’s personnel and the related expenses are not capitalized. 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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
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XII. Explanations on Tangible Fixed Assets

Properties are accounted for at their restated costs until December 31, 2004; after December 31, 2004 the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected, less reserve for impairment, if any. The straight-line method of depreciation is used for buildings and useful life is considered as 50 years. 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 related assets. Other maintenance costs are expensed.

There are no pledges, mortgages or other restrictions on the tangible fixed assets.

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

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

The Bank employs independent appraisers in determining the current fair values of its real estates periodically. As of September 30, 2010, there is a provision for impairment loss amounting to TRY 3,155 for real estates held for resale as per the appraisals performed (December 31, 2009 – TRY 2,608).

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XIII. Explanations on Leasing Transactions

Tangible fixed assets acquired by financial leases are accounted for in accordance with TAS No:17. In accordance with this standard, the leasing transactions, which consist of 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 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.

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

The Bank does not have any leasing transactions as "Lessor".

XIV. Explanations on Provisions and Contingent Liabilities

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

XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

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

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

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Bank uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually. The carrying value of provision for employee termination benefits as of September 30, 2010 is TRY 21,181 (December 31, 2009 - TRY 17,556).

Defined Contribution Plans

The Bank pays contributions to Social Security Funds on a mandatory basis. There are no other liabilities related to employee benefits to be provisioned.

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XVI. Explanations on Taxation

Corporate tax

According to the Article 32 of the Corporate Tax Law No. 5520, 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 from 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 at September 30, 2010 TRY 8,341 (December 31, 2009 - TRY 5,386) 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 Bank calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

As of September 30, 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.

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 6,782 (September 30, 2009 – TRY 780) is stated under the tax provision in the income statement. The deferred tax of TRY 8,341 (December 31, 2009 - TRY 5,386) resulting from differences related to items that are debited or charged directly to equity is netted with these accounts.

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

XVII. Additional Explanations on Borrowings

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

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

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

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XVIII. Explanations on Issued Share Certificates

None.

XIX. Explanations on Acceptances

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

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Reporting According to Segmentation

The Bank mainly operates in retail and corporate banking segments.

Current Period	Retail	Corporate	Treasury/ Head Office	Total
Net interest income	92,289	305,692	181,225	579,206
Net fees and commissions income, other operating income	65,721	142,144	13,201	221,066
Trading profit / loss	3,009	21,100	(20,020)	4,089
Dividend income	-	-	14,458	14,458
Impairment provision for loans and other receivables (-)	22,562	82,594	20,749	125,905
Other operating expenses (-)	113,902	210,354	237,675	561,931
Income on discontinued operations	-	-	77,173	77,173
Profit from continued&discontinued operations before taxes	24,555	175,988	7,613	208,156
Tax provision for continued &discontinued operations	-	-	(30,740)	(30,740)
Net profit for the period	24,555	175,988	(23,127)	177,416

Current Period	Retail	Corporate	Treasury/ Head Office	Total
Segment assets	2,440,269	8,372,666	5,840,211	16,653,146
Investments in associates and subsidiaries	-	-	119,695	119,695
Total Assets	2,440,269	8,372,666	5,959,906	16,772,841
Segment liabilities	4,967,276	4,948,876	5,011,573	14,927,725
Shareholders' equity	-	-	1,845,116	1,845,116
Total Liabilities	4,967,276	4,948,876	6,856,689	16,772,841

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XXI. Explanations on Reporting According to Segmentation (continued)

Prior Period	Retail	Corporate	Treasury/ Head Office	Total
Net interest income	84,274	356,767	167,352	608,393
Net fees and commissions income, other operating income	59,434	135,516	6,926	201,876
Trading profit / loss	1,948	13,756	31,685	47,389
Dividend income	-	-	11,970	11,970
Impairment provision for loans and other receivables (-)	33,749	84,124	13,456	131,329
Other operating expenses (-)	112,630	210,194	186,752	509,576
Income on discontinued operations	-	-	-	-
Profit from continued&discontinued operations before taxes	(723)	211,721	17,725	228,723
Tax provision for continued &discontinued operations	-	-	(41,758)	(41,758)
Net profit for the period	(723)	211,721	(24,033)	186,965

Prior Period	Retail	Corporate	Treasury/ Head Office	Total
Segment assets	1,924,478	7,219,746	5,765,414	14,909,638
Investments in associates and subsidiaries	-	-	153,922	153,922
Total Assets	1,924,478	7,219,746	5,919,336	15,063,560
Segment liabilities	5,046,831	4,625,113	3,742,164	13,414,108
Shareholders' equity	-	-	1,649,452	1,649,452
Total Liabilities	5,046,831	4,625,113	5,391,616	15,063,560

XXII. Explanations on Other Matters:

BNP Paribas, holding 50% of TEB Mali Yatırımlar A.Ş. which holds the controlling shareholding of 84.25% of the 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, BRSA has announced its consent on indirect acquisition of 70.52% of total shares of Fortis Bank A.Ş. by BNP Paribas as per the 18th article of 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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XXII. 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.

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.

According to resolution of the Banking Regulation and Supervision Agency dated September 21, 2010 and numbered 3859;

As per the 19th Article of Banking Act No: 5411 and Article 5 of the Communiqué on “Merger, Take-over, Division and Transfer of Shares for the Banks”, it was decided to commence the procedures to cease the legal entity of Fortis Bank A.Ş. and transfer all of its assets and liabilities with respective rights and obligations to Türk Ekonomi Bankası A.Ş., provided that all necessary approvals from other authorities are obtained.

As of October 18, 2010, The Bank signed an exclusive agency agreement with Cardif Hayat Sigorta A.Ş. for the distribution of life insurance products and has also signed an exclusive agency agreement with Fortis Emeklilik ve Hayat A.Ş. for the distribution of pension and life saving products, and received TRY 180,000 in consideration of these agreements.

The Bank held an Extraordinary General Meeting on October 19, 2010. At this meeting, the appointment of new members of board of directors and statutory auditors were affirmed; financial statements that will be taken as the basis for the merger with Fortis Bank A.Ş. were approved; the draft merger agreement was approved; and the Bank’s Board of Directors was granted with the authorization to finalize and sign the merger agreement and also make the necessary amendments to the articles of association in relation to the merger. In addition, at the same meeting, the Board of Directors accepted the proposed profit distribution based on the resolution no: 4450/93 of the Board of Directors dated October 1, 2010 and approved without any amendments or objections; to make a profit distribution of TRY 207,017 which is included in the reserves of the 2009 year-end financial statements to the shareholders; and has granted authorization to the Board of Directors in regards to the procedures and transactions relevant to the profit distribution. The profit distribution process will start commencing on October 25, 2010.

Following the Extraordinary General Meeting held on October 19, 2010 by the merging parties, the related applications were filed to the Capital Markets Board (“CMB”) as at October 26, 2010 in accordance with Article 11 of the Communiqué Serial: I No: 31 of the Capital Markets Board based on the approval requirement of the CMB. Subsequent to the completion of the appraisals of independent valuers and expert appointed by the court, the merger ratio will be evaluated by the Board of Directors of the merging parties before it will be presented to the CMB and will be publicly disclosed.

Explanation for convenience translation to English

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

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks ", which was published on November 1, 2006 in the Official Gazette numbered 26333 and the Communiqué on "The Amendment in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks" which was published on October 10, 2007 in the Official Gazette numbered 26669. The Bank's unconsolidated capital adequacy ratio in accordance with the related Communiqué is 15.70% at September 30, 2010. (December 31, 2009 - 17.70%)

In the computation of capital adequacy standard ratio, information prepared in accordance with statutory accounting requirements are used. Additionally, the market risk amount is calculated in accordance with the Communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

The values deducted from the capital base in the shareholders' equity computation are excluded while calculating risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and impairment among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

While calculating the basis of non-cash loans subject to credit risk, the net receivable amount from the counter parties net of provision amount set in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" is multiplied by the loan conversion rates presented in the Article 5, the Clause 1 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

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

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

Information related to the capital adequacy ratio:

	Risk Weight						
	0%	10%	20%	50%	100%	150%	200%
Risk Weighted Assets, Liabilities and Non-Cash Loans							
Balance Sheet Items (Net)							
Cash	249,816	-	280	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	50	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	273,810	-	50,336	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	1,437,991	-	-	-	-	-	-
Loans	349,835	-	53,083	2,880,871	7,176,413	22,731	217
Non-performing loans (Net)	-	-	-	-	138,078	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	2,521,741	-	-	-	17,497	-	-
Held to Maturity Investments	196,825	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	-	-	-
Sundry Debtors	-	-	182,865	-	6,957	-	-
Interest and Income Accruals	99,969	-	3	27,669	149,255	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	-	-	-	-	119,695	-	-
Tangible Assets	-	-	-	-	105,533	-	-
Other Assets	227,409	-	-	-	37,316	-	-
Off-Balance Sheet Items							
Guarantees and Commitments	90,505	-	146,438	-	2,615,152	-	-
Derivative Financial Instruments	-	-	152,938	-	56,839	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
Total Value at Risk	5,174,141	-	809,417	2,908,540	10,473,071	22,731	217
Total Risk Weighted Assets	-	-	161,883	1,454,270	10,473,071	34,097	434

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	12,123,755	10,110,208
Amount Subject to Market Risk (ASMR)	492,588	326,175
Amount Subject to Operational Risk (ASOR) (*)	1,724,813	1,323,618
Shareholders' Equity	2,252,194	2,082,025
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	15.70	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 Capital Adequacy Standard Ratio (continued)

Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in capital	1,100,000	1,100,000
Nominal capital	1,100,000	1,100,000
Capital commitments (-)	-	-
Paid-in capital indexation difference	926	926
Share premium	2,158	2,158
Cancellation profits	-	-
Legal reserves	45,468	34,959
First legal reserve (Turkish Commercial Code 466/1)	39,932	29,423
Second legal reserve (Turkish Commercial Code 466/2)	5,536	5,536
Other legal reserve per special legislation	-	-
Statutory reserves	-	-
Extraordinary reserves	479,352	279,694
Reserves allocated by the General Assembly	479,352	279,694
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Indexation differences of legal, statutory and extraordinary reserves	-	-
Profit	177,416	210,167
Current period net profit	177,416	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	144,340	148,730
Losses that cannot be covered by reserves (-)	-	-
Net current period loss	-	-
Prior years' losses	-	-
Leasehold improvements (-)	37,806	50,395
Prepaid expenses (-)	31,212	29,475
Intangible assets (-)	10,440	10,910
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-
Total Core Capital	1,870,202	1,685,854
SUPPLEMENTARY CAPITAL		
General loan loss reserves	88,859	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	275,225	311,846
45% of Marketable securities value increase fund	17,908	9,697
Associates and subsidiaries	-	-
Available for sale securities	17,908	9,697
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total Supplementary Capital	381,992	396,171
TIER III CAPITAL		
CAPITAL	2,252,194	2,082,025
DEDUCTIONS FROM THE CAPITAL		
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps ten percent or more of capitals	-	-
Shareholdings of unconsolidated banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than ten percent of capitals which exceed the ten percent of Bank's Core and Supplementary Capital	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	-	-
Other	-	-
Total Shareholders' Equity	2,252,194	2,082,025

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II. Explanations Related to Credit Risk

Credit risk is the risk that the Bank 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 Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the 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 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 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 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 Bank are generally taken for the financial institutions and countries that are rated at investment level 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 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 September 30, 2010, the receivables of the Bank from its top 100 cash loan customers amount to TRY 1,730,657 (December 31, 2009 – TRY 1,712,095) with a share of 16.24% in total cash loans (December 31, 2009 – 19.45%).

As of September 30, 2010, the receivables of the Bank from its top 100 non-cash loan customers amount to TRY 1,453,878 (December 31, 2009 – TRY 1,250,742) with a share of 36.62% in total non-cash loans (December 31, 2009 – 36.48%).

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II. Explanations Related to Credit Risk (continued)

As of September 30, 2010, the share of cash and non-cash receivables of the Bank from its top 100 customers in total balance sheet and off-balance sheet assets is 17.02%. (December 31, 2009 – 19.22%).

As of September 30, 2010, the general loan loss provision related with the credit risk taken by the Bank is TRY 88,859 (December 31, 2009 – TRY 74,628).

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
Loans according to borrowers	10,477,457	8,796,343	316,322	194,372	3,069,663	2,669,125	445,358	557,523
Private Sector	7,605,112	6,579,969	314,580	146,393	-	-	58,441	92,668
Public Sector	36,531	4,925	-	16,448	3,052,286	2,664,533	-	-
Banks	-	-	1,742	31,531	-	-	386,917	464,855
Retail	2,835,814	2,211,449	-	-	-	-	-	-
Share Certificates	-	-	-	-	17,377	4,592	-	-
Information according to geographical concentration	10,477,457	8,796,343	316,322	194,372	3,069,663	2,669,125	445,358	557,523
Domestic	10,317,749	8,688,951	314,577	161,215	3,066,831	2,665,463	60,545	345,334
European Union Countries	25,795	43,980	-	-	-	-	202,623	130,803
OECD Countries***	169	117	-	-	-	-	6,291	4,550
Off-shore Banking Regions	78,039	17,272	1,745	33,157	1,124	1,147	51,391	34,046
USA, Canada	7,297	5,163	-	-	1,708	2,515	123,269	41,865
Other Countries	48,408	40,860	-	-	-	-	1,239	925
Total	10,477,457	8,796,343	316,322	194,372	3,069,663	2,669,125	445,358	557,523

* 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 Credit Risk (continued)

Information according to geographical concentration :

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income/ Loss
Current Period					
Domestic	16,083,872	10,922,600	3,886,759	-	177,416
European Union Countries	205,519	3,160,727	12,366	-	-
OECD Countries (*)	6,465	37,575	25,803	-	-
Off-shore Banking Regions	134,632	255,703	14,937	-	-
USA, Canada	173,011	425,889	-	-	-
Other Countries	49,647	125,231	30,562	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	119,695	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	16,653,146	14,927,725	3,970,427	119,695	177,416
Prior Period					
Domestic	14,518,783	10,962,520	3,383,435	-	210,167
European Union Countries	154,280	946,527	12,286	-	-
OECD Countries (*)	6,795	54,923	8	-	-
Off-shore Banking Regions	98,555	731,322	10,913	-	-
USA, Canada	89,440	398,426	-	-	-
Other Countries	41,785	320,390	21,978	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	153,922	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	14,909,638	13,414,108	3,428,620	153,922	210,167

(*) 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 Credit Risk (continued)

Sector concentrations for cash loans :

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	309,037	3.68	77,663	3.42	238,642	3.50	70,988	3.57
Farming and Raising Livestock	271,982	3.24	48,384	2.13	203,062	2.98	53,943	2.70
Forestry, Wood and Paper	29,351	0.35	29,099	1.28	24,598	0.36	15,566	0.78
Fishery	7,704	0.09	180	0.01	10,982	0.16	1,479	0.09
Manufacturing	3,054,897	36.42	1,589,234	70.05	2,732,120	40.09	1,484,127	74.67
Mining and Quarry	186,601	2.22	38,369	1.69	187,474	2.75	63,422	3.19
Production	2,832,733	33.78	1,502,604	66.23	2,499,316	36.67	1,366,193	68.74
Electricity, Gas and Water	35,563	0.42	48,261	2.13	45,330	0.67	54,512	2.74
Construction	406,638	4.85	85,113	3.75	328,971	4.83	65,363	3.29
Services	1,551,803	18.50	482,308	21.26	1,140,757	16.74	319,928	16.10
Wholesale and Retail Trade	436,502	5.20	38,707	1.71	296,997	4.35	38,444	1.93
Hotel, Tourism, Food and Beverage Services	102,109	1.22	83,404	3.68	89,020	1.31	66,573	3.35
Transportation and Communication	296,539	3.54	84,789	3.74	238,557	3.50	97,689	4.92
Financial Institutions	372,328	4.44	32,198	1.42	220,707	3.24	23,388	1.18
Real Estate and Renting Services	128,404	1.53	228,302	10.06	114,309	1.68	76,786	3.86
Self-Employment Services	87,781	1.05	410	0.02	87,821	1.29	1,135	0.06
Education Services	9,419	0.11	242	0.01	10,052	0.15	207	0.01
Health and Social Services	118,721	1.41	14,256	0.62	83,294	1.22	15,706	0.79
Other(*)	3,064,738	36.55	34,270	1.52	2,374,602	34.84	47,065	2.37
Total	8,387,113	100.00	2,268,588	100.00	6,815,092	100.00	1,987,471	100.00

(*) 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	1,443,052	1,183,741
Due from banks	325,663	403,601
Other money markets	-	694,917
Trading financial assets	238,648	126,610
Derivative financial instruments	120,279	61,695
Derivative financial instruments for hedging purposes	8,216	31,330
Financial assets available-for-sale	2,621,149	1,661,712
Held-to-maturity investments	209,866	880,803
Loans	10,793,779	8,990,715
Total	15,760,652	14,035,124
Contingent liabilities	3,970,427	3,428,620
Commitments	4,245,063	3,714,270
Total	8,215,490	7,142,890
Total Credit Risk Exposure	23,976,142	21,178,014

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II. Explanations Related to Credit Risk (continued)

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

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and advances to customers			
Corporate lending	4,213,167	198,599	4,411,766
Small business lending	3,143,481	338,179	3,481,660
Consumer lending	2,262,244	88,194	2,350,438
Credit cards	452,829	97,086	549,915
Other	-	-	-
Total	10,071,721	722,058	10,793,779

Prior Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and advances to customers			
Corporate lending	3,902,439	182,744	4,085,183
Small business lending	2,282,276	358,587	2,640,863
Consumer lending	1,696,745	61,846	1,758,591
Credit cards	413,164	92,914	506,078
Other	-	-	-
Total	8,294,624	696,091	8,990,715

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

	Current Period	Prior Period
Loans and advances to customers		
Corporate lending	49,928	38,350
Small business lending	76,241	84,371
Consumer lending	2,991	4,529
Credit cards	5,618	8,183
Total	134,778	135,433

Credit Rating System

The credit risk is assessed through the internal rating system of the Bank, by classifying loans from highest grade to lowest grade according to the probability of default. As of September 30, 2010 consumer loans and business loans are excluded from the internal rating system of the 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	25.99
2nd Category	Case where the borrower has a good financial structure	20.57
3rd Category	Case where the borrower has an intermediate level of financial structure	34.56
4th Category	Case where the financial structure of the borrower has to be closely monitored in the medium term	18.88
Total		100.00

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III. Explanations Related to Market Risk

The Bank has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” issued on Official Gazette dated November 1, 2006 numbered 26333.

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

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured, and in the computation of capital adequacy, the amount subject to VAR calculated by using the standard method (summarized below) is taken into consideration. Besides 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, and results are reported daily to the management.

a) Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	33,131
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	1,409
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	4,768
(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	99
(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)	39,407
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	492,588

b) Average market risk table calculated at month ends during the period:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	23,798	31,923	16,544	16,089	20,898	9,767
Common Stock Risk	765	2,709	288	243	311	210
Currency Risk	6,839	10,040	2,919	8,119	16,912	4,909
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	151	645	5	3,250	12,122	5
Total Value Subject to Risk	394,416	492,588	270,800	346,265	456,463	274,263

Other price risks

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

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IV. Explanations Related to Currency Risk

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

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

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

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

As of September 30, 2010, the Bank's net long position is TRY 31,104 (December 31, 2009 - TRY 18,435 net long) resulting from short position on the balance sheet amounting to TRY 844,419 (December 31, 2009 - TRY 517,674 short) and long position on the off-balance sheet amounting to TRY 875,523 (December 31, 2009 - TRY 536,109 long).

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

	23.09.2010	24.09.2010	27.09.2010	28.09.2010	29.09.2010	30.09.2010
USD	1.4809	1.4786	1.4686	1.4669	1.4512	1.4434
CHF	1.4974	1.5038	1.4886	1.4867	1.4842	1.4789
GBP	2.3189	2.3212	2.3244	2.3220	2.2937	2.2905
JPY	0.0174	0.0174	0.0174	0.0174	0.0173	0.0173
EURO	1.9753	1.9803	1.9778	1.9724	1.9754	1.9693

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

	Monthly Average Foreign Exchange Rate
USD	1.4882
CHF	1.4816
GBP	2.3132
JPY	0.0175
EURO	1.9434

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IV. Explanations Related to Currency Risk (continued)

Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	YEN	OTHER	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	500,606	821,339	295	24,480	1,346,720
Banks	90,078	151,046	302	53,378	294,804
Financial Assets at Fair Value Through Profit and Loss (*****)	2,692	2,891	-	-	5,583
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	33,364	171,335	-	-	204,699
Loans (**)	888,256	1,669,947	6,942	386,920	2,952,065
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	61,254	-	-	-	61,254
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	764	-	-	764
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets (***)	1,641	28,521	24	100	30,286
Total Assets	1,577,891	2,845,843	7,563	464,878	4,896,175
Liabilities					
Bank Deposits	16,884	100,311	38	35,128	152,361
Foreign Currency Deposits (*)	1,169,622	2,316,560	2,265	209,542	3,697,989
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	1,310,567	560,162	364	9,773	1,880,866
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	1,360	6,100	-	495	7,955
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	754	510	-	159	1,423
Total Liabilities	2,499,187	2,983,643	2,667	255,097	5,740,594
Net Balance Sheet Position	(921,296)	(137,800)	4,896	209,781	(844,419)
Net Off-Balance Sheet Position	980,938	123,390	(16,534)	(212,271)	875,523
Financial Derivative Assets (****)	2,300,585	2,372,939	52,289	345,292	5,071,105
Financial Derivative Liabilities (****)	1,319,647	2,249,549	68,823	557,563	4,195,582
Non-Cash Loans (*****)	660,374	1,236,578	3,077	39,252	1,939,281
Prior Period					
Total Assets	1,621,213	2,421,643	16,767	335,721	4,395,344
Total Liabilities	2,092,184	2,623,357	14,461	183,016	4,913,018
Net Balance Sheet Position	(470,971)	(201,714)	2,306	152,705	(517,674)
Net Off-Balance Sheet Position	503,108	200,149	(5,228)	(161,920)	536,109
Financial Derivative Assets (****)	1,024,703	1,316,243	113,943	160,165	2,615,054
Financial Derivative Liabilities (****)	521,595	1,116,094	119,171	322,085	2,078,945
Non-Cash Loans (*****)	709,903	1,138,496	3,353	44,167	1,895,919

(*) Precious metal accounts amounting to TRY 93,096 (December 31, 2009 - TRY 23,762) are included in the foreign currency deposits.

(**) Foreign currency indexed loans amounting to TRY 683,477 (December 31, 2009 - TRY 649,252) are included in the loan portfolio.

(***) TRY 28 (December 31, 2009 - TRY 100) prepaid expenses is deducted from other assets, and TRY 42,666 (December 31, 2009 - TRY 21,235) expense accruals from derivative financial instruments, and TRY 14,858 (December 31, 2009 - TRY 12,222) provision for general loan losses, and TRY 4 provision for promotion of banking services are deducted from other liabilities.

(****) Forward asset and marketable securities purchase-sale commitments of TRY 451,858 (December 31, 2009 - TRY 117,828) are added to derivative financial assets and TRY 452,059 (December 31, 2009 - TRY 117,839) is added to derivative financial liabilities.

(*****) TRY 21,538 (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 Currency Risk (continued)

Foreign currency sensitivity:

The Bank is mainly exposed to EUR and USD currency risks.

The following table details the Bank'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 an increase in profit or loss and other equity in the case of short position and a decrease 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 (*)	
		September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
USD	10 increase	(1,441)	(157)	334	396
USD	10 decrease	1,441	157	(334)	(396)
EUR	10 increase	5,964	3,214	99	77
EUR	10 decrease	(5,964)	(3,214)	(99)	(77)

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

The Bank'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 Interest Rate Risk

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

The first priority of the risk management department is to protect from interest rate volatility. Duration, maturity and sensitivity analysis performed within this context are calculated by the risk management department and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank.

The Bank management monitors the market interest rates on a daily basis and revises the interest rates of the Bank when necessary.

Since the Bank does not allow maturity mismatches or imposes limits on 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
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1,216,900	-	-	-	-	476,248	1,693,148
Banks	105,413	-	-	-	-	220,250	325,663
Financial Assets at Fair Value Through Profit and Loss	1,554	99,922	132,200	5,790	2,911	116,550	358,927
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	468,341	206,750	467,248	1,383,495	77,938	17,377	2,621,149
Loans(*)	4,610,128	551,216	1,547,654	3,314,391	632,312	138,078	10,793,779
Held-To-Maturity Investments	45,247	-	164,619	-	-	-	209,866
Other Assets	-	706	1,273	577	6	767,747	770,309
Total Assets	6,447,583	858,594	2,312,994	4,704,253	713,167	1,736,250	16,772,841
Liabilities							
Bank Deposits	312,942	30,614	3,087	-	-	145,335	491,978
Other Deposits	6,284,822	656,581	298,266	145	-	2,010,679	9,250,493
Money Market Borrowings	512,306	-	-	-	-	-	512,306
Sundry Creditors	-	-	-	-	-	296,539	296,539
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	466,309	1,117,053	1,670,876	10,905	302,481	-	3,567,624
Other Liabilities	1	2,487	18,213	44,249	23,037	2,565,914	2,653,901
Total Liabilities	7,576,380	1,806,735	1,990,442	55,299	325,518	5,018,467	16,772,841
Balance Sheet Long Position	-	-	322,552	4,648,954	387,649	-	5,359,155
Balance Sheet Short Position	(1,128,877)	(948,239)	-	-	-	(3,282,039)	(5,359,155)
Off-Balance Sheet Long Position	-	113,333	175,897	291,097	89,359	-	838,241
Off-Balance Sheet Short Position	-	(111,585)	(175,853)	(294,625)	(94,280)	-	(844,898)
Total Position	(1,128,877)	(946,491)	322,596	4,645,426	382,728	(3,282,039)	(6,657)

(*) Loans with floating interest rates amounting to TRY 2,965,597 are included in "Up to 1 Month" while mark to market differences from hedged loans amounting to TRY 36,963 are included in "1-5 Years".

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V. Explanations Related to Interest Rate Risk (continued)

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

The other assets line in the non-interest bearing column consists of tangible assets amounting to TRY 143,339; intangible assets amounting to TRY 10,440, subsidiaries amounting to TRY 119,690, entities under common control (joint vent.) amounting to TRY 5 and the other liabilities line includes the shareholders' equity of TRY 1,845,116.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TRY %
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances With The Central Bank Of Turkey	-	-	-	5.17
Banks	0.18	0.15	-	7.16
Financial Assets At Fair Value Through Profit And Loss	3.32	4.93	-	9.50
Money Market Placements	-	1.05	-	6.40
Available-For-Sale Financial Assets	3.30	5.30	-	8.58
Loans	4.88	4.33	5.50	13.34
Held-To-Maturity Investments	-	-	-	11.96
Liabilities				
Bank Deposits	0.54	0.17	-	5.52
Other Deposits	1.90	2.33	0.08	7.30
Money Market Borrowings	-	-	-	6.70
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	3.22	2.58	3.26	7.61

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V. Explanations Related to Interest Rate Risk (continued)

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	989,645	-	-	-	-	522,059	1,511,704
Banks	237,172	7,845	10,582	-	-	148,002	403,601
Financial Assets at Fair Value Through Profit and Loss	2,669	1,952	70,618	55,733	2,232	55,101	188,305
Money Market Placements	694,917	-	-	-	-	-	694,917
Available-For-Sale Financial Assets	306,546	35,130	723,346	556,398	35,700	4,592	1,661,712
Loans(*)	3,917,118	428,266	1,498,471	2,439,707	519,001	188,152	8,990,715
Held-To-Maturity Investments	-	734,782	44,434	101,587	-	-	880,803
Other Assets	70	-	231	3,579	19	727,904	731,803
Total Assets	6,148,137	1,207,975	2,347,682	3,157,004	556,952	1,645,810	15,063,560
Liabilities							
Bank Deposits	64,525	-	-	-	-	82,854	147,379
Other Deposits	5,977,852	1,194,838	111,955	69	-	1,989,542	9,274,256
Money Market Borrowings	1,071,971	-	-	-	-	-	1,071,971
Sundry Creditors	-	-	-	-	-	257,400	257,400
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	922,020	123,847	756,812	5,910	324,500	-	2,133,089
Other Liabilities	6,939	3	4,020	50,825	16,461	2,101,217	2,179,465
Total Liabilities	8,043,307	1,318,688	872,787	56,804	340,961	4,431,013	15,063,560
Balance Sheet Long Position	-	-	1,474,895	3,100,200	215,991	-	4,791,086
Balance Sheet Short Position	(1,895,170)	(110,713)	-	-	-	(2,785,203)	(4,791,086)
Off-Balance Sheet Long Position	59,492	-	89,238	500,473	43,132	-	692,335
Off-Balance Sheet Short Position	(46,040)	-	(80,505)	(496,909)	(46,780)	-	(670,234)
Total Position	(1,881,718)	(110,713)	1,483,628	3,103,764	212,343	(2,785,203)	22,101

(*) Loans with floating interest rates 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 154,984, intangible assets amounting to TRY 10,910, subsidiaries amounting to TRY 153,921, entities under common control (joint vent.) amounting to TRY 1 and the other liabilities line includes the shareholders' equity of TRY 1,649,452.

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V. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments

	EURO %	USD %	YEN %	TRY %
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances With The Central Bank Of Turkey	-	-	-	7.49
Banks	0.39	0.21	-	10.47
Financial Assets At Fair Value Through Profit And Loss	5.69	7.52	-	12.30
Money Market Placements	1.25	0.84	-	11.18
Available-For-Sale Financial Assets	5.27	6.57	-	13.17
Loans	5.67	5.60	4.71	19.69
Held-To-Maturity Investments	-	-	-	13.93
Liabilities				
Bank Deposits	1.54	1.23	0.25	7.02
Other Deposits	2.90	2.84	0.30	10.29
Money Market Borrowings	-	-	-	8.18
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4.38	4.45	-	13.56

Interest rate sensitivity:

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

- Net profit for the period would have changed by TRY 3,270 (December 31, 2009 – TRY 3,872).

The interest rate sensitivity the Bank 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 Bank.

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VI. Explanations Related to Liquidity Risk

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

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

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

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

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

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 Bank. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities, set to reflect market conditions. The ratios realized during the year were as follows:

	Current Period	Prior Period
	%	%
Average during the period	21	29
Highest	27	39
Lowest	17	20

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VI. Explanations Related to Liquidity Risk (continued)

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	476,248	1,216,900	-	-	-	-	-	1,693,148
Banks	220,250	105,413	-	-	-	-	-	325,663
Financial Assets at Fair Value Through Profit and Loss	-	27,247	118,880	178,950	29,499	4,351	-	358,927
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	17,377	-	157,957	392,271	1,530,550	522,994	-	2,621,149
Loans(**)	-	4,610,128	551,216	1,547,654	3,314,391	632,312	138,078	10,793,779
Held-To-Maturity Investments	-	-	-	101,265	108,601	-	-	209,866
Other Assets	-	445,038	2,454	5,179	577	6	317,055	770,309
Total Assets	713,875	6,404,726	830,507	2,225,319	4,983,618	1,159,663	455,133	16,772,841
Liabilities								
Bank Deposits	145,335	312,942	30,614	3,087	-	-	-	491,978
Other Deposits	2,010,679	6,284,822	656,581	298,266	145	-	-	9,250,493
Funds Provided From Other Financial Institutions	-	431,290	1,117,054	1,413,790	141,622	463,868	-	3,567,624
Money Market Borrowings	-	512,306	-	-	-	-	-	512,306
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	296,539	-	-	-	-	-	296,539
Other Liabilities	-	482,409	18,581	73,060	53,044	27,958	1,998,849	2,653,901
Total Liabilities	2,156,014	8,320,308	1,822,830	1,788,203	194,811	491,826	1,998,849	16,772,841
Liquidity Gap	(1,442,139)	(1,915,582)	(992,323)	437,116	4,788,807	667,837	(1,543,716)	-
Prior Period								
Total Assets	670,061	6,206,442	927,322	2,519,163	3,633,192	556,952	550,428	15,063,560
Total Liabilities	2,329,796	8,060,023	1,305,989	837,511	157,132	591,585	1,781,524	15,063,560
Liquidity Gap	(1,659,735)	(1,853,581)	(378,667)	1,681,652	3,476,060	(34,633)	(1,231,096)	-

(*) 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 amounting to TRY 2,965,597 (December 31, 2009: TRY 2,311,525) are included in "Up to 1 Month" while income accrual resulted from mark to market differences from hedged loans amounting to TRY 36,963 (December 31, 2009: TRY 46,589) are included in "1-5 Years".

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VI. Explanations Related to 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
As of September 30, 2010								
Money market borrowings	-	512,581	-	-	-	-	(275)	512,306
Other deposits	2,010,679	6,297,894	662,317	309,519	148	-	(30,064)	9,250,493
Bank deposits	145,335	313,055	30,862	3,271	-	-	(545)	491,978
Funds provided from other financial institutions	-	449,037	1,145,474	1,501,400	240,199	500,856	(269,342)	3,567,624
Total	2,156,014	7,572,567	1,838,653	1,814,190	240,347	500,856	(300,226)	13,822,401
As of December 31, 2009								
Money market borrowings	-	1,073,776	-	-	-	-	(1,805)	1,071,971
Other deposits	1,989,542	5,992,823	1,206,439	116,755	73	-	(31,376)	9,274,256
Bank deposits	82,854	64,571	-	-	-	-	(46)	147,379
Funds provided from other financial institutions	-	649,582	108,072	750,553	223,256	633,259	(231,633)	2,133,089
Total	2,072,396	7,780,752	1,314,511	867,308	223,329	633,259	(264,860)	12,626,695

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
As of September 30, 2010						
Derivative financial instruments for hedging purposes	-	30,204	137,284	36,878	54,510	258,876
Fair value hedge						
Held for trading transactions	632,869	324,471	268,628	11,650	-	1,237,618
Foreign exchange forward contracts	1,544,476	482,675	638,745	356,729	-	3,022,625
Currency swaps	-	5,793	12,278	49,396	5,630	73,097
Interest rate swaps						
Total	2,177,345	843,143	1,056,935	454,653	60,140	4,592,216
As of December 31, 2009						
Derivative financial instruments for hedging purposes	53,145	1,428	129,455	166,432	62,240	412,700
Fair value hedge						
Held for trading transactions	341,974	187,673	206,776	43,965	-	780,388
Foreign exchange forward contracts	553,175	89,324	110,916	213,511	-	966,926
Currency swaps	117	6,634	5,771	34,064	-	46,586
Interest rate swaps						
Total	948,411	285,059	452,918	457,972	62,240	2,206,600

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SECTION FIVE

**EXPLANATIONS AND DISCLOSURES ON
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. Explanations and Disclosures Related to the Assets

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	115,256	116,523	140,473	168,873
Balances with the Central Bank of Turkey	231,172	1,211,880	203,891	979,850
Other	-	18,317	-	18,617
Total	346,428	1,346,720	344,364	1,167,340

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposits	231,172	300,477	203,891	251,831
Unrestricted time deposits	-	911,403	-	728,019
Restricted time deposits	-	-	-	-
Total	231,172	1,211,880	203,891	979,850

TRY 1,211,880 (December 31, 2009 – TRY 979,850) foreign currency and TRY 231,122 (December 31, 2009 – TRY 203,796) domestic currency unrestricted deposits balance comprise of reserve deposits. Unrestricted deposits balance also includes average reserve deposit held in Central Bank. According to the Communiqué 2010/9 about change in “Required Reserve Ratios” published in the Official Gazette No. 27708 dated September 23, 2010; the interest rates applied for reserve deposits are raised to 5.5% from 5% for TRY deposits and to 11% from 10% for FC deposits and interest payment to TRY deposits is terminated effective from October 1, 2010 (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 238,648 (December 31, 2009 – TRY 126,610).

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I. Explanations and Disclosures Related to the 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	8,438	14,106	15,681	14,057
Swap Transactions	57,999	1,005	18,886	1,496
Futures Transactions	-	-	-	-
Options	31,324	7,293	8,372	2,973
Other	114	-	230	-
Total	97,875	22,404	43,169	18,526

3.a) Information on banks :

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	661	1,443	29,559	223,107
Foreign	30,198	293,361	28,248	122,687
Branches and head office abroad	-	-	-	-
Total	30,859	294,804	57,807	345,794

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	92,827	37,842	48,542	31,707
USA and Canada	123,269	41,865	-	-
OECD Countries (*)	6,291	4,550	-	-
Off-shore banking regions	51,391	34,046	-	-
Other	1,239	925	-	-
Total	275,017	119,228	48,542	31,707

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	299,822	116,661	124,605	40,373
Other	-	-	-	-
Total	299,822	116,661	124,605	40,373

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	465,124	-	526,855	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	465,124	-	526,855	-

Net book value of unrestricted financial assets available-for-sale is TRY 1,739,542 (December 31, 2009 – TRY 969,879).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	2,616,327	1,657,700
Quoted on a stock exchange	2,199,844	1,492,612
Unquoted	416,483	165,088
Share certificates	17,377	4,592
Quoted on a stock exchange	2,712	2,515
Unquoted (*)(**)	14,665	2,077
Impairment provision(-)	(12,555)	(580)
Total	2,621,149	1,661,712

(*) In the Board of Directors meeting held on September 23, 2009, the 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 Bank paid TRY 2,000 of its capital commitment of TRY 4,000 on October 14, 2009.

(**)After the sale of the Bank's 90% shares in TEB Finansal Kiralama A.Ş as disclosed in detail in Note 8; the remaining 10% shares are presented as available-for-sale financial assets and accounted for at fair value in accordance with TAS 39. The related amount is TRY 12,594 and valuation difference amounting to TRY 8,575 is accounted for under the "Marketable Securities Valuation Differences" account.

All unquoted available for sale equities are recorded at fair value except for the Bank's investment of TRY 2,071 which is recorded at cost since its fair value cannot be reliably estimated (December 31, 2009 – TRY 2,077).

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I. Explanations and Disclosures Related to the 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	3,867	16,974	1,603	46,004
Corporate shareholders	3,867	16,974	1,603	46,004
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	22,596	-	22,842	-
Total	26,463	16,974	24,445	46,004

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	10,136,233	-	384,690	134,778
Discount notes	139,909	-	6,268	-
Export loans	994,663	-	18,810	-
Import loans	-	-	-	-
Loans given to financial sector	314,577	-	-	-
Foreign loans	114,892	-	530	194
Consumer loans(**)	2,258,524	-	90,178	2,991
Credit cards	495,594	-	37,148	5,618
Precious metal loans	332,787	-	23,769	-
Other	5,485,287	-	207,987	125,975
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	10,136,233	-	384,690	134,778

(*) 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" changed on February 6, 2008.

(**) TRY 36,963 income accrual resulting from the fair value difference of the hedged item loans is included in the loan balance.

c) Loans and other receivables according to their maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term loans and other receivables	5,878,405	-	201,302	17,494
Non-specialized loans	5,878,405	-	201,302	17,494
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans and other receivables	4,257,828	-	183,388	117,284
Non-specialized loans	4,257,828	-	183,388	117,284
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	10,136,233	-	384,690	134,778

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

5. Information on loans: (continued)

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	87,461	2,146,469	2,233,930
Housing Loans	1,760	1,071,352	1,073,112
Vehicle Loans	4,702	174,963	179,665
General Purpose Loans	80,999	900,154	981,153
Other	-	-	-
Consumer Loans –Indexed to FC	-	38,631	38,631
Housing Loans	-	28,465	28,465
Vehicle Loans	-	8,442	8,442
General Purpose Loans	-	1,724	1,724
Other	-	-	-
Consumer Loans-FC (**)	204	8,825	9,029
Housing Loans	-	1,593	1,593
Vehicle Loans	-	5,012	5,012
General Purpose Loans	204	2,220	2,424
Other	-	-	-
Individual Credit Cards-TRY	454,585	-	454,585
With Installments	149,791	-	149,791
Without Installments	304,794	-	304,794
Individual Credit Cards-FC	2,584	-	2,584
With Installments	-	-	-
Without Installments	2,584	-	2,584
Personnel Loans-TRY	3,051	9,271	12,322
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	3,051	9,271	12,322
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	9,233	-	9,233
With Installments	3,991	-	3,991
Without Installments	5,242	-	5,242
Personnel Credit Cards-FC	50	-	50
With Installments	-	-	-
Without Installments	50	-	50
Overdraft Accounts-TRY(Real Persons) (*)	57,702	-	57,702
Overdraft Accounts-FC(Real Persons)	79	-	79
Total	614,949	2,203,196	2,818,145

(*) Overdraft Accounts include personnel loans amounting to TRY 991.

(**) Loans granted via branches abroad.

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

5. Information on loans: (continued)

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

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRY	122,161	1,067,273	1,189,434
Business Loans	183	63,907	64,090
Vehicle Loans	16,395	257,228	273,623
General Purpose Loans	105,583	746,138	851,721
Other	-	-	-
Commercial loans with installment facility - Indexed to FC	12,783	160,692	173,475
Business Loans	-	5,377	5,377
Vehicle Loans	1,535	62,281	63,816
General Purpose Loans	11,248	93,034	104,282
Other	-	-	-
Commercial loans with installment facility –FC	13,516	-	13,516
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	13,516	-	13,516
Other	-	-	-
Corporate Credit Cards-TRY	70,764	-	70,764
With Installments	17,526	-	17,526
Without Installments	53,238	-	53,238
Corporate Credit Cards-FC	1,144	-	1,144
With Installments	-	-	-
Without Installments	1,144	-	1,144
Overdraft Accounts-TRY(Legal Entities)	153,698	-	153,698
Overdraft Accounts-FC(Legal Entities)	2,658	-	2,658
Total	376,724	1,227,965	1,604,689

f) Loans according to borrowers:

	Current Period	Prior Period
Public	36,531	21,373
Private	10,619,170	8,781,190
Total	10,655,701	8,802,563

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	10,507,847	8,666,490
Foreign loans	147,854	136,073
Total	10,655,701	8,802,563

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	-	500
Indirect loans granted to subsidiaries and associates	-	-
Total	-	500

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5. Information on loans: (continued)

i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectability	5,966	12,288
Loans and receivables with doubtful collectability	28,784	46,145
Uncollectible loans and receivables	175,870	181,406
Total	210,620	239,839

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:

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 Uncollectible loans and receivables
Prior period end balance	81,297	119,567	227,127
Additions (+)	144,828	1,175	2,320
Transfers from other categories of non-performing loans (+)	-	164,176	167,208
Transfers to other categories of non-performing loans (-)	164,176	167,208	-
Collections (-)	21,305	37,153	54,072
Write-offs (-)(*)	30	6	115,050
Corporate and commercial loans	-	-	71,943
Retail loans	26	-	10,881
Credit cards	4	6	32,226
Other	-	-	-
Current period end balance	40,614	80,551	227,533
Specific provision (-)	5,966	28,784	175,870
Net Balances on Balance Sheet	34,648	51,767	51,663

(*) TRY 39,957 of the non-performing loans portfolio of the 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 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: None.

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I. Explanations and Disclosures Related to the 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
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	40,614	80,551	227,533
Specific Provision (-)	5,966	28,784	175,870
Loans to Real Persons and Legal Entities (Net)	34,648	51,767	51,663
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	81,297	119,567	227,127
Specific Provision (-)	12,288	46,145	181,406
Loans to Real Persons and Legal Entities (Net)	69,009	73,422	45,721
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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 Bank.

l) Explanations on write-off policy:

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

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5. Information on loans: (continued)

m) Other explanations and disclosures:

Current Period	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Neither past due nor impaired	4,213,167	3,143,481	2,262,244	452,829	-	10,071,721
Past due not impaired	144,272	264,728	89,449	85,531	-	583,980
Individually impaired	112,164	162,334	21,723	52,477	-	348,698
Total gross	4,469,603	3,570,543	2,373,416	590,837	-	11,004,399
Less: allowance for individually impaired loans	57,837	88,883	22,978	40,922	-	210,620
Total allowance for impairment	57,837	88,883	22,978	40,922	-	210,620
Total net	4,411,766	3,481,660	2,350,438	549,915	-	10,793,779
Prior Period	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Neither past due nor impaired	3,902,439	2,282,276	1,696,745	413,164	-	8,294,624
Past due not impaired	118,021	260,810	61,415	67,693	-	507,939
Individually impaired	93,901	219,835	34,416	79,839	-	427,991
Total gross	4,114,361	2,762,921	1,792,576	560,696	-	9,230,554
Less: allowance for individually impaired loans	29,178	122,058	33,985	54,618	-	239,839
Total allowance for impairment	29,178	122,058	33,985	54,618	-	239,839
Total net	4,085,183	2,640,863	1,758,591	506,078	-	8,990,715

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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	29,178	122,058	33,985	54,618	-	239,839
Charge for the period	52,774	43,907	4,138	30,227	-	131,046
Recoveries	(6,711)	(22,543)	(4,871)	(11,811)	-	(45,936)
Amounts written off(*)	(17,404)	(54,539)	(10,274)	(32,112)	-	(114,329)
At September 30, 2010	57,837	88,883	22,978	40,922	-	210,620

	Corporate	Small Business	Consumer	Credit Cards	Other	Total
At January 1, 2009	19,962	50,719	12,108	23,303	-	106,092
Charge for the period	18,742	93,405	33,310	65,606	-	211,063
Recoveries	(9,526)	(22,066)	(6,490)	(10,020)	-	(48,102)
Amounts written off(**)	-	-	(4,943)	(24,271)	-	(29,214)
At December 31, 2009	29,178	122,058	33,985	54,618	-	239,839

(*) TRY 39,957 of the non-performing loans portfolio of the 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 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 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 Bank holds relating to loans individually determined to be impaired at September 30, 2010 is TRY 117,837 (December 31, 2009: TRY 126,343).

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5. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

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

September 30, 2010	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Residential, commercial or industrial property	12,666	15,812	3,015	-	-	31,493
Financial assets	-	-	-	-	-	-
Other	-	16	-	-	-	16
Total	12,666	15,828	3,015	-	-	31,509

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

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

September 30, 2010	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and advances to customers					
Corporate lending	117,826	14,920	11,526	-	144,272
Small business lending	163,987	61,572	39,169	-	264,728
Consumer lending	39,006	37,548	12,895	-	89,449
Credit cards	78,750	694	6,087	-	85,531
Other	-	-	-	-	-
Total	399,569	114,734	69,677	-	583,980

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	92,777	6,512	18,732	-	118,021
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	-	-	-	-	-
Total	310,263	118,289	79,387	-	507,939

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 loan balance of the customer, that the Bank held as at September 30, 2010 is TRY 356,634 (December 31, 2009: TRY 311,296).

Loans and advances amounting to TRY 2,965,597 have floating interest rates (December 31, 2009 – TRY 2,311,525) and the remaining TRY 7,690,104 have fixed interest rates (December 31, 2009 – TRY 6,491,038).

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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	64,838	-	187,395	-
Other	-	-	-	-
Total	64,838	-	187,395	-

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	56,789	-	560,365	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	56,789	-	560,365	-

Net book value of unrestricted financial assets available-for-sale is TRY 88,239 (December 31,2009 – TRY 133,043).

b) Movement of public sector debt investments held-to-maturity:

	Current Period	Prior Period
Beginning balance	880,803	797,771
Foreign currency differences on monetary assets	-	-
Purchases during the year (*)	1,665	97,111
Disposals through sales and redemptions	(672,602)	-
Impairment provision (-)	-	-
Change in income on redeemed cost adjustments	-	(14,079)
Closing Balance	209,866	880,803

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

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).

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

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 Faktoring A.Ş.	İstanbul/Turkey	100.00	-
TEB Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	92.48	7.52
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)	1,380,700	178,834	7,881	41,782	2,715	12,983	10,596	-
(ii)	572,623	23,940	1,262	34,234	-	6,873	6,953	-
(ii)	40,374	35,974	1,797	2,947	-	7,676	6,360	-
(ii)	13,612	12,047	573	671	374	3,134	3,965	-

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

- (i) Represents financial figures of foreign currency statutory financial statements translated at period end foreign exchange rates for balance sheet and nine months' average rates for profit and loss as of September 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 as of September 30, 2010.

b.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	153,921	153,921
Movements during the period	(34,231)	-
Purchases (*)	5,959	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (**)	(40,190)	-
Revaluation increase	-	-
Provision for impairment	-	-
Balance at the end of the period	119,690	153,921
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) The Bank has transferred 17.54% of the shares of TEB Finansal Kiralama A.Ş. in TEB Yatırım Menkul Değerler A.Ş. amounting to TRY 2,271 in exchange for TRY 5,959 and payment for the related transfer was made after the completion of required procedures as at September 29, 2010.

(**) The Bank sold 90% shares of its subsidiary TEB Finansal Kiralama A.Ş. to Fortis Finansal Kiralama A.Ş. in consideration of TRY 113,345. The sale amount was received after the completion of the necessary procedures as of September 30, 2010. The profit amounting to TRY 77,173 resulting from this sale is presented under the "Income on Discontinued Operations" in the current year income statement. The remaining 10% shares are classified as "Financial Assets Available for Sale".

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

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

			Current Period	Prior Period
Banks	/	The Economy Bank N.V.	61,254	61,254
Leasing Companies	/	TEB Finansal Kiralama A.Ş.(**)	-	40,190
Factoring Companies	/	TEB Faktoring A.Ş.	24,037	24,037
Other Financial Subsidiaries	/	TEB Yatırım Menkul Değerler A.Ş.(*)	32,341	26,382
		TEB Portföy Yönetimi A.Ş.	2,058	2,058
Total			119,690	153,921

(*) The Bank has transferred 17.54% of the shares of TEB Finansal Kiralama A.Ş. in TEB Yatırım Menkul Değerler A.Ş. amounting to TRY 2,271 in exchange for TRY 5,959 and payment for the related transfer was made after the completion of required procedures as at September 29, 2010.

(**) The Bank sold 90% shares of its subsidiary TEB Finansal Kiralama A.Ş. to Fortis Finansal Kiralama A.Ş. in consideration of TRY 113,345. The sale amount was received after the completion of the necessary procedures as of September 30, 2010. The profit amounting to TRY 77,173 resulting from this sale is presented under the "Income on Discontinued Operations" in the current year income statement. The remaining 10% shares are classified as "Financial Assets Available for Sale".

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

9. Information on entities under common control (joint ventures):

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 Bank paid its share amounting to TRY 4 on August 2, 2010.

10. Information on finance lease receivables (Net): None (December 31, 2009 – None).

11. Information on derivative financial assets for hedging purposes:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Fair value hedge	7,452	764	30,976	354
Cash flow hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
Total	7,452	764	30,976	354

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

12. Information on tangible assets:

	Opening Balance December 31, 2009	Additions	Disposals	Other	Ending Balance September 30, 2010
Cost:					
Land and buildings	9,637	-	-	-	9,637
Leased tangible assets	49,460	-	(619)	-	48,841
Vehicles	392	50	(32)	-	410
Other	276,426	37,160	(16,388)	-	297,198
Total Cost	335,915	37,210	(17,039)	-	356,086
Accumulated Depreciation:					
Land and buildings	(3,537)	(150)	-	-	(3,687)
Leased tangible assets	(38,253)	(4,561)	619	-	(42,195)
Vehicles	(129)	(58)	16	-	(171)
Other (*)	(139,012)	(29,759)	2,624	(547)	(166,694)
Total Accumulated Depreciation	(180,931)	(34,528)	3,259	(547)	(212,747)
Net Book Value	154,984	2,682	(13,780)	(547)	143,339

(*) "Other" consists of TRY 3,155 provision for impairment of real estates in assets to be disposed in accordance with the appraisal reports (December 31, 2009: TRY 2,608).

- 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 September 30, 2010, provision for impairment loss amounting to TRY 3,155 is booked for real estates to be disposed with respect to appraisals performed (December 31, 2009: TRY 2,608).
- Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

13. Information on intangible assets:

	Opening Balance December 31, 2009	Additions	Disposals	Other	Ending Balance September 30, 2010
Cost:					
Other intangible assets	36,145	4,520	-	-	40,665
Total Cost	36,145	4,520	-	-	40,665
Accumulated Amortization:					
Other intangible assets	(25,235)	(4,990)	-	-	(30,225)
Total Accumulated Amortization	(25,235)	(4,990)	-	-	(30,225)
Net Book Value	10,910	(470)	-	-	10,440

- 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.

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

13. Information on intangible assets: (continued)

- e) Amount of purchase commitments for intangible fixed assets: None.
- f) Information on revalued intangible assets according to their types: None.
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis: Not applicable for the unconsolidated financial statements.
- i) Information on goodwill: None.
- j) Movements on goodwill in the current period: None.

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

15. Explanations on deferred tax asset:

- a) As of September 30, 2010, deferred tax asset computed on the temporary differences is TRY 11,840 (December 31, 2009 – TRY 7,869). There are no tax exemptions or deductions over which deferred tax asset is computed.
- 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
At January 1,	7,869	12,973
Effect of change in tax rate	-	-
Other	144	589
Deferred tax (charge)/benefit	6,782	(1,587)
Deferred tax (charge)/benefit (Net)	6,926	(998)
Deferred tax accounted for under equity	(2,955)	(4,106)
Deferred Tax Asset	11,840	7,869

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

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

17. Information on other assets:

a) Breakdown of other assets:

	Current Period	Prior Period
Clearing Account	215,036	112,330
Collateral Given for Derivative Financial Assets	27,976	31,513
Transaction Costs Related to Financial Liabilities	5,700	7,296
Prepaid Rent Expenses	5,097	4,483
Prepaid Insurance Premiums	2,061	96
Advances Given	1,567	1
Other Prepaid Expenses	18,354	17,600
Receivables from Credit Card Payments	156,454	162,685
Temporary EFT Account	35,102	30,668
Other	9,432	6,116
Total	476,779	372,788

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

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SECTION FIVE

II. Explanations and Disclosures Related to the Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	263,543	-	705,060	2,110,633	181,585	124,333	352	6,921	3,392,427
Foreign currency deposits	881,530	-	1,419,158	1,251,551	28,835	19,528	2,780	1,511	3,604,893
Residents in Turkey	820,291	-	1,365,400	1,218,472	27,381	16,250	521	1,511	3,449,826
Residents abroad	61,239	-	53,758	33,079	1,454	3,278	2,259	-	155,067
Public sector deposits	159,381	-	5,050	2,490	-	-	26	-	166,947
Commercial deposits	610,766	-	600,893	539,827	29,852	23,978	-	40	1,805,356
Other institutions deposits	12,886	-	35,680	134,534	4,294	379	1	-	187,774
Precious metals deposits	82,573	-	7,525	2,077	671	250	-	-	93,096
Interbank deposits	145,335	-	296,551	45,963	-	1,042	3,087	-	491,978
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	73,064	28,138	-	-	-	-	101,202
Foreign Banks	36,520	-	213,485	17,825	-	1,042	3,087	-	271,959
Special finance houses	108,815	-	10,002	-	-	-	-	-	118,817
Other	-	-	-	-	-	-	-	-	-
Total	2,156,014	-	3,069,917	4,087,075	245,237	169,510	6,246	8,472	9,742,471

a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	246,684	-	803,947	2,310,906	66,611	37,413	629	11,414	3,477,604
Foreign currency deposits	906,774	-	1,180,905	1,236,085	29,670	68,426	412	2,122	3,424,394
Residents in Turkey	848,068	-	1,139,404	1,202,051	26,835	64,388	336	2,122	3,283,204
Residents abroad	58,706	-	41,501	34,034	2,835	4,038	76	-	141,190
Public sector deposits	103,715	-	1,095	1,508	-	-	194	-	106,512
Commercial deposits	706,228	-	678,394	648,077	14,650	27,444	263	102	2,075,158
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	82,854	-	47,681	13,238	3,606	-	-	-	147,379
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	5,068	-	-	-	-	5,068
Foreign Banks	32,381	-	47,681	8,170	3,606	-	-	-	91,838
Special finance houses	50,473	-	-	-	-	-	-	-	50,473
Other	-	-	-	-	-	-	-	-	-
Total	2,072,396	-	2,740,095	4,299,832	160,074	134,101	1,499	13,638	9,421,635

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	1,374,482	1,265,160	1,942,875	2,130,077
Foreign currency saving deposits	380,486	379,691	1,291,329	1,302,510
Other deposits in the form of saving deposits	4,218	3,372	84,565	18,838
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	1,759,186	1,648,223	3,318,769	3,451,425

(*) According to the BRSA's circular no 1584 dated 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) Deposits of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Deposits and accounts in branches abroad	75,050	64,476
Deposits of ultimate shareholders and their close families	238,979	263,013
Deposits of chairman and members of the Board of Directors and their close families	10,138	10,408
Deposits obtained through illegal acts defined in the 282 nd 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	6,734	11,929	2,623	3,014
Swap Transactions	56,359	7,072	20,387	1,262
Futures Transactions	-	17,056	-	14,497
Options	18,826	7,293	7,061	2,973
Other	111	-	52	-
Total	82,030	43,350	30,123	21,746

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	38,408	71,403	41,790	102,481
From Foreign Banks, Institutions and Funds	1,648,350	1,355,902	746,204	759,140
Total	1,686,758	1,427,305	787,994	861,621

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	1,229,890	1,232,947	784,736	670,914
Medium and long-term	456,868	194,358	3,258	190,707
Total	1,686,758	1,427,305	787,994	861,621

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

Bank diversifies its funding resources by the customer deposits and by the foreign borrowings. As of September 30, 2010, the Bank has a syndication loan of EUR 190,000,000 and USD 100,000,000 obtained on September 3, 2010 with a maturity of September 2, 2011, under foreign borrowings.

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

Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	512,306	-	1,071,971	-
Financial institutions and organizations	511,484	-	1,071,243	-
Other institutions and organizations	-	-	-	-
Real persons	822	-	728	-
From foreign transactions	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	512,306	-	1,071,971	-

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 bank:

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

- b) The explanation on modifications in agreements and new obligations resulting from such modifications: None

- c) Explanation on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	20	16	25	16
Between 1-4 Years	2	-	17	14
More than 4 Years	-	-	-	-
Total	22	16	42	30

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

d) Explanations regarding operational leases:

Except for the Head-Office-Istanbul and Izmir-Ege Kurumsal Branch buildings, all branch premises of the Bank are leased under operational leases. For the period ended September 30, 2010, operational lease expenses amounting to TRY 57,197 (September 30, 2009 – TRY 55,921) 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 (*)	55,362	-	73,493	-
Cash flow hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
Total	55,362	-	73,493	-

(*) 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	67,398	56,570
Provisions for Second Group Loans and Receivables	10,393	9,225
Provisions for Non-Cash Loans	11,068	8,833
Other	-	-
Total	88,859	74,628

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 50,355 (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 16,182 (December 31, 2009 - TRY 10,617).

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

The Bank 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 September 30, 2010, the Bank provided a reserve of TRY 9,559 (December 31, 2009 - TRY 8,575) for the unused vacations. This balance is classified under other provisions in the financial statements.

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7. Information on provisions (continued)

d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	17,556	13,133
Service cost	2,426	2,542
Interest cost	1,408	1,515
Settlement cost	1,545	1,473
Actuarial gain / (loss)	-	2,115
Benefits paid	(1,754)	(3,222)
Total	21,181	17,556

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	9,559	8,575
Provision for promotion of credit cards and banking services	4,750	4,163
Other (*)	29,384	27,150
Total	43,693	39,888

(*) Included in other, TRY 12,600 (December 31, 2009: TRY 16,533) is the provision related to the bonuses to be paid to the personnel and TRY 16,182 (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).

8. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Corporate taxes:

	Current Period	Prior Period
Provision for corporate taxes	12,714	2,545

a.2) Information on taxes payable:

	Current Period	Prior Period
Taxation on Securities	6,305	8,754
Property Tax	977	920
Banking Insurance Transaction Tax (BITT)	9,009	9,696
Foreign Exchange Transaction Tax	8	10
Value Added Tax Payable	272	605
Other (*)	5,773	6,529
Total	22,344	26,514

(*) Other includes income taxes deducted from wages amounting to TRY 5,595 (December 31, 2009 – TRY 5,597) and stamp taxes payable amounting to TRY 500 (December 31, 2009 - TRY 713) while prepaid income tax amounting to TRY 322 is deducted from other.

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

8. Explanations on taxes payable: (continued)

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	2,587	2,417
Social Security Premiums-Employer	2,752	2,572
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	181	169
Unemployment Insurance-Employer	362	338
Other	-	-
Total	5,882	5,496

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

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 Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:

The Bank has signed an agreement with the International Finance Corporation (IFC) on July 17, 2002, for a subordinated loan of USD 15 million. The maturity of the loan is October 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 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 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 a fixed interest rate of 6.10%.

The 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 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 contribute to the Bank's capital adequacy ratio in a positive manner, as well as creating long term financing.

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

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	-	453,561	-	483,474
Total	-	453,561	-	483,474

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.

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11. Information on Shareholders' Equity: (continued)

- f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

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

- g) Information on preferred shares:

7% of the Bank's remaining net income after tax subsequent to deducting legal reserves and first dividends, corresponding to the Bank's 60,000 shares of 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	35,462	4,334	16,824	4,724
Foreign Exchange Difference	-	-	-	-
Total	35,462	4,334	16,824	4,724

	Current Period	Prior Period
Foreign currency marketable securities value increase fund	4,334	4,724
Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities held to maturity related to the above amount	-	-
Total	4,334	4,724

Information on legal reserves:

	Current Period	Prior Period
First legal reserves	39,932	29,423
Second legal reserves	5,536	5,536
Other legal reserves appropriated in accordance with special legislation	-	-
Total	45,468	34,959

Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	479,352	279,694
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange differences	-	-
Total	479,352	279,694

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11. Information on Shareholders' Equity: (continued)

Other Information on Shareholders' Equity:

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

	Current Period	Prior Period
At January 1	21,548	5,882
Net unrealized gains on available for sale investments	47,671	74,783
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	(26,468)	(55,011)
Tax effect of net gains on available for sale investments	(2,955)	(4,106)
Unrealized gains / (losses) on cash flow hedges	-	-
Gains / (losses) on cash flow hedges recycled to income statement	-	-
Tax effect of gains on cash flow hedges	-	-
At period end	39,796	21,548

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

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SECTION FIVE

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

1. Information on off-balance sheet liabilities:

- a) Nature and amount of irrevocable loan commitments: Credit card expenditure limit commitments are TRY 1,135,554 and TRY 956,344; payment commitments for checks are TRY 702,583 and TRY 650,733 as of September 30, 2010 and December 31, 2009, respectively.

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

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

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

As of September 30, 2010 total guarantees and commitments consist of letters of guarantee amounting to TRY 3,068,107 (December 31, 2009 - TRY 2,678,395) acceptances amounting to TRY 62,380 (December 31, 2009 - TRY 39,205) and letters of credit amounting to TRY 548,500 (December 31, 2009 -TRY 503,408).

- b.2) Guarantees, suretyships, and similar transactions: The Bank has other guarantees and suretyships amounting to TRY 291,440 as of September 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	209,914	206,485
With maturity of 1 year or less than 1 year	57,830	39,899
With maturity of more than 1 year	152,084	166,586
Other non-cash loans	3,760,513	3,222,135
Total	3,970,427	3,428,620

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	28,751	1.42	17,473	0.90	22,109	1.44	9,734	0.51
Farming and raising livestock	22,486	1.11	4,312	0.22	16,422	1.07	8,966	0.47
Forestry	6,027	0.30	13,161	0.68	5,180	0.34	768	0.04
Fishery	238	0.01	-	-	507	0.03	-	-
Manufacturing	1,026,393	50.53	1,076,252	55.50	830,539	54.19	961,807	50.73
Mining	60,278	2.97	48,758	2.51	43,566	2.85	24,103	1.27
Production	947,419	46.64	1,022,613	52.73	767,155	50.05	921,658	48.61
Electric, gas and water	18,696	0.92	4,881	0.26	19,818	1.29	16,046	0.85
Construction	514,041	25.31	285,324	14.71	328,665	21.44	267,409	14.10
Services	435,219	21.43	275,203	14.19	331,611	21.64	272,719	14.39
Wholesale and retail trade	147,619	7.27	30,046	1.55	99,329	6.48	22,991	1.21
Hotel, food and beverage services	12,582	0.62	6,072	0.31	7,139	0.47	3,209	0.17
Transportation and telecommunication	125,620	6.18	162,241	8.37	77,468	5.05	177,007	9.34
Financial institutions	40,630	2.00	48,937	2.52	39,790	2.60	17,756	0.94
Real estate and renting services	30,357	1.49	12,328	0.64	25,949	1.69	22,953	1.21
Self-employment services	53,295	2.62	4,227	0.22	47,328	3.09	10,290	0.54
Education services	448	0.02	683	0.04	564	0.04	579	0.03
Health and social services	24,668	1.23	10,669	0.54	34,044	2.22	17,934	0.95
Other	26,742	1.31	285,029	14.70	19,777	1.29	384,250	20.27
Total	2,031,146	100.00	1,939,281	100.00	1,532,701	100.00	1,895,919	100.00

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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	1,788,251	1,239,218	28,763	11,875
Bank acceptances	1,059	61,321	-	-
Letters of credit	39	547,758	-	703
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	212,587	77,548	447	858
Total	2,001,936	1,925,845	29,210	13,436

The Bank provided a reserve of TRY 16,182 (December 31, 2009: TRY 10,617) for non-cash loans not yet indemnified amounting to TRY 24,708 (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
Types of trading transactions				
Foreign currency related derivative transactions (I):	13,334,321	6,190,071	-	-
Forward transactions	2,653,473	1,587,632	-	-
Swap transactions	6,156,315	1,826,664	-	-
Futures transactions	532,168	483,173	-	-
Option transactions	3,992,365	2,292,602	-	-
Interest related derivative transactions (II) :	646,928	339,655	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	404,628	303,000	-	-
Interest option transactions	242,300	36,655	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	253,020	-	-	-
Other trading derivative transactions (IV)	-	-	-	-
A.Total trading derivative transactions (I+II+III+IV)	14,234,269	6,529,726	-	-
Types of hedging transactions				
Fair value hedges	-	-	537,997	761,499
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	537,997	761,499
Total Derivative Transactions (A+B)	14,234,269	6,529,726	537,997	761,499

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 are remeasured at fair value.

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

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

As of July 1, 2008, the 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 537,997 (December 31, 2009: 761,499) of its swap portfolio with its loan portfolio.

As of September 30, 2010 and December 31, 2009, breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TRY equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell
Current Period								
TRY	330,307	308,492	1,197,220	1,858,767	1,289,644	1,054,503	-	-
USD	501,162	590,117	681,221	877,127	526,485	578,345	257,559	-
EURO	415,096	229,027	1,299,758	500,222	474,308	402,863	-	-
OTHER	169,290	109,982	40,547	106,081	86,386	75,151	-	274,609
Total	1,415,855	1,237,618	3,218,746	3,342,197	2,376,823	2,110,862	257,559	274,609
Prior Period								
TRY	355,035	184,013	251,511	609,694	476,856	485,796	-	-
USD	150,296	425,389	251,233	317,579	324,390	322,206	234,791	-
EURO	274,995	147,342	466,787	91,600	245,423	230,800	-	-
OTHER	26,918	23,644	98,503	42,757	132,380	111,406	-	248,382
Total	807,244	780,388	1,068,034	1,061,630	1,179,049	1,150,208	234,791	248,382

As of September 30, 2010, the Bank has no cash flow hedges. (December 31, 2009: None.)

As of September 30, 2010, the Bank has no hedge of net investment in foreign operations. (December 31, 2009: None.)

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

3. Explanations on contingent liabilities and assets:

- a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in entities under common control (joint ventures): None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
 - b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes. As of September 30, 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 be reliably determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: As of September 30, 2010 there are no contingent liabilities that need to be explained (December 31,2009 - None).

4. Custodian and intermediary services:

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

Investment fund participation certificates held in custody which belong to the customers and the portfolio are accounted for with their nominal values. As of September 30, 2010 the total nominal value and the total number of certificates are TRY 1,311,034 and 131,103,431 thousand, respectively (December 31, 2009 – TRY 1,138,296 and 113,829,615 thousand) and the total fair value is TRY 4,537,887 (December 31, 2009 – TRY 5,627,043).

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

5. Information on the Bank's rating by the international rating institutions (*):

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

Moody's Investor Services: October 2010

View	Stable
Bank Financial Strength	D+
Foreign Currency Deposits	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 Statement of Income

1. a) Information on interest on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	448,995	53,513	596,181	79,232
Medium and long term loans	335,998	35,724	275,576	25,726
Interest on non-performing loans	9,193	-	4,105	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	794,186	89,237	875,862	104,958

(*) Includes fees and commissions obtained from cash loans amounting to TRY 36,553 (September 30, 2009: TRY 27,742).

b) Information on interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	10
Domestic banks	1,134	53	1,686	35
Foreign banks	2,666	1,455	3,972	5,250
Branches and head office abroad	-	-	-	-
Total	3,800	1,508	5,658	5,295

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	12,221	578	10,327	489
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	145,239	4,743	117,329	5,951
Held-to-maturity securities	42,909	-	94,776	-
Total	200,369	5,321	222,432	6,440

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	1,882	1,663

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
The Central Bank of Turkey	-	-	-	-
Domestic banks	2,534	1,923	6,158	3,133
Foreign banks	67,310	12,586	100,576	11,787
Branches and head office abroad	-	-	-	-
Other financial institutions	-	24,364	-	25,879
Total	69,844	38,873	106,734	40,799

(*) Includes fees and commission expenses of cash loans amounting to TRY 5,068 (September 30, 2009 : TRY 2,727).

b) Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest expenses to associates and subsidiaries	294	2,082

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

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

Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Turkish Lira								
Bank deposits	-	5,392	258	-	42	87	-	5,779
Saving deposits	-	51,816	142,421	6,531	8,524	34	532	209,858
Public sector deposits	-	105	156	1	9	-	-	271
Commercial deposits	135	45,251	42,180	474	834	-	-	88,874
Other deposits	-	1,755	9,789	2,833	95	2	-	14,474
7 days call accounts	-	-	-	-	-	-	-	-
Total	135	104,319	194,804	9,839	9,504	123	532	319,256
Foreign Currency								
Foreign currency deposits	25	18,656	27,069	1,178	574	32	19	47,553
Bank deposits	8	85	111	36	-	-	-	240
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	659	66	24	11	4	-	-	764
Total	692	18,807	27,204	1,225	578	32	19	48,557
Grand Total	827	123,126	222,008	11,064	10,082	155	551	367,813

3. Information on dividend income:

	Current Period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	5	7
Other	14,453	11,963
Total	14,458	11,970

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

4. Information on net trading income:

	Current Period	Prior Period
Income	1,634,636	1,951,119
Gains on capital market operations	36,836	70,841
Gains on derivative financial instruments (**)	406,289	403,063
Foreign exchange gains(*)	1,191,511	1,477,215
Losses (-)	1,630,547	1,903,730
Losses on capital market operations	9,242	8,775
Losses on derivative financial instruments (**)	584,393	538,785
Foreign exchange losses(*)	1,036,912	1,356,170

(*) As of September 30, 2010, the foreign exchange gains on the foreign currency indexed loans are TRY 15,184 (September 30, 2009 - TRY 31,374). As of September 30, 2010 the foreign exchange losses on the foreign currency indexed loans are TRY 49,138 (September 30, 2009 – TRY 26,957).

(**) Gains on hedging transactions are TRY 11,631 (September 30, 2009 – TRY 11,823), while losses on hedging transactions are TRY 65,590 (September 30, 2009 – TRY 94,426).

5. Information on other operating income:

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

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	90,675	126,948
III. Group Loans and Receivables	(6,494)	5,672
IV. Group Loans and Receivables	(17,139)	23,856
V. Group Loans and Receivables	114,308	97,420
General provision expenses	14,713	(7,640)
Provision expenses for possible losses	-	-
Marketable securities impairment losses	18,045	6,733
Financial assets at fair value through profit and loss	13	26
Investment securities available for sale	18,032	6,707
Impairment provision expense	2,472	5,288
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investments held to maturity	2,472	5,288
Other	-	-
Total	125,905	131,329

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

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	268,496	258,464
Reserve for employee termination benefits	5,379	5,274
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	34,528	34,686
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	4,990	4,515
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1,822	-
Depreciation expenses of assets to be disposed	-	4
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	184,154	175,028
Rent expenses	57,197	55,921
Maintenance expenses	4,195	3,995
Advertisement expenses	16,646	15,211
Other expenses	106,116	99,901
Loss on sales of assets	31	840
Other (*)	62,531	30,765
Total	561,931	509,576

(*) Included in other, premiums paid to the Saving Deposit Insurance Fund is TRY 8,164 (September 30, 2009 – TRY 7,295) and taxes other than on income is TRY 29,755 (September 30, 2009 – TRY 14,297).

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

Profit before tax of the Bank consists of net interest income and net fees and commission income amounting to TRY 579,206 (September 30, 2009 - TRY 608,393) and TRY 182,790 (September 30, 2009 - TRY 178,084), respectively; while operating expenses are TRY 561,931 (September 30, 2009 - TRY 509,576).

The Bank sold 90% shares of its subsidiary TEB Finansal Kiralama A.Ş. to Fortis Finansal Kiralama A.Ş. in consideration of TRY 113,345 as of September 30, 2010. The profit amounting to TRY 77,173 resulting from this sale is presented as “Income on Sale of Associates, Subsidiaries and Entities Under Common Control” under the “Income on Discontinued Operations” in the current year income statement.

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

- As of September 30, 2010, current tax charge is TRY 33,663 (September 30, 2009 – 42,538), and deferred tax benefit is TRY 6,782 (September 30, 2009 – TRY 780).
- Deferred tax benefit on temporary differences resulted from continued operations is TRY 6,782 (September 30, 2009 – TRY 780).

The Bank sold 90% shares of its subsidiary TEB Finansal Kiralama A.Ş. to Fortis Finansal Kiralama A.Ş. in consideration of TRY 113,345, and TRY 3,859 tax effect of this sale is presented as “Tax Provision for Discontinued Operations”.

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

9. Information on tax provision: (continued)

c) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	208,156	228,723
Additions	18,716	14,416
Disallowables	4,512	14,352
General loan loss provision	13,979	-
Other	225	64
Deductions	(73,170)	(34,350)
Dividend income	(14,330)	(11,921)
General loan loss provision	-	(6,686)
Provision for possible tax disputes	-	(14,711)
Income on sale of associates	(57,880)	-
Other	(960)	(1,032)
Taxable Profit / (Loss)	153,702	208,789
Corporate tax rate	%20	%20
Tax calculated	30,740	41,758

As of September 30, 2010, current tax charge is 37,522 (September 30, 2009 – TRY 42,538) and deferred tax benefit on temporary differences is TRY 6,782 (September 30, 2009 – TRY 780). Net tax charge recognized in the financial statements is TRY 30,740 (September 30, 2009 – TRY 41,758).

10. Information on net profit/(loss) from continued and discontinued operations:

The Bank's net profit from continued operations is TRY 104,102 (September 30, 2009: TRY 186,965) and net profit from discontinued operations is TRY 73,314 for the period ended September 30, 2010 (September 30, 2009: None).

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

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IV. Explanations and Disclosures Related to the 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 fees and commissions received</u>		
Credit cards commissions and fees	130,935	134,592
Import letters of credit commissions	2,627	3,193
Inquiry and company search fees and commissions	16,096	11,360
Fund management commissions	20,649	22,118
Settlement expense provision, eft, swift, agency commissions	8,193	7,344
Insurance commissions	11,259	7,583
Transfer commissions	5,912	4,654
Commissions and fees earned from correspondent banks	5,695	4,649
Other	49,323	41,433
Total	250,689	236,926
<u>Other fees and commissions given</u>		
Credit cards commissions and fees	80,607	72,342
Commissions and fees paid to correspondent banks	1,981	1,628
Settlement and swift commissions	3,200	2,787
Other	11,821	8,625
Total	97,609	85,382

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V. Explanations on the Risk Group of the Bank

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

a) Current Period:

Related Parties	Subsidiaries, associates and entities under common control (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	557	7,198	15,688	46,004	57,190	86,909
Balance at end of period	54	785	53,906	16,974	137,756	91,960
Interest and commission income	1,882	220	2,212	11	3,507	381

Included in the balances above, the Bank has placements in foreign bank accounts amounting to TRY 54 from subsidiaries and associates, TRY 50,039 under direct and indirect corporate and real person shareholders and TRY 14,417 from 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	6,285	3,771	82,234	14,059	66,936	6,794
Balance at end of period	557	7,198	15,688	46,004	57,190	86,909
Interest and commission income received	1,663	188	5,598	1	2,818	122

Included in the balances above, the Bank has placements in foreign bank accounts amounting to TRY 57 from subsidiaries and associates, TRY 14,085 under direct and indirect corporate and real person shareholders and TRY 6,028 from 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	18,591	22,816	282,015	189,247	127,883	272,485
Balance at end of period	16,776	18,591	250,881	282,015	91,952	127,883
Interest on deposits	294	2,082	17,318	43,015	2,486	5,744

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	32,150	141,755	1,508,190	2,401,449	746,942	419,698
End of period	1,636	32,150	5,120,380	1,508,190	1,126,515	746,942
Total income/loss	(374)	1,441	(30,392)	7,027	34,023	(41,442)
Hedging transactions purposes						
Beginning of period	-	-	306,331	322,681	-	-
End of period	-	-	200,491	306,331	-	-
Total income/loss	-	-	507	(12,430)	-	-

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

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

- d) As of September 30, 2010, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 14,380 (September 30, 2009 – TRY 13,382).

2. Disclosures for related parties:

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

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

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

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	127,206	1.18
Non-cash loans	109,719	2.76
Deposits	359,609	3.69
Derivative financial instruments	6,248,531	43.90
Derivative financial instruments for hedging purposes	200,491	37.27

These transactions are priced in accordance with the general pricing policies of the 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 Bank enters into leasing agreements with TEB Finansal Kiralama A.Ş. As of September 30, 2010 the total leasing obligations related to these agreements amounted to TRY 16. Additionally, the Bank provides agency services for TEB Yatırım Menkul Değerler A.Ş. via its branches.

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 1.60%. Details of these loans are explained in the Section Five, Note V- 1a.

As of September 30, 2010 the Bank has no purchases and sale of real estate and other assets, transfer of information as a result of research and development and management contracts with the related parties.

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SECTION SIX

INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

I. Explanations on the Independent Accountants' Limited Review Report

The unconsolidated interim financial statements of the Bank have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent accountants' limited review report dated November 11, 2010 is presented preceding the financial statements.

II. Footnotes and Explanations Prepared by Independent Accountants

None.