

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

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

*Translated into English
from the Original Turkish Report*

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

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

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

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

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of the Group for the period ended September 30, 2010 in accordance with the prevailing accounting principles and standards set out as per the Article No 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency (“BRSA”).

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

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 Group’s financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

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

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Hasan Kılıç
Partner

Istanbul, November 11, 2010

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

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

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP WHICH IS UNDER CONSOLIDATION
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT

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

Subsidiaries

1. The Economy Bank N.V.
2. Stichting Effecten Dienstverlening
3. Kronenburg Vastgoed B.V.
4. TEB Faktoring A.Ş.
5. TEB Yatırım Menkul Değerler A.Ş.
6. TEB Portföy Yönetimi A.Ş.

The consolidated 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. Ilgaz 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

Telephone Number: (0212) 251 21 21

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TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED 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 Parent Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status, if any

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

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO 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 Parent Bank They Possess

<u>Name</u>	<u>Title</u>
Board of Directors;	
Yavuz Canevi	Chairman of the Board of Directors
Dr.Akın Akbaygil	Member of the Board of Directors, Vice Chairman of the Audit Committee and Vice Chairman of the Board of Directors
Patrick Rene Pitton (*****)	Member of the Board of Directors
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 is 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.
- (****) Unsul 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 a member of the audit committee at the same date.

Shares of the Parent 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 CONSOLIDATED 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 in the Parent Bank:

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

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

The Parent Bank's operating areas include corporate, retail and private banking as well as project finance, fund management and custody operations. Beside the ordinary banking operations, the Parent Bank is handling agency functions through its branches on behalf of TEB Yatırım Menkul Değerler A.Ş. and Zurich Sigorta A.Ş. (formerly TEB Sigorta A.Ş. prior to the title change on August 18, 2008 due to the sale of the entity). As of September 30, 2010, the Parent Bank has 331 local branches and 4 foreign branches (December 31, 2009 - 330 local branches, 4 foreign branches).

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheet
- II. Consolidated Statement of Off-Balance Sheet Contingencies and Commitments
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- V. Consolidated Statement of Changes in Shareholders' Equity
- VI. Consolidated Statement of Cash Flows

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

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

I- CONSOLIDATED BALANCE SHEET – ASSETS (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. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	346,429	1,346,720	1,693,149	344,368	1,167,344	1,511,712
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	349,070	36,091	385,161	176,429	23,594	200,023
2.1 Financial assets held for trading		349,070	36,091	385,161	176,429	23,594	200,023
2.1.1 Public sector debt securities		251,145	5,721	256,866	133,230	4,687	137,917
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		97,925	30,370	128,295	43,199	18,907	62,106
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)	81,783	486,387	568,170	171,832	552,171	724,003
IV. MONEY MARKET PLACEMENTS		7,437	-	7,437	619,657	84,807	704,464
4.1 Interbank money market placements		-	-	-	610,110	84,807	694,917
4.2 Istanbul Stock Exchange money market placements		400	-	400	145	-	145
4.3 Receivables from reverse repurchase agreements		7,037	-	7,037	9,402	-	9,402
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	2,421,742	303,890	2,725,632	1,605,913	72,979	1,678,892
5.1 Share certificates		15,607	1,770	17,377	2,021	2,583	4,604
5.2 Public sector debt securities		2,406,063	292,973	2,699,036	1,603,892	63,018	1,666,910
5.3 Other marketable securities		72	9,147	9,219	-	7,378	7,378
VI. LOANS	(5)	8,692,127	3,122,696	11,814,823	7,077,534	2,788,198	9,865,732
6.1 Loans and receivables		8,554,049	3,121,300	11,675,349	6,889,382	2,787,705	9,677,087
6.1.1 Loans to Risk Group of the Bank		101,653	25,553	127,206	21,507	32,035	53,542
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		8,452,396	3,095,747	11,548,143	6,867,875	2,755,670	9,623,545
6.2 Non-performing loans		348,698	8,714	357,412	427,991	7,675	435,666
6.3 Specific provisions (-)		(210,620)	(7,318)	(217,938)	(239,839)	(7,182)	(247,021)
VII. FACTORING RECEIVABLES	(18)	380,323	135,505	515,828	290,066	84,834	374,900
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	209,866	16,491	226,357	882,324	19,316	901,640
8.1 Public sector debt securities		209,866	16,491	226,357	882,324	19,316	901,640
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)	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. ENTITIES UNDER COMMON CONTROL (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. LEASE RECEIVABLES (Net)	(10)	-	-	-	65,360	341,809	407,169
12.1 Finance lease receivables		-	-	-	79,949	389,180	469,129
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	2,133	406	2,539
12.4 Unearned income (-)		-	-	-	(16,722)	(47,777)	(64,499)
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)	144,260	6,948	151,208	156,381	7,765	164,146
XV. INTANGIBLE ASSETS (Net)	(13)	13,151	933	14,084	14,300	1,183	15,483
15.1 Goodwill		1,205	-	1,205	1,205	-	1,205
15.2 Other		11,946	933	12,879	13,095	1,183	14,278
XVI. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	14,230	1,601	15,831	48,522	1,536	50,058
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		14,230	1,601	15,831	48,522	1,536	50,058
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1 Held for sale		-	-	-	-	-	-
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	475,228	31,307	506,535	372,652	36,970	409,622
TOTAL ASSETS		13,143,103	5,489,333	18,632,436	11,856,315	5,182,860	17,039,175

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

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

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

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

	Note Ref.	Reviewed Current Period 30.09.2010			Audited Prior Period 31.12.2009		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	5,985,782	4,857,454	10,843,236	5,920,071	4,443,213	10,363,284
1.1 Deposits from Risk Group of the Bank		144,769	257,199	401,968	169,603	287,471	457,074
1.2 Other		5,841,013	4,600,255	10,441,268	5,750,468	4,155,742	9,906,210
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	83,327	43,856	127,183	31,036	26,953	57,989
III. FUNDS BORROWED	(3)	2,067,460	1,648,444	3,715,904	1,142,881	1,317,619	2,460,500
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		290,743	17,224	307,967	246,316	20,916	267,232
VIII. OTHER LIABILITIES	(4)	432,631	723	433,354	237,607	388	237,995
IX. FACTORING PAYABLES		-	-	-	272	471	743
X. FINANCE LEASE PAYABLES (Net)	(5)	-	27	27	-	-	-
10.1 Finance lease payables		-	34	34	-	-	-
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	(7)	(7)	-	-	-
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)	144,148	22,304	166,452	132,829	18,380	151,209
12.1 General loan loss provisions		74,619	21,020	95,639	70,145	16,681	86,826
12.2 Restructuring reserve		-	-	-	-	-	-
12.3 Reserve for employee benefits		22,096	-	22,096	18,512	-	18,512
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		47,433	1,284	48,717	44,172	1,699	45,871
XIII. TAX LIABILITY	(8)	44,374	1,849	46,223	37,244	733	37,977
13.1 Current tax liability		44,374	1,849	46,223	37,244	733	37,977
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)	1,850,148	120,713	1,970,861	1,728,644	104,664	1,833,308
16.1 Paid-in capital		1,100,000	-	1,100,000	1,100,000	-	1,100,000
16.2 Supplementary capital		30,497	4,423	34,920	20,119	4,857	24,976
16.2.1 Share premium		2,227	-	2,227	2,227	-	2,227
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		27,344	4,423	31,767	16,966	4,857	21,823
16.2.4 Tangible assets revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment properties revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		926	-	926	926	-	926
16.3 Profit reserves		577,287	116,290	693,577	340,621	99,807	440,428
16.3.1 Legal reserves		60,825	-	60,825	57,519	-	57,519
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		522,385	116,290	638,675	274,270	99,807	374,077
16.3.4 Other profit reserves		(5,923)	-	(5,923)	8,832	-	8,832
16.4 Profit or loss		142,364	-	142,364	267,904	-	267,904
16.4.1 Prior years' income/ (loss)		-	-	-	-	-	-
16.4.2 Current year income/ (loss)		142,364	-	142,364	267,904	-	267,904
16.5 Minority shares	(12)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		11,466,281	7,166,155	18,632,436	10,622,364	6,416,811	17,039,175

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND
COMMITMENTS AS OF SEPTEMBER 30, 2010

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

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

	Note Ref.	Reviewed Current Period 30.09.2010			Audited Prior Period 31.12.2009		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		11,925,791	12,318,793	24,244,584	7,540,811	7,977,427	15,518,238
I. GUARANTEES	(1), (3)	2,031,178	2,242,480	4,273,658	1,532,701	2,222,970	3,755,671
1.1 Letters of guarantee		1,817,046	1,294,043	3,111,089	1,415,128	1,309,344	2,724,472
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		195,976	70,942	266,918	134,913	65,521	200,434
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	808,710	808,749	339	784,043	784,382
1.3.1 Documentary letters of credit		39	716,688	716,727	339	689,769	690,108
1.3.2 Other letters of credit		-	92,022	92,022	-	94,274	94,274
1.4 Prefinancing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		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)	3,372,641	929,457	4,302,098	3,110,272	648,459	3,758,731
2.1 Irrevocable commitments		3,372,641	929,457	4,302,098	3,110,272	648,459	3,758,731
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	1,264	1,136,818	956,344	1,172	957,516
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		48,340	24,229	72,569	32,509	14,702	47,211
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	6,521,972	9,146,856	15,668,828	2,897,838	5,105,998	8,003,836
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		6,151,409	8,979,422	15,130,831	2,427,850	4,814,487	7,242,337
3.2.1 Forward foreign currency buy/sell transactions		640,627	2,202,931	2,843,558	550,095	1,105,030	1,655,125
3.2.1.1 Forward foreign currency transactions-buy		331,576	1,180,679	1,512,255	358,911	481,993	840,904
3.2.1.2 Forward foreign currency transactions-sell		309,051	1,022,252	1,331,303	191,184	623,037	814,221
3.2.2 Swap transactions related to f.c. and interest rates		3,161,248	4,099,315	7,260,563	915,490	1,860,058	2,775,548
3.2.2.1 Foreign currency swap-buy		1,029,720	2,315,548	3,345,268	151,511	1,067,639	1,219,150
3.2.2.2 Foreign currency swap-sell		1,796,528	1,668,845	3,465,373	563,979	653,905	1,217,884
3.2.2.3 Interest rate swaps-buy		167,500	57,461	224,961	100,000	69,257	169,257
3.2.2.4 Interest rate swaps-sell		167,500	57,461	224,961	100,000	69,257	169,257
3.2.3 Foreign currency, interest rate and securities options		2,345,641	2,145,008	4,490,649	962,265	1,366,226	2,328,491
3.2.3.1 Foreign currency options-buy		963,191	1,087,914	2,051,105	440,198	701,814	1,142,012
3.2.3.2 Foreign currency options-sell		887,130	1,057,094	1,944,224	485,412	664,412	1,149,824
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		3,893	-	3,893	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		30,422,922	7,414,044	37,836,966	24,656,726	7,504,361	32,161,087
IV. ITEMS HELD IN CUSTODY		8,650,660	586,147	9,236,807	6,815,522	543,183	7,358,705
4.1 Assets under management		1,311,090	207	1,311,297	1,144,178	27	1,144,205
4.2 Investment securities held in custody		3,843,641	151,526	3,995,167	2,771,794	171,077	2,942,871
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		21,741,820	6,823,155	28,564,975	17,815,500	6,957,362	24,772,862
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		8,754,329	903,897	9,658,226	7,478,811	1,077,294	8,556,105
5.6 Other pledged items		1,390,167	514,080	1,904,247	1,229,203	364,040	1,593,243
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)		42,348,713	19,732,837	62,081,550	32,197,537	15,481,788	47,679,325

The accompanying notes are an integral of these financial statements.

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

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

III. CONSOLIDATED 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)	1,190,913	1,369,071	411,729	414,695
1.1	Interest on loans		921,717	1,018,940	317,178	304,145
1.2	Interest received from reserve deposits		13,804	22,875	4,765	5,455
1.3	Interest received from banks		7,871	16,293	2,616	3,724
1.4	Interest received from money market placements		2,141	26,467	612	1,933
1.5	Interest received from marketable securities portfolio		208,780	233,049	73,555	81,749
1.5.1	Held-for-trading financial assets		13,881	11,459	5,695	5,857
1.5.2	Financial assets at fair value through profit and loss		-	-	-	-
1.5.3	Available-for-sale financial assets		151,167	125,796	57,524	44,542
1.5.4	Investments held-to-maturity		43,732	95,794	10,336	31,350
1.6	Finance lease Income		-	-	-	-
1.7	Other interest income		36,600	51,447	13,003	17,689
II.	INTEREST EXPENSE	(2)	569,252	715,101	202,712	191,349
2.1	Interest on deposits		384,728	504,908	134,564	137,787
2.2	Interest on funds borrowed		128,576	165,431	54,114	37,383
2.3	Interest on money market borrowings		39,481	28,012	10,345	11,877
2.4	Interest on securities issued		-	-	-	-
2.5	Other interest expense		16,467	16,750	3,689	4,302
III.	NET INTEREST INCOME/EXPENSE (I - II)		621,661	653,970	209,017	223,346
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		217,501	209,521	70,225	68,540
4.1	Fees and commissions received		319,366	299,358	103,747	100,436
4.1.1	Non-cash loans		38,210	34,181	12,337	11,970
4.1.2	Other		281,156	265,177	91,410	88,466
4.2	Fees and commissions paid		101,865	89,837	33,522	31,896
4.2.1	Non-cash loans		1,035	1,618	250	525
4.2.2	Other		100,830	88,219	33,272	31,371
V.	DIVIDEND INCOME	(3)	16	9	10	1
VI.	NET TRADING INCOME	(4)	1,504	44,523	1,190	(1,513)
6.1	Securities trading gains/ (losses)		28,313	63,420	7,979	16,183
6.2	Gains/ (losses) from derivative financial instruments		(167,476)	(146,817)	(6,069)	(54,448)
6.3	Foreign exchange gains/ (losses)		140,667	127,920	(720)	36,752
VII.	OTHER OPERATING INCOME	(5)	36,188	22,673	7,883	6,778
VIII.	NET OPERATING INCOME (III+IV+V+VI+VII)		876,870	930,696	288,325	297,152
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	127,219	135,691	55,238	49,679
X.	OTHER OPERATING EXPENSES (-)	(7)	599,177	546,630	208,188	176,285
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		150,474	248,375	24,899	71,188
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)	150,474	248,375	24,899	71,188
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(34,584)	(49,560)	(6,868)	(16,054)
16.1	Current income tax (charge)/benefit		(41,920)	(52,211)	(11,894)	(29,776)
16.2	Deferred tax (charge)/benefit		7,336	2,651	5,026	13,722
XVII.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	115,890	198,815	18,031	55,134
XVIII.	INCOME ON DISCONTINUED OPERATIONS		88,990	119,327	34,815	29,197
18.1	Income on assets held for sale		-	-	-	-
18.2	Income on sale of associates, subsidiaries and entities under common control (Joint vent.)		18,244	-	18,244	-
18.3	Income on other discontinued operations		70,746	119,327	16,571	29,197
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		61,672	115,599	13,983	28,865
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		61,672	115,599	13,983	28,865
XX.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	(8)	27,318	3,728	20,832	332
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(9)	(844)	(27)	(3,904)	(327)
21.1	Current income tax (charge)/benefit		(4,969)	-	(4,969)	-
21.2	Deferred tax (charge)/benefit		4,125	(27)	1,065	(327)
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(10)	26,474	3,701	16,928	5
XXIII.	NET PROFIT/LOSS (XVII+XXII)	(11)	142,364	202,516	34,959	55,139
23.1	Group's profit/loss		142,364	202,516	34,959	55,139
23.2	Minority shares		-	-	-	-
	Earnings per share		0.1294	0.1841	0.0318	0.0501

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

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

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

	Reviewed Current Period 01.01-30.09.2010	Reviewed Prior Period 01.01-30.09.2009
I. Additions to marketable securities revaluation differences for available for sale financial assets	39,163	86,555
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign exchange differences for foreign currency transactions	(14,755)	2,278
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 corrections 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	(2,476)	(5,751)
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	21,932	83,082
XI. Profit/Loss	(26,743)	(56,781)
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	(26,743)	(56,781)
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)	(4,811)	26,301

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

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Reviewed	Note Ref	Paid-in Capital	Effect of inflation Accounting on Capital and		Share premium	Share certificate cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus shares obtained from Associates	Hedging Funds	Acc. val. diff. from assets held for sale and from disc. op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
				Capital	Other Reserves																
I	Prior Period – 01.01.-30.09.2009																				
	Beginning Balance – 31.12.2008		1,100,000	926	2,227	-	46,693	-	197,905	8,149	-	186,998	5,218	-	-	-	-	-	1,548,116	-	1,548,116
II.	Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	The effect of corrections of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	The effects of changes in accounting policy.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)		1,100,000	926	2,227	-	46,693	-	197,905	8,149	-	186,998	5,218	-	-	-	-	-	1,548,116	-	1,548,116
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	24,023	-	-	-	-	-	24,023	-	24,023
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		-	-	-	-	-	-	-	2,278	-	-	-	-	-	-	-	-	2,278	-	2,278
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)		-	-	-	-	-	-	-	-	202,516	-	-	-	-	-	-	-	202,516	-	202,516
XX.	Profit distribution		-	-	-	-	10,826	-	176,172	-	-	(186,998)	-	-	-	-	-	-	-	-	-
20.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to reserves		-	-	-	-	10,826	-	176,172	-	-	(186,998)	-	-	-	-	-	-	-	-	-
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	2,227	-	57,519	-	374,077	10,427	202,516	-	29,241	-	-	-	-	-	1,776,933	-	1,776,933

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2010

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Reviewed	Note Ref	Paid-in Capital	Effect of inflation Accounting on Capital and Other Reserves	Share premium	Share Cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus shares obtained from Associates	Hedging Funds	Acc. valuation diff. from assets held for sale and assets from disc. op.	Total Equity Before Minority Shares	Minority Shares	Total Equity	
I	Current Period – 01.01-30.09.2010																				
	Beginning balance – 31.12.2009		1,100,000	926	2,227	-	57,519	-	374,077	8,832	-	267,904	21,823	-	-	-	-	1,833,308	-	1,833,308	
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
II.	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	9,944	-	-	-	-	9,944	-	9,944	
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		-	-	-	-	-	-	-	(14,755)	-	-	-	-	-	-	-	(14,755)	-	(14,755)	
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)		-	-	-	-	-	-	-	-	142,364	-	-	-	-	-	-	142,364	-	142,364	
XVIII.	Profit distribution		-	-	-	-	3,306	-	264,598	-	-	(267,904)	-	-	-	-	-	-	-	-	
18.1	Dividends distributed		-	-	-	-	3,306	-	264,598	-	-	(267,904)	-	-	-	-	-	-	-	-	
18.2	Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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	2,227	-	60,825	-	638,675	(5,923)	142,364	-	31,767	-	-	-	-	1,970,861	-	1,970,861	

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

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

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

VI. CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed Current Period	Reviewed Prior Period
Note Ref	01.01-30.09.2010	01.01-30.09.2009
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	386,564	430,123
1.1.1 Interest received	1,202,247	1,561,218
1.1.2 Interest paid	(483,656)	(928,675)
1.1.3 Dividend received	16	9
1.1.4 Fees and commissions received	319,366	298,687
1.1.5 Other income	217,394	257,951
1.1.6 Collections from previously written off loans	112,530	98,643
1.1.7 Payments to personnel and service suppliers	(294,046)	(299,377)
1.1.8 Taxes paid	(33,730)	(23,863)
1.1.9 Others	(653,557)	(534,470)
	(1)	
1.2 Changes in operating assets and liabilities	(747,269)	(1,814,542)
1.2.1 Net (increase) decrease in financial assets held for trading	(115,213)	(230,226)
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	(38,685)	(13,677)
1.2.4 Net (increase) decrease in loans	(2,074,044)	(71,241)
1.2.5 Net (increase) decrease in other assets	(284,258)	193,082
1.2.6 Net increase (decrease) in bank deposits	(94,222)	200,770
1.2.7 Net increase (decrease) in other deposits	14,028	(811,288)
1.2.8 Net increase (decrease) in funds borrowed	1,635,100	(1,117,463)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	210,025	35,501
	(1)	
I. Net cash provided from / (used in) banking operations	(360,705)	(1,384,419)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from / (used in) investing activities	(291,711)	(166,125)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	(4)	(1)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	113,345	-
2.3 Fixed assets purchases	(11,898)	(13,761)
2.4 Fixed assets sales	16,288	4,582
2.5 Cash paid for purchase of financial assets available for sale	(3,620,185)	(2,512,554)
2.6 Cash obtained from sale of financial assets available for sale	2,540,030	2,420,284
2.7 Cash paid for purchase of investment securities	-	(59,380)
2.8 Cash obtained from sale of investment securities	676,692	-
2.9 Others	(5,979)	(5,295)
	(1)	
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from / (used in) financing activities	(4,432)	-
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)	-
3.6 Other	-	-
	(1)	
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(46,219)	(60,183)
	(1)	
V. Net increase / (decrease) in cash and cash equivalents	(703,067)	(1,610,727)
VI. Cash and cash equivalents at beginning of the period	2,666,213	3,716,944
VII. Cash and cash equivalents at end of the period	1,963,146	2,106,217

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

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

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

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

The prior period financial statements are prepared in line with the principles of TAS No:1 "Fundamentals of Preparing and Presenting Financial Statements" published in the Official Gazette on January 16, 2005 with No: 25702, and in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards; and other principles, methods and explanations about accounting and financial reporting issued by the BRSA. Certain reclassifications have been made to the prior year financial statements in order to comply with the current year presentation whenever required.

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

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

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

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

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

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

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

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

III. Information about the Parent Bank and its Consolidated Subsidiaries

Türk Ekonomi Bankası Anonim Şirketi and its financial institutions, The Economy Bank N.V. (Economy Bank), Stichting Effecten Dienstverlening (Stichting), Kronenburg Vastgoed B.V. (Kronenburg), TEB Finansal Kiralama A.Ş. (TEB Leasing), TEB Faktoring A.Ş. (TEB Faktoring), TEB Yatırım Menkul Değerler A.Ş. (TEB Yatırım) and TEB Portföy Yönetimi A.Ş. (TEB Portföy) are included in the accompanying consolidated financial statements by line-by-line consolidation method. The sale of TEB Finansal Kiralama A.Ş. has been finalized as of September 30, 2010. The accompanying consolidated financial statements are prepared in accordance with “Communiqué on Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette dated November 8, 2006 numbered 26340. The Parent Bank and the entities included in the consolidation are referred to as “the Group” in this report.

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

Explanations on Consolidation Method and Scope

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

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

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

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the principle of materiality. The financial statements of the subsidiaries are prepared as of September 30, 2010, December 31, 2009 and September 30, 2009.

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

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

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

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

Explanations on Foreign Currency Transactions

Gains or losses arising from foreign currency transactions realized during the year are reflected to the income statement. Foreign currency assets and liabilities at each period-end are translated into Turkish lira at the period-end foreign exchange buying rates and the resulting foreign exchange gains or losses are recorded in the income statement as foreign exchange gain or loss. The EUR exchange rate used for translating foreign currency transactions into Turkish Lira and reflecting these to consolidated financial statements as of September 30, 2010, is TRY 1.9693, in full TRY, while the USD exchange rate is TRY 1.4434, in full TRY (December 31, 2009 – EUR: TRY 2.1427, in full TRY, USD: TRY 1.4873, in full TRY).

There are no capitalized foreign exchange differences.

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

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

The foreign currency net investment in consolidated foreign subsidiaries are translated into Turkish Lira using the exchange rate prevailing at the balance sheet date for their assets and liabilities and nine months average exchange rate for their income statement items. The currency translation loss arising from the consolidated subsidiaries’ inflation and devaluation differences amounting to TRY 5,923 (December 31, 2009 - TRY 8,832 currency translation gain) has been recorded in “Other Profit Reserves” under shareholders’ equity.

IV. Explanations on Forward and Option Contracts and Derivative Instruments

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

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

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

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

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

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

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

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

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

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

V. Explanations on Interest Income and Expenses

Interest income and expense are recognized in the income statement for all interest bearing instruments whose cash inflows and outflows are known on an accrual basis using the effective interest method. In accordance with the related regulation, realized and unrealized interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as interest income only when collected.

VI. Explanations on Fees and Commission Income and Expenses

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

Fees and commissions for funds borrowed paid to other financial institutions, as part of the transaction costs, are recorded as prepaid expenses using the effective interest rate and are expensed on the related periods.

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

VII. Explanations on Financial Assets

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

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

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

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

VII. Explanations on Financial Assets (continued)

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

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

Cash, Banks, and Other Financial Institutions

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

Financial Assets at Fair Value Through Profit and Loss

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio with a pattern of short-term profit taking.

Trading securities are initially recognized at cost. Transaction costs of the related securities are included in the initial cost. The positive difference between the cost and fair value of such securities is accounted for as interest and income accrual, and the negative difference is accounted for as "Impairment Provision on Marketable Securities".

Held to Maturity Investments and Financial Assets Available for Sale

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

Available for sale financial assets include all securities other than loans and receivables, securities held to maturity and securities held for trading.

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

After the initial recognition, available for sale securities are measured at fair value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Valuation Differences" under the equity. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices. In the absence of prices formed in an active market, fair value of these securities is determined using the prices declared in the Official Gazette or other valuation methods stated in TAS.

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

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

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

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

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

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

VII. Explanations on Financial Assets (continued)

Loans and Provisions for Impairment

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

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

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

Specific reserves are provided for Group III, IV and V loans in accordance with the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" ("the Provisioning Decree") published in the Official Gazette No. 26333 dated November 1, 2006 which was amended with the communiqué published in the Official Gazette No. 27119 dated January 23, 2009. These provisions are reflected in the income statement under "Provision and Impairment Expenses - Special Provision Expense". The collections made regarding these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables.

The collections made related to loans for which provision is made in the current period are reversed from the "Provision for Loans and Other Receivables" account in the income statement, and related interest income is credited to the "Interest Received from Non-performing Loans" account.

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

In addition to specific loan loss provisions, within the framework of the regulation and principles referred to above; the Parent Bank records general loan loss provisions for loans and other receivables. The Parent Bank calculated the general loan provision as 0.5% for cash loans and other receivables, and 0.1% for non-cash loans until November 1, 2006. Subsequent to the change in the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No. 26333 dated November 1, 2006; the Parent Bank started to book general loan loss provision of 1% for cash loans and other receivables; and 0.2% for non-cash loans on the increase in the cash and non-cash loan portfolio as compared to their October 31, 2006 balances whereas allocating 0.5% general loan loss provision for cash loans and other receivables, and 0.1% for non-cash loans for the balances as of October 31, 2006. With the change in the same regulation on February 6, 2008, the Parent Bank started to book general loan loss provision of 2% for cash loans under watch-list and 0.4% for non-cash loans under watch-list.

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

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

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VIII. Explanations on Impairment of Financial Assets

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

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

IX. Explanations on Offsetting of Financial Assets and Liabilities

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

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

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

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

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

As of September 30, 2010, the Group has reverse repurchase agreements amounting to TRY 7,037 (December 31, 2009 – TRY 9,402).

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

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

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

The Group does not have any assets held for sale.

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

The Parent 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 18,244 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.

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XII. Explanations on Goodwill and Other Intangible Assets

The positive difference of TRY 1,205 (December 31, 2009 - TRY 1,205), between the acquisition cost and share in the equity of acquired subsidiaries is reflected under the intangible fixed assets as goodwill in the accompanying consolidated financial statements.

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

The other intangible assets of the Group comprise mainly softwares. The requirements of the Turkish Tax Procedural Code are taken into consideration in determining the useful lives and no other specific criteria are used. Useful lives of such assets acquired prior to 2004 are determined as 5 years and for the year 2004 and forthcoming years as 3 years. Softwares used are mainly developed within the Parent Bank by the Parent Bank's personnel and the related expenses are not capitalized. Softwares are purchased only in emergency cases and for special projects.

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

XIII. Explanations on Tangible Fixed Assets

Properties are accounted for at their restated costs until December 31, 2004; afterwards the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected, less reserve for impairment, if any. The straight-line method of depreciation is used for buildings and useful life is considered as 50 years. Leasehold improvements are depreciated over the lease period by straight-line method.

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

	<u>%</u>
Buildings	2
Motor vehicles	20
Furniture, fixtures and office equipment and others	3 – 50

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

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

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

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

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

The Parent Bank employs independent appraisers in determining the current fair values of its real estates 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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XIV. Explanations on Leasing Transactions

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

In addition to the interest expense, depreciation expense is recorded for the depreciable leased assets in each period. The depreciation rate is determined in accordance with TAS No:16 "Accounting Standard for Tangible Fixed Assets" by taking the useful lives into account.

The Group does not have any financial leasing activities as "Lessor".

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

XV. Explanations on Provisions and Contingent Liabilities

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

XVI. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

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

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

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Group uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually. The carrying value of provision for employee termination benefits as of September 30, 2010 is TRY 22,096 (December 31, 2009 - TRY 18,512).

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XVI. Explanations on Liabilities Regarding Employee Benefits (continued)

Defined Contribution Plans

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

XVII. Explanations on Taxation

Corporate tax

According to the Article 32 of the Corporate Tax Law No. 5520, announced in the Official Gazette dated June 21, 2006, the corporate tax rate is 20%.

The tax legislation, requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

Tax provision related with items that are credited or charged directly to equity are charged or credited to equity. As of September 30, 2010 TRY 7,950 (December 31, 2009 - TRY 5,467) deferred tax which is related with items recorded in the equity was net off under equity in "Marketable Securities Valuation Differences".

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

Deferred Tax Liability / Asset

The Group calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

As of 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 in the standalone financial statements of the consolidated subsidiaries.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax benefit of TRY 11,461 is stated under the tax provision in the income statement (September 30, 2009 - TRY 2,624 deferred tax benefit). The deferred tax of TRY 7,950 (December 31, 2009 - TRY 5,467) resulting from differences related to items that are credited or charged directly to equity is netted with these accounts.

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

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XVIII. Additional Explanations on Borrowings

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

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

There are no debt securities issued by the Parent Bank.

The Group has not issued convertible bonds.

XIX. Explanations on Issued Share Certificates

None.

XX. Explanations on Acceptances

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

XXI. Explanations on Government Incentives

There are no government incentives utilized by the Group.

XXII. Explanations on Reporting According to Segmentation

The Group mainly operates in retail and corporate banking segments.

Current Period	Retail	Corporate	Treasury/ Head Office	Eliminations	Total
Net interest income	82,386	346,202	193,041	32	621,661
Net fees and commissions income and other operating income	66,859	156,192	33,107	(2,469)	253,689
Trading profit / loss	3,009	21,423	(22,613)	(315)	1,504
Dividend income	-	-	17,513	(17,497)	16
Impairment provision for loans and other receivables (-)	22,562	83,908	20,749	-	127,219
Other operating expenses (-)	122,610	224,364	253,573	(1,370)	599,177
Income on discontinued operations	-	72,071	77,173	(60,254)	88,990
Loss on discontinued operations (-)	-	63,144	-	(1,472)	61,672
Profit before tax on continued and discontinued operations	7,082	224,472	23,899	(77,661)	177,792
Provision for tax on continued and discontinued operations	-	-	(35,428)	-	(35,428)
Net profit for the period	7,082	224,472	(11,529)	(77,661)	142,364

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XXII. Explanations on Reporting According to Segmentation (continued)

Current Period	Retail	Corporate	Treasury/ Head Office	Eliminations	Total
Segment assets	2,494,634	10,311,784	5,848,316	(22,303)	18,632,431
Investments in associates and subsidiaries	-	-	125,420	(125,415)	5
Total Assets	2,494,634	10,311,784	5,973,736	(147,718)	18,632,436
Segment liabilities	5,572,545	6,096,143	5,015,548	(22,661)	16,661,575
Shareholders' equity	-	-	2,095,918	(125,057)	1,970,861
Total Liabilities	5,572,545	6,096,143	7,111,466	(147,718)	18,632,436

Prior Period	Retail	Corporate	Treasury/ Head Office	Eliminations	Total
Net interest income	67,832	356,448	229,538	152	653,970
Net fees and commissions income and other operating income	59,841	139,100	34,772	(1,519)	232,194
Trading profit / loss	1,948	16,206	27,832	(1,463)	44,523
Dividend income	-	-	14,562	(14,553)	9
Impairment provision for loans and other receivables (-)	33,749	76,142	25,800	-	135,691
Other operating expenses (-)	112,630	202,801	231,702	(503)	546,630
Income on discontinued operations	-	120,338	-	(1,011)	119,327
Loss on discontinued operations (-)	-	117,833	-	(2,234)	115,599
Profit before tax on continued and discontinued operations	(16,758)	235,316	49,202	(15,657)	252,103
Provision for tax on continued and discontinued operations	-	-	(49,587)	-	(49,587)
Net profit for the period	(16,758)	235,316	(385)	(15,657)	202,516

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

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XXIII. Explanations on Other Matters

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

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

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

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 the Parent Bank (“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 Parent 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.

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XXIII. Explanations on Other Matters (continued)

The Parent 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 Parent 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 CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP

I. Explanations Related to the Consolidated Capital Adequacy Standard Ratio

The method used for risk measurement in determining consolidated capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published on November 1, 2006 in the Official Gazette numbered 26333 and the Communiqué on "The Amendment in Measurement and Assessment of Capital Adequacy of Banks" published on October 10, 2007 in the Official Gazette numbered 26669. The Group's consolidated capital adequacy ratio in accordance with the related communiqué is 14.83% at September 30, 2010. (December 31, 2009 - 16.95%).

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

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

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

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

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

Information related to the consolidated capital adequacy ratio:

	Consolidated							Parent Bank						
	Risk Weight							Risk Weight						
	0%	10%	20%	50%	100%	150%	200%	0%	10%	20%	50%	100%	150%	200%
Risk Weighted Assets, Liabilities and Non-Cash														
Loans														
Balance Sheet Items (Net)														
Cash	249,817	-	280	-	-	-	-	249,816	-	280	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due From Central Bank of Turkey	50	-	-	-	-	-	-	50	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	20,860	-	495,277	-	50,336	-	-	-	-	273,810	-	50,336	-	-
Interbank Money Market Placements	400	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	7,037	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserve Deposits	1,437,991	-	-	-	-	-	-	1,437,991	-	-	-	-	-	-
Loans	376,864	-	345,680	2,880,871	8,379,182	22,731	217	349,835	-	53,083	2,880,871	7,176,413	22,731	217
Non-performing loans (Net)	-	-	-	-	149,803	-	-	-	-	-	-	138,078	-	-
Financial Lease Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	2,526,818	-	98,534	-	17,569	-	-	2,521,741	-	-	-	17,497	-	-
Held to Maturity Investments	205,171	-	-	-	7,594	-	-	196,825	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sundry Debtors	-	-	187,523	-	27,935	-	-	-	-	182,865	-	6,957	-	-
Interest and Income Accruals	100,815	-	1,280	27,669	151,421	-	-	99,969	-	3	27,669	149,255	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	-	-	-	-	5	-	-	-	-	-	-	119,695	-	-
Tangible Assets	-	-	-	-	113,167	-	-	-	-	-	-	105,533	-	-
Other Assets	231,400	-	282	-	40,253	-	-	227,409	-	-	-	37,316	-	-
Off-Balance Sheet Items														
Guarantees and Commitments	90,722	-	344,203	-	2,695,261	-	-	90,505	-	146,438	-	2,615,152	-	-
Derivative Financial Instruments	-	-	158,446	-	57,942	-	-	-	-	152,938	-	56,839	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Value at Risk	5,247,945	-	1,631,505	2,908,540	11,690,468	22,731	217	5,174,141	-	809,417	2,908,540	10,473,071	22,731	217
Total Risk Weighted Assets	-	-	326,301	1,454,270	11,690,468	34,097	434	-	-	161,883	1,454,270	10,473,071	34,097	434

(*) Factoring receivables are included in loans.

Summary information related to the capital adequacy ratio:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	13,505,570	11,449,496	12,123,755	10,110,208
Amount Subject to Market Risk (ASMR)	654,638	458,488	492,588	326,175
Amount Subject to Operational Risk (ASOR) (*)	1,917,590	1,492,474	1,724,813	1,323,618
Shareholders' Equity	2,384,359	2,271,620	2,252,194	2,082,025
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	14.83	16.95	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 Consolidated Capital Adequacy Standard Ratio (continued)

Information related to the components of shareholders' equity:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
CORE CAPITAL				
Paid-in capital	1,100,000	1,100,000	1,100,000	1,100,000
Nominal capital	1,100,000	1,100,000	1,100,000	1,100,000
Capital commitments (-)	-	-	-	-
Paid-in capital restatement difference	926	926	926	926
Share premium	2,227	2,227	2,158	2,158
Cancellation profits	-	-	-	-
Legal reserves	60,825	57,519	45,468	34,959
First legal reserve (Turkish Commercial Code 466/1)	47,594	42,642	39,932	29,423
Second legal reserve (Turkish Commercial Code 466/2)	13,231	14,877	5,536	5,536
Other legal reserve per special legislation	-	-	-	-
Statutory reserves	-	-	-	-
Extraordinary reserves	632,752	382,909	479,352	279,694
Reserves allocated by the General Assembly	638,675	374,077	479,352	279,694
Retained earnings	-	-	-	-
Accumulated losses	-	-	-	-
Foreign currency share capital exchange difference	(5,923)	8,832	-	-
Restatement differences of legal, statutory and extraordinary reserves	-	-	-	-
Profit	142,364	267,904	177,416	210,167
Current period net profit	142,364	267,904	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	144,340	148,730
Minority Shares	-	-	-	-
Losses (-) (that cannot be covered by reserves)	-	-	-	-
Net current period loss	-	-	-	-
Prior years' losses	-	-	-	-
Leasehold improvements (-)	38,041	50,750	37,806	50,395
Prepaid expenses (-)	32,109	30,854	31,212	29,475
Intangible assets (-)	12,879	14,278	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 (-)	-	-	-	-
Goodwill (Net) (-)	1,205	1,205	-	-
Total Core Capital	1,999,200	1,863,128	1,870,202	1,685,854
SUPPLEMENTARY CAPITAL				
General Loan Loss Reserves	95,639	86,826	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	275,225	311,846
45% of Marketable securities value increase fund	14,295	9,820	17,908	9,697
Associates and subsidiaries	-	-	-	-
Available for sale securities	14,295	9,820	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)	-	-	-	-
Minority interest	-	-	-	-
Total Supplementary Capital	385,159	408,492	381,992	396,171
TIER III CAPITAL				
CAPITAL	2,384,359	2,271,620	2,252,194	2,082,025
DEDUCTIONS FROM THE CAPITAL				
Shareholdings in unconsolidated banks and financial institutions	-	-	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt and Primary and Secondary loans borrowed from them	-	-	-	-
Shareholdings in the banks and financial institutions which are accounted for under the equity pick up method but the assets and liabilities are not consolidated.	-	-	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-	-	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	-	-	-	-
Other	-	-	-	-
Total Shareholder's Equity	2,384,359	2,271,620	2,252,194	2,082,025

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II. Explanations Related to the Consolidated Credit Risk

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

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

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

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

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

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

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

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

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

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

As of September 30, 2010, the receivables of the Group from its top 100 cash loan customers amount to TRY 2,103,158 (December 31, 2009 – TRY 2,058,182) with a share of 18.01% in the total cash loans (December 31, 2009 – 21.27%).

As of September 30, 2010, the receivables of the Group from its top 100 non-cash loan customers amount to TRY 1,551,167 (December 31, 2009 – TRY 1,403,850) with a share of 36.30% in the total non-cash loans (December 31, 2009 – 37.38%).

The share of cash and non-cash receivables of the Group from its top 100 customers in total balance sheet and off-balance sheet assets is 17.80% as of September 30, 2010 (December 31, 2009 – 20.20%).

As of September 30, 2010, the general loan loss provision related with the credit risk taken by the Parent Bank is TRY 95,639 (December 31, 2009 – TRY 86,826).

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

Credit risk by types of borrowers and geographical concentration:

	Loans to Real Persons and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities*		Other Loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans according to borrowers	11,121,112	9,264,790	693,711	600,942	3,208,855	2,718,449	1,091,040	1,515,475
Private Sector	8,220,544	7,037,974	314,580	146,393	-	-	515,833	758,721
Public Sector	36,531	4,925	-	16,448	3,182,259	2,706,467	20,793	156,098
Banks	-	-	379,131	438,101	9,147	7,378	554,414	600,656
Retail	2,864,037	2,221,891	-	-	-	-	-	-
Share Certificates	-	-	-	-	17,449	4,604	-	-
Information according to geographical concentration	11,121,112	9,264,790	693,711	600,942	3,208,855	2,718,449	1,091,040	1,515,475
Domestic	10,585,192	9,007,454	554,315	493,728	3,093,476	2,690,093	409,579	985,900
European Union Countries	189,063	114,137	36,432	13,157	92,839	3,861	433,549	354,967
OECD Countries***	100,653	45,667	3,281	-	11,838	-	6,430	4,653
Off-shore Banking Regions	150,282	17,272	1,745	33,157	1,124	1,147	91,460	124,316
USA, Canada	10,392	5,610	-	-	1,708	2,515	148,782	44,714
Other Countries	85,530	74,650	97,938	60,900	7,870	20,833	1,240	925
Total	11,121,112	9,264,790	693,711	600,942	3,208,855	2,718,449	1,091,040	1,515,475

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

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

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

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

Information according to geographical concentration :

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income/ Loss
Current Period					
Domestic	17,045,177	11,511,175	3,942,491	-	129,265
European Union Countries	823,906	4,080,707	108,663	-	13,099
OECD Countries (*)	122,207	69,971	72,807	-	-
Off-shore Banking Regions	246,944	318,416	35,251	-	-
USA, Canada	201,619	498,578	5,373	-	-
Other Countries	192,578	182,728	109,073	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	5	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	18,632,431	16,661,575	4,273,658	5	142,364
Prior Period					
Domestic	16,001,944	11,552,369	3,541,051	-	254,055
European Union Countries	545,913	1,988,246	84,979	-	13,849
OECD Countries (*)	52,449	143,363	62,322	-	-
Off-shore Banking Regions	188,825	744,537	10,913	-	-
USA, Canada	92,735	418,453	826	-	-
Other Countries	157,308	358,899	55,580	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	1	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	17,039,174	15,205,867	3,755,671	1	267,904

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

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

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

Sector concentrations for cash loans :

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	309,037	3.61	163,360	5.23	238,642	3.45	114,439	4.11
Farming and Raising Livestock	271,982	3.18	109,132	3.50	203,062	2.95	84,420	3.03
Forestry, Wood and Paper	29,351	0.34	54,048	1.72	24,598	0.36	28,540	1.03
Fishery	7,704	0.09	180	0.01	10,982	0.14	1,479	0.05
Manufacturing	3,054,897	35.71	1,825,396	58.48	2,732,120	39.66	1,640,106	58.83
Mining and Quarry	186,601	2.18	38,369	1.23	187,474	2.72	63,422	2.28
Production	2,832,733	33.12	1,644,997	52.70	2,499,316	36.28	1,492,664	53.54
Electricity, Gas and Water	35,563	0.41	142,030	4.55	45,330	0.66	84,020	3.01
Construction	406,638	4.75	86,264	2.76	328,971	4.78	89,515	3.21
Services	1,718,077	20.08	922,112	29.54	1,215,030	17.64	812,993	29.16
Wholesale and Retail Trade	436,502	5.10	43,746	1.40	296,997	4.31	41,251	1.48
Hotel, Tourism, Food and Beverage Services	115,052	1.35	86,305	2.77	94,972	1.38	66,573	2.39
Transportation and Communication	296,539	3.47	123,734	3.96	238,557	3.46	142,822	5.12
Financial Institutions	482,726	5.64	425,117	13.62	289,028	4.20	468,513	16.81
Real Estate and Renting Services	128,404	1.50	228,302	7.31	114,309	1.66	76,786	2.75
Self-Employment Services	87,781	1.03	410	0.01	87,821	1.27	1,135	0.04
Education Services	9,419	0.11	242	0.01	10,052	0.15	207	0.01
Health and Social Services	161,654	1.88	14,256	0.46	83,294	1.21	15,706	0.56
Other(*)	3,065,400	35.85	124,168	3.99	2,374,619	34.47	130,652	4.69
Total	8,554,049	100.00	3,121,300	100.00	6,889,382	100.00	2,787,705	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	568,170	724,003
Other money markets	7,437	704,464
Trading financial assets	256,866	137,917
Derivative financial instruments	128,295	62,106
Derivative financial instruments for hedging purposes	8,216	31,330
Financial assets available-for-sale	2,725,632	1,678,892
Held-to-maturity investments	226,357	901,640
Loans (*)	12,330,651	10,647,801
Total	17,694,676	16,071,894
Contingent liabilities	4,273,658	3,755,671
Commitments	4,302,098	3,758,731
Total	8,575,756	7,514,402
Total credit risk exposure	26,270,432	23,586,296

(*) Loans include TRY 515,828 (December 31, 2009: TRY 374,900) factoring receivables and TRY - (December 31, 2009: TRY 407,169) lease receivables.

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

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

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and advances to customers			
Corporate lending	5,201,997	199,572	5,401,569
Small business lending	3,145,716	338,387	3,484,103
Consumer lending	2,290,827	88,409	2,379,236
Credit cards	452,829	97,086	549,915
Other	-	-	-
Total	11,091,369	723,454	11,814,823

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

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	44,976
Small business lending	76,241	84,371
Consumer lending	2,991	4,529
Credit cards	5,618	8,183
Total	134,778	142,059

Credit Rating System

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

Category	Description of Category	Share in the Total %
1st Category	Case where the borrower has a very strong financial structure	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 run	18.88
Total		100.00

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III. Explanations Related to the Consolidated Market Risk

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

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

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

a) Information Related to Market Risk

	Consolidated	Parent Bank
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	35,479	33,131
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	1,526	1,409
(III) Capital Requirement to be Employed For Currency Risk – Standard Method	15,267	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	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)	52,371	39,407
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	654,638	492,588

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

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	24,354	34,388	18,579	16,485	19,966	10,596
Common Stock Risk	1,419	2,709	744	248	311	216
Currency Risk	16,790	17,657	15,267	16,968	18,160	16,393
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	19	41	7	2,570	7,057	9
Total Value Subject to Risk	532,284	654,638	459,738	453,391	516,500	409,063

Other price risks

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

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IV. Explanations Related to the Consolidated Currency Risk

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

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

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

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

As of September 30, 2010, the Group's net long position is TRY 163,627 (December 31, 2009 - TRY 143,387 net long) resulting from short position on the balance sheet amounting to TRY 822,508 (December 31, 2009 - TRY 444,614 short) and long position on the off-balance sheet amounting to TRY 986,135 (December 31, 2009 - TRY 588,001 long).

The announced current foreign exchange buying rates of the Parent 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 Parent 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 the Consolidated Currency Risk (continued)

Information on the foreign currency risk of the Group:

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	243,995	187,507	319	54,566	486,387
Financial Assets at Fair Value Through Profit and Loss (*****)	10,797	3,750	-	6	14,553
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	129,423	174,467	-	-	303,890
Loans (**)	1,073,171	2,315,349	16,895	400,758	3,806,173
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-	-
Held-To-Maturity Investments	7,872	8,619	-	-	16,491
Derivative Financial Assets for Hedging Purposes	-	764	-	-	764
Tangible Assets	6,948	-	-	-	6,948
Intangible Assets	933	-	-	-	933
Other Assets (***)	52,772	112,880	24	9,825	175,501
Total Assets	2,026,517	3,624,675	17,533	489,635	6,158,360
Liabilities					
Bank Deposits	120,847	215,074	38	35,127	371,086
Foreign Currency Deposits (*)	1,632,029	2,639,544	2,265	212,530	4,486,368
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions (***)	1,359,324	721,465	364	21,248	2,102,401
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	9,295	6,877	-	1,052	17,224
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	2,984	604	-	201	3,789
Total Liabilities	3,124,479	3,583,564	2,667	270,158	6,980,868
Net Balance Sheet Position	(1,097,962)	41,111	14,866	219,477	(822,508)
Net Off-Balance Sheet Position	1,289,770	(55,166)	(26,475)	(221,994)	986,135
Financial Derivative Assets (****)	2,641,192	2,470,341	52,290	354,631	5,518,454
Financial Derivative Liabilities (****)	1,351,422	2,525,507	78,765	576,625	4,532,319
Non-Cash Loans (*****)	741,009	1,459,142	3,077	39,252	2,242,480
Prior Period					
Total Assets	2,376,324	3,079,193	16,781	355,620	5,827,918
Total Liabilities	2,988,060	3,055,413	14,468	214,591	6,272,532
Net Balance Sheet Position	(611,736)	23,780	2,313	141,029	(444,614)
Net Off-Balance Sheet Position	781,482	(38,002)	(5,211)	(150,268)	588,001
Financial Derivative Assets	1,313,600	1,347,192	127,109	176,932	2,964,833
Financial Derivative Liabilities	532,118	1,385,194	132,320	327,200	2,376,832
Non-Cash Loans (*****)	752,192	1,423,259	3,353	44,166	2,222,970

(*) Precious metal accounts amounting to TRY 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.

(***) As TRY 7,116 (December 31, 2009 - TRY 13,986) foreign currency indexed factoring receivables are included in other assets while TRY 28 (December 31, 2009 - TRY 100) prepaid expenses is deducted from other assets, TRY 42,666 (December 31, 2009 - TRY 21,235) expense accruals from derivative financial instruments, and TRY 21,020 (December 31, 2009 - TRY 16,681) provision for general loan losses and TRY 1,284 (December 31, 2009 - TRY 1,699) are deducted from other liabilities and TRY 396, foreign currency indexed liabilities are included in funds provided from other financial institutions

(****) 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 the Consolidated Currency Risk (continued)

Foreign currency sensitivity:

The Group is mainly exposed to EUR and USD currencies.

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

Change in Currency Rate in %		Effect on profit or loss		Effect on equity (*)	
		September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
USD	10 increase	(1,406)	(1,422)	330	393
USD	10 decrease	1,406	1,422	(330)	(393)
EURO	10 increase	19,181	16,975	11,741	10,074
EURO	10 decrease	(19,181)	(16,975)	(11,741)	(10,074)

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

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

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V. Explanations Related to the Consolidated Interest Rate Risk

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

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

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

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

Since the Group does not allow maturity mismatches or imposes limits on the mismatch, no significant interest rate risk exposure is expected.

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
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	-	-	-	-	476,249	1,693,149
Banks	304,833	40,067	-	-	-	223,270	568,170
Financial Assets at Fair Value Through Profit and Loss	7,829	107,334	138,220	11,427	3,825	116,526	385,161
Money Market Placements	7,437	-	-	-	-	-	7,437
Available-For-Sale Financial Assets	468,341	206,816	477,610	1,477,480	77,936	17,449	2,725,632
Loans(*)	5,031,225	788,536	1,830,556	3,392,720	632,312	139,474	11,814,823
Factoring Receivables	40,670	81,919	391,417	-	-	1,822	515,828
Financial Lease Receivables	-	-	-	-	-	-	-
Held-To-Maturity Investments	45,247	124	164,776	16,210	-	-	226,357
Other Assets	25,185	706	1,273	577	8	668,130	695,879
Total Assets	7,147,667	1,225,502	3,003,852	4,898,414	714,081	1,642,920	18,632,436
Liabilities							
Bank Deposits	561,016	49,346	3,087	-	-	145,100	758,549
Other Deposits	6,851,588	784,074	439,107	7,586	-	2,002,332	10,084,687
Money Market Borrowings	512,306	-	-	-	-	-	512,306
Sundry Creditors	-	-	-	-	-	307,967	307,967
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	874,040	1,280,547	1,701,492	10,905	302,481	-	4,169,465
Factoring Payables	-	-	-	-	-	-	-
Other Liabilities	1,503	2,531	18,286	44,466	23,037	2,709,639	2,799,462
Total Liabilities	8,800,453	2,116,498	2,161,972	62,957	325,518	5,165,038	18,632,436
Balance Sheet Long Position	-	-	841,880	4,835,457	388,563	-	6,065,900
Balance Sheet Short Position	(1,652,786)	(890,996)	-	-	-	(3,522,118)	(6,065,900)
Off-Balance Sheet Long Position	-	28,868	175,897	291,097	112,006	-	607,868
Off-Balance Sheet Short Position	-	(27,120)	(175,852)	(294,625)	(116,926)	-	(614,523)
Total Position	(1,652,786)	(889,248)	841,925	4,831,929	383,643	(3,522,118)	(6,655)

(*) Loans with floating interest rates of the Parent Bank 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 the Consolidated Interest Rate Risk (continued)

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

The other assets line in the non-interest bearing column consists of tangible assets amounting to TRY 151,208; intangible assets amounting to TRY 14,084, TRY 15,831 tax asset, and the other liabilities line includes the shareholders' equity of TRY 1,970,861.

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	0.24	0.15	-	7.12
Financial Assets At Fair Value Through Profit And Loss	3.29	5.11	-	9.63
Money Market Placements	-	1.05	-	6.40
Available-For-Sale Financial Assets	2.41	5.29	-	8.59
Loans	4.74	4.70	4.85	13.27
Leasing Receivables	-	-	-	-
Factoring Receivables	3.12	2.23	-	10.25
Held-To-Maturity Investments	6.64	5.75	-	11.95
Liabilities				
Bank Deposits	0.86	0.34	-	5.79
Other Deposits	2.17	2.22	0.08	7.29
Money Market Borrowings	-	-	-	6.70
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	3.22	2.55	3.26	7.61

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

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

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

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

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

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

Average interest rates applied to monetary financial instruments

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

Interest rate sensitivity:

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

- Net profit of the group for the year would have changed by TRY 2,699 (December 31, 2009 - TRY 4,884).

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

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VI. Explanations Related to the Consolidated Liquidity Risk

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

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

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

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

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

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

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

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VI. Explanations Related to the Consolidated 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	476,249	1,216,900	-	-	-	-	-	1,693,149
Banks	270,698	257,405	40,067	-	-	-	-	568,170
Financial Assets at Fair Value Through Profit and Loss	-	33,501	126,292	184,970	35,136	5,262	-	385,161
Money Market Placements	-	7,437	-	-	-	-	-	7,437
Available-For-Sale Financial Assets	17,377	72	158,040	396,705	1,630,446	522,992	-	2,725,632
Loans(**)	58,697	4,951,362	759,715	1,836,984	3,436,278	632,313	139,474	11,814,823
Factoring Receivables	-	40,670	81,919	391,417	-	-	1,822	515,828
Financial Lease Receivables	-	-	-	-	-	-	-	-
Held-To-Maturity Investments	-	-	124	101,422	124,811	-	-	226,357
Other Assets	879	472,429	2,753	5,189	577	6	214,046	695,879
Total Assets	823,900	6,979,776	1,168,910	2,916,687	5,227,248	1,160,573	355,342	18,632,436
Liabilities								
Bank Deposits	207,906	498,210	49,346	3,087	-	-	-	758,549
Other Deposits	2,444,076	6,394,630	774,155	402,555	69,271	-	-	10,084,687
Funds Provided From Other Financial Institutions	-	839,022	1,280,547	1,444,406	141,622	463,868	-	4,169,465
Money Market Borrowings	-	512,306	-	-	-	-	-	512,306
Marketable Securities Issued	-	-	-	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-	-	-
Sundry Creditors	3,802	304,036	71	43	15	-	-	307,967
Other Liabilities	-	486,320	19,970	75,012	53,261	27,958	2,136,941	2,799,462
Total Liabilities	2,655,784	9,034,524	2,124,089	1,925,103	264,169	491,826	2,136,941	18,632,436
Liquidity Gap	(1,831,884)	(2,054,748)	(955,179)	991,584	4,963,079	668,747	(1,781,599)	-
Prior Period								
Total Assets	724,874	6,936,359	1,242,619	3,148,025	3,955,483	563,136	468,679	17,039,175
Total Liabilities	2,744,692	8,580,381	1,587,261	1,082,347	474,446	591,659	1,978,389	17,039,175
Liquidity Gap	(2,019,818)	(1,644,022)	(344,642)	2,065,678	3,481,037	(28,523)	(1,509,710)	-

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

(**) Loans with floating interest rates of the Parent Bank amounting to TRY 2,965,597 (December 31, 2009: TRY 2,311,525) are included in "Up to 1 Month" while mark to market differences from hedged loans amounting to TRY 36,963 (December 31, 2009: TRY 46,589) are included in "1-5 Years".

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

Analysis of financial liabilities by remaining contractual maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
As of September 30, 2010								
Money market borrowings	-	512,581	-	-	-	-	(275)	512,306
Other deposits	2,444,076	6,407,865	780,425	418,719	74,760	-	(41,158)	10,084,687
Bank deposits	207,906	498,338	49,623	3,271	-	-	(589)	758,549
Funds provided from other financial institutions	-	857,351	1,310,028	1,532,219	240,199	500,855	(271,187)	4,169,465
Total	2,651,982	8,276,135	2,140,076	1,954,209	314,959	500,855	(313,209)	15,525,007
As of December 31, 2009								
Money market borrowings	-	1,073,776	-	-	-	-	(1,805)	1,071,971
Other deposits	2,389,653	6,094,914	1,282,478	221,423	123,388	-	(45,153)	10,066,703
Bank deposits	97,638	133,625	60,256	5,270	-	-	(208)	296,581
Funds provided from other financial institutions	-	990,406	251,306	893,390	432,782	633,259	(257,169)	2,943,974
Total	2,487,291	8,292,721	1,594,040	1,120,083	556,170	633,259	(304,335)	14,379,229

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
As of September 30, 2010						
Derivative financial instruments for hedging purposes						
Fair value hedge	-	30,204	137,284	36,878	54,510	258,876
Held for trading transactions						
Foreign Exchange Forward Contracts	681,656	367,693	270,303	11,651	-	1,331,303
Currency Swaps	1,860,119	492,523	638,745	356,729	-	3,348,116
Interest Rate Swaps	3	5,793	12,282	49,406	5,630	73,114
Total	2,541,778	896,213	1,058,614	454,664	60,140	5,011,409
As of December 31, 2009						
Derivative financial instruments for hedging purposes						
Fair value hedge	53,145	1,428	129,455	166,432	62,240	412,700
Held for trading transactions						
Foreign exchange forward contracts	352,364	211,116	206,776	43,965	-	814,221
Currency swaps	827,674	118,893	114,647	213,511	-	1,274,725
Interest rate swaps	248	6,740	5,912	34,101	-	47,001
Total	1,233,431	338,177	456,790	458,009	62,240	2,548,647

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Consolidated Assets

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	115,257	116,523	140,477	168,877
Balances with the Central Bank of Turkey	231,172	1,211,880	203,891	979,850
Other	-	18,317	-	18,617
Total	346,429	1,346,720	344,368	1,167,344

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 comprises of reserve deposits. Unrestricted deposits balance also includes average reserve deposit held in Central Bank. According to the Communique 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 256,866 (December 31, 2009 – TRY 137,917).

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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	8,480	16,833	15,696	14,195
Swap Transactions	57,999	6,245	18,899	1,739
Futures Transactions	-	-	-	-
Options	31,332	7,292	8,374	2,973
Other	114	-	230	-
Total	97,925	30,370	43,199	18,907

3. a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	20,772	1,441	37,534	241,727
Foreign	61,011	484,946	134,298	310,444
Branches and head office abroad	-	-	-	-
Total	81,783	486,387	171,832	552,171

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	249,503	238,427	48,542	31,707
USA and Canada	148,782	44,714	-	-
OECD Countries(*)	6,430	4,653	-	-
Off-shore banking regions	91,460	124,316	-	-
Other	1,240	925	-	-
Total	497,415	413,035	48,542	31,707

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	299,914	116,661	124,704	40,373
Other	-	-	-	-
Total	299,914	116,661	124,704	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 1,843,933 (December 31, 2009 – TRY 986,960).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	2,720,738	1,674,868
Quoted on a stock exchange	2,304,163	1,509,681
Unquoted	416,575	165,187
Share certificates	17,449	4,604
Quoted on a stock exchange	2,784	2,515
Unquoted (*) (**)	14,665	2,089
Impairment provision(-)	(12,555)	(580)
Total	2,725,632	1,678,892

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

(**) 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.

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 2,089).

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

5. Information on loans:

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	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	11,155,881	-	384,690	134,778
Discount notes	139,909	-	6,268	-
Export loans	994,663	-	18,810	-
Import loans	-	-	-	-
Loans given to financial sector	554,315	-	-	-
Foreign loans	627,573	-	530	194
Consumer loans(**)	2,286,531	-	90,178	2,991
Credit cards	495,594	-	37,148	5,618
Precious metal loans	332,787	-	23,769	-
Other	5,724,509	-	207,987	125,975
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	11,155,881	-	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" amended 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 according to their maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term loans and other receivables	6,697,434	-	201,303	17,494
Non-specialized loans	6,697,434	-	201,303	17,494
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans and other receivables	4,458,447	-	183,387	117,284
Non-specialized loans	4,458,447	-	183,387	117,284
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	11,155,881	-	384,690	134,778

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

5. Information on loans: (continued)

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	88,123	2,146,469	2,234,592
Housing Loans	1,760	1,071,352	1,073,112
Vehicle Loans	4,702	174,963	179,665
General Purpose Loans	81,661	900,154	981,815
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 (**)	24,787	11,587	36,374
Housing Loans	-	1,593	1,593
Vehicle Loans	-	5,012	5,012
General Purpose Loans	24,787	4,982	29,769
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	640,194	2,205,958	2,846,152

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

(**) Loans granted via branches abroad and TEB N.V.

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

5. Information on loans: (continued)

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

	Short Term	Medium and Long Term	Total
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	11,638,818	9,655,714
Total	11,675,349	9,677,087

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	11,014,815	9,317,509
Foreign loans	660,534	359,578
Total	11,675,349	9,677,087

h) Loans granted to subsidiaries and associates:

Such loans are eliminated from the consolidated financial statements.

i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectability	5,977	12,288
Loans and receivables with doubtful collectability	28,810	53,327
Uncollectible loans and receivables	183,151	181,406
Total	217,938	247,021

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5. Information on loans: (continued)

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

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

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectable loans and receivables
Prior period end balance	81,297	127,242	227,127
Additions (+)	145,057	1,385	3,560
Transfers from other categories of non-performing loans (+)	-	164,176	174,343
Transfers to other categories of non-performing loans (-)	164,176	174,343	-
Collections (-)	21,305	37,696	54,169
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	40,843	80,758	235,811
Specific provision (-)	5,977	28,810	183,151
Net Balances on Balance Sheet	34,866	51,948	52,660

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

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

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectable loans and receivables
Current Period :			
Current period end balance	228	208	8,278
Specific provision (-)	11	26	7,281
Net Balances on Balance Sheet	217	182	997
Prior Period :			
Prior period end balance	-	7,675	-
Specific provision (-)	-	7,182	-
Net Balances on Balance Sheet	-	493	-

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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)	40,843	80,758	235,811
Specific provision (-)	5,977	28,810	183,151
Loans to Real Persons and Legal Entities (Net)	34,866	51,948	52,660
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	127,242	227,127
Specific provision (-)	12,288	53,327	181,406
Loans to Real Persons and Legal Entities (Net)	69,009	73,915	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 Parent Bank.

l) Explanation related to write-off policy:

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

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

5. Information on loans: (continued)

m) Other explanations and disclosures:

Current Period	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Neither past due nor impaired	5,201,997	3,145,716	2,290,827	452,829	-	11,091,369
Past due not impaired	144,272	264,728	89,449	85,531	-	583,980
Individually impaired	120,444	162,542	21,949	52,477	-	357,412
Total gross	5,466,713	3,572,986	2,402,225	590,837	-	12,032,761
Less: allowance for individually impaired loans	65,144	88,883	22,989	40,922	-	217,938
Total allowance for impairment	65,144	88,883	22,989	40,922	-	217,938
Total net	5,401,569	3,484,103	2,379,236	549,915	-	11,814,823
Prior Period	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Neither past due nor impaired	4,757,069	2,290,680	1,707,757	413,164	-	9,168,670
Past due not impaired	118,499	260,810	61,415	67,693	-	508,417
Individually impaired	101,576	219,835	34,416	79,839	-	435,666
Total gross	4,977,144	2,771,325	1,803,588	560,696	-	10,112,753
Less: allowance for individually impaired loans	36,360	122,058	33,985	54,618	-	247,021
Total allowance for impairment	36,360	122,058	33,985	54,618	-	247,021
Total net	4,940,784	2,649,267	1,769,603	506,078	-	9,865,732

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

5. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

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

	Corporate	Small Business	Consumer	Credit Cards	Other	Total
At January 1, 2010	36,360	122,058	33,985	54,618	-	247,021
Charge for the year	53,490	43,907	4,149	30,227	-	131,773
Recoveries	(6,711)	(22,543)	(4,871)	(11,811)	-	(45,936)
Amounts written off (*)	(17,404)	(54,539)	(10,274)	(32,112)	-	(114,329)
Exchange Difference	(591)	-	-	-	-	(591)
At September 30, 2010	65,144	88,883	22,989	40,922	-	217,938

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

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

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

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

The fair value of collaterals, capped with the respective outstanding loan balance, that the Group holds relating to loans individually determined to be impaired at September 30, 2010 is TRY 119,269 (December 31, 2009: TRY 126,773).

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

5. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

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

September 30, 2010	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Residential, commercial or industrial property	12,742	15,812	3,015	-	-	31,569
Financial assets	-	-	-	-	-	-
Other	-	16	-	-	-	16
Total	12,742	15,828	3,015	-	-	31,585

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	93,255	6,512	18,732	-	118,499
Small business lending	142,081	69,771	48,958	-	260,810
Consumer lending	7,825	41,900	11,690	-	61,415
Credit cards	67,580	106	7	-	67,693
Other	-	-	-	-	-
Total	310,741	118,289	79,387	-	508,417

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5. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

Of the total aggregate amount of gross past due but not yet impaired loans and advances to customers, the fair value of collaterals, capped with the respective outstanding total past due and not past due loan balances of the customer, that the Group held as at September 30, 2010 was TRY 356,634 (December 31, 2009 - TRY 311,296).

Loans and advances amounting to TRY 3,100,376 have floating interest rates (December 31, 2009 – TRY 2,486,750) and the remaining TRY 8,574,973 have fixed interest rates (December 31, 2009 – TRY 7,190,337).

6. Information on held-to-maturity investments :

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share Certificates	-	-	-	-
Bond, Treasury bill and similar securities	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 104,730 (December 31, 2009 – TRY 153,880).

b) Movement of held-to-maturity investments:

	Current Period	Prior Period
Beginning balance	901,640	818,811
Foreign currency differences on monetary assets	(738)	(183)
Purchases during year(*)	2,146	97,111
Disposals through sales and redemptions	(676,691)	-
Impairment provision (-)	-	-
Change in income on redeemed cost adjustments	-	(14,099)
Closing Balance	226,357	901,640

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

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7. Information on associates (Net):

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

8. Information on subsidiaries (Net):

- a) Information on the unconsolidated subsidiaries: None (December 31, 2009 – None).
- b) Information on the consolidated subsidiaries:
- b.1) Information on the consolidated subsidiaries:

Description	Address (City/ Country)	Bank's share percentage-If different voting percentage(%)	Other shareholders' share percentage (%)
The Economy Bank N.V.	Netherlands	100.00	-
TEB 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 regulations as of September 30, 2010.

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

b.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	165,912	165,910
Movements during the period	(40,215)	2
Purchases	-	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (*)	(40,190)	-
Revaluation increase	-	2
Provision for impairment	(25)	-
Balance at the end of the period	125,697	165,912
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) The Parent 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 18,244 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.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. (**)	34,770	34,770
TEB Portföy Yönetimi A.Ş.	5,354	5,354
Stichting Effecten Dienstverlening (*)	246	268
Kronenburg Vastgoed B.V. (*)	36	39
Total	125,697	165,912

(*) Consolidated subsidiary of the Economy Bank NV.

(**) The Parent 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 Parent 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 18,244 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".

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

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

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

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

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

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

10. Information on finance lease receivables (Net):

a) Maturity Analysis:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	230,115	195,102
Between 1-4 years	-	-	215,413	187,146
Over 4 years	-	-	36,041	34,822
Specific provisions	-	-	(9,901)	(9,901)
Total	-	-	471,668	407,169

b) Other explanations and disclosures:

Current Period	Corporate	Small Business	Consumer	Other	Total
Neither past due nor impaired	-	-	-	-	-
Past due not impaired	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total gross	-	-	-	-	-
Less: allowance for individually impaired loans	-	-	-	-	-
Total allowance for impairment	-	-	-	-	-
Total net	-	-	-	-	-

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

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

b) Other explanations and disclosures: (continued)

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

	Corporate	Small Business	Consumer	Other	Total
At January 1, 2010	-	9,901	-	-	9,901
Charge for the year	-	4,843	-	-	4,843
Recoveries	-	(1,035)	-	-	(1,035)
Amounts written off	-	(5,799)	-	-	(5,799)
Effect of the sale of the subsidiary	-	(7,910)	-	-	(7,910)
At September 30, 2010	-	-	-	-	-

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

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

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	-	-	-	-	-
Small business lending	-	-	-	-	-
Consumer lending	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	-	-	-

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

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

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11. Information on derivative financial assets for hedging purposes:

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

12. Information on tangible assets:

	Opening Balance December 31, 2009				Effect of the Sale of the Subsidiary	Ending Balance September 30, 2010
	Additions	Disposals	Other			
Cost:						
Land and buildings	18,336	-	-	(704)	-	17,632
Leased tangible assets	52,426	-	(619)	-	-	51,807
Vehicles	508	50	(32)	207	-	733
Other	286,116	37,646	(16,398)	2,480	(1,080)	308,764
Total Cost	357,386	37,696	(17,049)	1,983	(1,080)	378,936
	Opening Balance December 31, 2009				Effect of the Sale of the Subsidiary	Ending Balance September 30, 2010
	Period Charge	Disposals	Other			
Accumulated Depreciation:						
Land and buildings	(4,778)	(301)	-	102	-	(4,977)
Leased tangible assets	(41,219)	(4,561)	619	-	-	(45,161)
Vehicles	(241)	(94)	16	(90)	-	(409)
Other (*)	(147,002)	(30,209)	2,624	(3,157)	563	(177,181)
Total Accumulated Depreciation	(193,240)	(35,165)	3,259	(3,145)	563	(227,728)
Net Book Value	164,146	2,531	(13,790)	(1,162)	(517)	151,208

(*) "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)

- a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: As of 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).
- b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

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

13. Information on intangible assets:

	Opening Balance December 31, 2009	Additions	Disposals	Other	Effect of the Sale of the Subsidiary	Ending Balance September 30, 2010
Cost:						
Other intangible assets	44,176	5,979	-	735	(2,439)	48,451
Total Cost	44,176	5,979	-	735	(2,439)	48,451
	Opening Balance December 31, 2009	Period Charge	Disposals	Other	Effect of the Sale of the Subsidiary	Ending Balance September 30, 2010
Accumulated Amortization:						
Other intangible assets	(28,693)	(5,738)	-	(830)	894	(34,367)
Total Accumulated Amortization	(28,693)	(5,738)	-	(830)	894	(34,367)
Net Book Value	15,483	241	-	(95)	(1,545)	14,084

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

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

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

15. Explanations on deferred tax asset:

- a) As of September 30, 2010, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TRY 15,831 (December 31, 2009 – TRY 50,058). 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	50,058	18,762
Effect of change in tax rate	(126)	2
Effect of the sale of the subsidiary	(43,230)	-
Other	144	589
Deferred tax (charge)/benefit	11,461	34,903
Deferred tax (charge)/benefit (Net)	(31,751)	35,494
Deferred tax accounted for under equity	(2,476)	(4,198)
Deferred Tax Asset	15,831	50,058

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

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

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17. Information on other assets:

a) Breakdown of other assets:

	Current Period	Prior Period
Clearing Account	215,036	112,330
Receivables From Securities Transactions	25,180	23,365
Leasing Contracts in Progress	-	930
Collateral Given for Derivative Financial Assets	28,054	31,743
Advances Given	1,928	3,424
Transaction Costs Related to Financial Liabilities	5,700	7,296
Prepaid Rents	5,131	4,515
Prepaid Insurance Premiums	2,133	99
Other Prepaid Expenses	19,143	18,944
Receivables from Credit Cards Payments	156,454	162,685
Temporary EFT Account	35,102	30,668
Other	12,674	13,623
Total	506,535	409,622

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

18. Information on factoring receivables:

a) Maturity Analysis:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short term	388,124	136,212	297,787	85,225
Medium and Long Term	-	-	107	-
Specific provisions	(7,801)	(707)	(7,828)	(391)
Total	380,323	135,505	290,066	84,834

b) Other explanations and disclosures:

Current Period	Corporate	Small Business	Consumer	Other	Total
Neither past due nor impaired	336,345	159,831	-	-	496,176
Past due not impaired	6,320	11,510	-	-	17,830
Individually impaired	3,349	6,981	-	-	10,330
Total gross	346,014	178,322	-	-	524,336
Less: allowance for individually impaired loans	1,720	6,788	-	-	8,508
Total allowance for impairment	1,720	6,788	-	-	8,508
Total net	344,294	171,534	-	-	515,828

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18. Information on factoring receivables: (continued)

b) Other explanations and disclosures: (continued)

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

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

	Corporate	Small Business	Consumer	Other	Total
At January 1, 2010	1,403	6,816	-	-	8,219
Charge for the period	317	309	-	-	626
Recoveries	-	(337)	-	-	(337)
Amounts written off	-	-	-	-	-
At September 30, 2010	1,720	6,788	-	-	8,508
	Corporate	Small Business	Consumer	Other	Total
At January 1, 2009	1,012	5,510	-	-	6,522
Charge for the period	391	2,108	-	-	2,499
Recoveries	-	(802)	-	-	(802)
Amounts written off	-	-	-	-	-
At December 31, 2009	1,403	6,816	-	-	8,219

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SECTION FIVE

II. Explanations and Disclosures Related to the Consolidated Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	285,992	-	705,060	2,110,636	181,585	124,327	352	6,921	3,414,873
Foreign currency deposits	1,292,900	-	1,459,279	1,374,215	53,961	52,239	159,167	1,511	4,393,272
Residents in Turkey	876,578	-	1,389,301	1,295,948	31,597	23,373	13,346	1,511	3,631,654
Residents abroad	416,322	-	69,978	78,267	22,364	28,866	145,821	-	761,618
Public sector deposits	159,381	-	5,050	2,490	-	-	26	-	166,947
Commercial deposits	610,343	-	599,582	563,186	31,307	24,264	-	40	1,828,722
Other institutions deposits	12,887	-	35,679	134,534	4,294	382	1	-	187,777
Precious metals deposits	82,573	-	7,525	2,077	671	250	-	-	93,096
Interbank deposits	207,906	-	473,094	73,394	-	1,042	3,113	-	758,549
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	60,910	-	112,523	28,141	-	-	-	-	201,574
Foreign Banks	38,180	-	350,569	45,253	-	1,042	3,113	-	438,157
Special finance houses	108,816	-	10,002	-	-	-	-	-	118,818
Other	-	-	-	-	-	-	-	-	-
Total	2,651,982	-	3,285,269	4,260,532	271,818	202,504	162,659	8,472	10,843,236

a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	270,084	-	803,947	2,310,906	66,611	37,413	629	11,414	3,501,004
Foreign currency deposits	1,283,739	-	1,186,456	1,338,293	79,720	147,897	161,371	2,122	4,199,598
Residents in Turkey	925,985	-	1,142,739	1,286,703	64,399	74,596	24,790	2,122	3,521,334
Residents abroad	357,754	-	43,717	51,590	15,321	73,301	136,581	-	678,264
Public sector deposits	103,715	-	1,095	1,508	-	-	194	-	106,512
Commercial deposits	705,974	-	670,802	649,711	14,650	27,499	263	102	2,069,001
Other institutions deposits	9,528	-	24,219	87,932	44,702	444	1	-	166,826
Precious metals deposits	16,613	-	3,854	2,086	835	374	-	-	23,762
Interbank deposits	97,638	-	91,200	34,046	64,623	9,057	17	-	296,581
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	14,862	-	-	5,068	-	-	-	-	19,930
Foreign Banks	32,303	-	91,200	28,978	64,623	9,057	17	-	226,178
Special finance houses	50,473	-	-	-	-	-	-	-	50,473
Other	-	-	-	-	-	-	-	-	-
Total	2,487,291	-	2,781,573	4,424,482	271,141	222,684	162,475	13,638	10,363,284

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 on February 23, 2005, accruals are included in the saving deposit amounts.

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b.2) Information on the saving deposits of the bank with head office abroad, if the saving deposits in the branches of the bank located in Turkey are under the guarantee of saving deposit insurance in that country abroad: None.

b.3) Saving deposits not guaranteed by insurance:

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

	Current Period	Prior Period
Deposits and accounts in branches abroad	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	11,997	2,629	3,341
Swap Transactions	57,647	7,510	21,294	6,142
Futures Transactions	-	17,056	-	14,497
Options	18,835	7,293	7,061	2,973
Other	111	-	52	-
Total	83,327	43,856	31,036	26,953

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	303,589	71,403	279,972	165,273
From Foreign Banks, Institutions and Funds	1,763,871	1,577,041	862,909	1,152,346
Total	2,067,460	1,648,444	1,142,881	1,317,619

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b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	1,610,592	1,454,086	1,130,992	873,061
Medium and long-term	456,868	194,358	11,889	444,558
Total	2,067,460	1,648,444	1,142,881	1,317,619

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

The Parent Bank diversifies its funding resources by the customer deposits and by the foreign borrowings. As of September 30, 2010, the Parent 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.

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

Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
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 group:

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

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

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

- c) Explanation on finance lease payables: None.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	32	27	-	-
1-4 Year	2	-	-	-
More than 4 years	-	-	-	-
Total	34	27	-	-

- d) Explanations regarding operational leases:

Except for the Head-Office-Istanbul and Izmir-Ege Kurumsal Branch buildings, all branch premises of the Parent Bank are leased under operational leases. For the year ended September 30, 2010, operational lease expenses amounting to TRY 58,167 (September 30, 2009 – TRY 57,261) 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	73,560	61,030
Provisions for Second Group Loans and Receivables	10,393	9,225
Provisions for Non-Cash Loans	11,068	8,833
Other	618	7,738
Total	95,639	86,826

- 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).

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7. Information on provisions: (continued)

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

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

As of September 30, 2010, the Group provided a reserve of TRY 10,206 (December 31, 2009- TRY 9,476) for the unused vacations. This balance is classified under other provisions in the financial statements.

d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	18,512	13,795
Service cost	2,555	2,676
Interest cost	1,488	1,591
Settlement cost	1,571	1,473
Actuarial (gain)/loss	-	2,410
Benefits paid	(1,782)	(3,433)
Effect of the sale of the subsidiary	(248)	-
Total	22,096	18,512

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	10,206	9,476
Provision for promotion of credit cards and banking services	4,750	4,163
Other (*)	33,761	32,232
Total	48,717	45,871

(*) Included in other, TRY 15,513 (December 31, 2009 – TRY 20,605) is the provision related to the bonuses to be paid to the personnel, 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).

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8. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Corporate taxes:

	Current Period	Prior Period
Provision for Corporate Taxes	16,425	3,913

a.2) Information on taxes payable:

	Current Period	Prior Period
Taxation on Securities	6,510	9,088
Property Tax	977	920
Banking Insurance Transaction Tax (BITT)	9,357	10,050
Foreign Exchange Transaction Tax	8	10
Value Added Tax Payable	394	735
Other (*)	6,399	7,436
Total	23,645	28,239

(*) Other includes income taxes deducted from wages amounting to TRY 5,989 (December 31, 2009 – TRY 6,108) and stamp taxes payable amounting to TRY 521 (December 31, 2009 - TRY 782) while prepaid income tax amounting to TRY 111 is deducted from other.

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	2,705	2,563
Social Security Premiums-Employer	2,876	2,723
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	189	180
Unemployment Insurance-Employer	379	359
Other	4	-
Total	6,153	5,825

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

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

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

The Parent Bank has signed an agreement with the International Finance Corporation (IFC) on July 17, 2002, for a subordinated loan of USD 15 million. The maturity of the loan is October 15, 2011 and interest rate is LIBOR+2.85%. USD 6 million principle of this subordinated loan was paid in two tranches on October 15, 2009 and April 15, 2010 in accordance with the terms of the main agreement.

The Parent Bank has signed another agreement with the IFC on June 27, 2005, for a subordinated loan. The facility is a USD 50 million subordinated loan, with a maturity of July 15, 2015 and with an interest rate of LIBOR+3.18%.

The Parent Bank has signed an agreement with the Economy Luxembourg S.A on October 27, 2006 for a subordinated loan. The facility is a EUR 110 million subordinated loan, with a maturity of October 31, 2016, and with a fixed interest rate of 6.10%.

The Parent Bank has obtained a primary subordinated loan by issuing a bond amounting to USD 100 million as of July 31, 2007. The investor of the said bond is IFC International Finance Corporation (IFC). The maturity of the borrowing is indefinite with semi-annually interest payment. The interest rate is defined as LIBOR+3.5% until July 31, 2017. In case the borrowed amount is not repaid at that date, the interest rate will be revised as LIBOR + 5.25%.

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

a) Information on subordinated loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	453,561	-	483,474
Total	-	453,561	-	483,474

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11. Information on Shareholders' Equity:

- a) Presentation of Paid-in capital:

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

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

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

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

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

- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.

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

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

- g) Information on preferred shares:

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

- h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	27,344	4,423	16,966	4,857
Foreign Exchange Difference	-	-	-	-
Total	27,344	4,423	16,966	4,857

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11. Information on Shareholders' Equity: (continued)

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

	Current Period	Prior Period
Foreign currency marketable securities value increase fund	4,423	4,857
Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities held to maturity related to the above amount	-	-
Total	4,423	4,857

Information on legal reserves:

	Current Period	Prior Period
First legal reserves	47,594	42,642
Second legal reserves	13,231	14,877
Other legal reserves appropriated in accordance with special legislation	-	-
Total	60,825	57,519

Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	638,675	374,077
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange differences	-	-
Total	638,675	374,077

Other Information on Shareholders' Equity:

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

	Current Period	Prior Period
At January 1	21,823	5,218
Net unrealized gains on available for sale investments	39,163	76,054
Realized gains on available for sale investments recycled to income statement on disposal	-	-
Realized losses on available for sale investments recycled to income statement on disposal and impairment	(26,743)	(55,251)
Tax effect of net gains on available for sale investments	(2,476)	(4,198)
Unrealized gains / (losses) on cash flow hedges	-	-
Gains / (losses) on cash flow hedges recycled to income statement	-	-
Tax effect of net gains on cash flow hedges	-	-
At period end	31,767	21,823

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

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

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SECTION FIVE

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

1. Information on off-balance sheet liabilities:

- a) Nature and amount of irrevocable loan commitments: Credit card expenditure limit commitments are TRY 1,136,818 and TRY 957,516; 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 Group, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

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

As of September 30, 2010 total guarantees and commitments consist of letters of guarantee amounting to TRY 3,111,089 (December 31, 2009 - TRY 2,724,472), acceptances amounting to TRY 62,380 (December 31, 2009 - TRY 39,205) and letters of credit amounting to TRY 808,749 (December 31, 2009 -TRY 784,382).

- b.2) Guarantees, suretyships, and similar transactions: The Group 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	210,131	206,721
With maturity of 1 year or less than 1 year	58,047	40,135
With maturity of more than 1 year	152,084	166,586
Other non-cash loans	4,063,527	3,548,950
Total	4,273,658	3,755,671

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	28,783	1.42	50,825	2.27	22,109	1.44	39,986	1.80
Farming and raising livestock	22,518	1.11	30,908	1.38	16,422	1.07	23,166	1.04
Forestry	6,027	0.30	19,917	0.89	5,180	0.34	16,820	0.76
Fishery	238	0.01	-	-	507	0.03	-	-
Manufacturing	1,026,393	50.53	1,213,816	54.13	830,539	54.19	1,142,034	51.37
Mining	60,278	2.97	48,758	2.17	43,566	2.85	24,103	1.08
Production	947,419	46.64	1,160,177	51.74	767,155	50.05	1,101,885	49.57
Electric, gas and water	18,696	0.92	4,881	0.22	19,818	1.29	16,046	0.72
Construction	514,041	25.31	295,171	13.16	328,665	21.44	280,978	12.64
Services	435,219	21.43	366,557	16.35	331,611	21.64	335,758	15.10
Wholesale and retail trade	147,619	7.27	31,091	1.39	99,329	6.48	23,038	1.04
Hotel, food and beverage services	12,582	0.62	12,736	0.57	7,139	0.47	3,209	0.14
Transportation and telecommunication	125,620	6.18	162,241	7.23	77,468	5.05	177,007	7.96
Financial institutions	40,630	2.00	132,582	5.91	39,790	2.60	80,748	3.63
Real estate and renting services	30,357	1.49	12,328	0.55	25,949	1.69	22,953	1.03
Self-employment services	53,295	2.62	4,227	0.19	47,328	3.09	10,290	0.46
Education services	448	0.04	683	0.03	564	0.04	579	0.03
Health and social services	24,668	1.21	10,669	0.48	34,044	2.22	17,934	0.81
Other	26,742	1.31	316,111	14.09	19,777	1.29	424,214	19.09
Total	2,031,178	100.00	2,242,480	100.00	1,532,701	100.00	2,222,970	100.00

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

1. Information on off-balance sheet liabilities: (continued)

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

Non-cash loans	I st Group		II nd Group	
	TRY	FC	TRY	FC
Letters of guarantee	1,788,283	1,282,168	28,763	11,875
Bank acceptances	1,059	61,321	-	-
Letters of credit	39	808,007	-	703
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	212,587	77,548	447	858
Total	2,001,968	2,229,044	29,210	13,436

The Parent 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)	14,181,696	6,867,168	-	-
Forward transactions	2,843,558	1,655,125	-	-
Swap transactions	6,810,641	2,437,034	-	-
Futures transactions	532,168	483,173	-	-
Option transactions	3,995,329	2,291,836	-	-
Interest related derivative transactions (II)	692,222	375,169	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	449,922	338,514	-	-
Interest option transactions	242,300	36,655	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	253,020	-	-	-
Other trading derivative transactions (IV)	3,893	-	-	-
A.Total trading derivative transactions (I+II+III+IV)	15,130,831	7,242,337	-	-
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)	15,130,831	7,242,337	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 as trading transactions are remeasured at fair value.

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

As of July 1, 2008, the Parent Bank has started to apply fair value hedge accounting in order to avoid the effects of interest rate changes in the market by matching TRY 537,997 (December 31, 2009: TRY 761,499) of its swap portfolio with its loan portfolio.

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

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Future Buy	Future Sell
Current Period								
TRY	331,576	309,051	1,197,220	1,964,028	1,290,391	1,055,250	-	-
USD	518,521	666,473	760,530	1,075,994	527,220	579,080	257,559	-
EURO	483,530	238,155	1,571,931	522,869	474,308	402,863	-	-
OTHER	178,628	117,624	40,548	127,443	86,386	75,151	-	274,609
Total	1,512,255	1,331,303	3,570,229	3,690,334	2,378,305	2,112,344	257,559	274,609
Prior Period								
TRY	358,911	191,184	251,511	663,979	476,853	485,412	-	-
USD	160,626	445,333	272,232	566,736	324,011	322,206	234,791	-
EURO	286,391	145,176	744,288	104,290	245,423	230,800	-	-
OTHER	34,976	32,528	120,376	52,136	132,380	111,406	-	248,382
Total	840,904	814,221	1,388,407	1,387,141	1,178,667	1,149,824	234,791	248,382

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

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

3. Explanations on contingent liabilities and assets:

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

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

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

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

b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes. As of 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 reliably be determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: As of September 30, 2010 there are no contingent liabilities that need to be explained. (December 31, 2009 – None.)

4. Custodian and intermediary services:

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

Investment fund participation certificates held in custody which belong to the customers and the portfolio are accounted for with their nominal values. As of September 30, 2010 the total nominal value and the total number of certificates are TRY 1,311,297 and 131,120,777 thousand, respectively (December 31, 2009: TRY 1,444,205 and 113,835,511 thousand) and the total fair value is TRY 4,555,448 (December 31, 2009: TRY 5,645,247)

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

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

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

Moody's Investor Services: 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 Consolidated Statement of Income

1. a) Information on interest on loans:

Current Period	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	455,870	78,218	601,089	110,015
Medium and long term loans	335,998	42,438	275,576	28,155
Interest on non-performing loans	9,193	-	4,105	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	801,061	120,656	880,770	138,170

(*) Includes fees and commissions obtained from cash loans amounting to TRY 40,718 (September 30, 2009: TRY 30,171).

b) Information on interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	10
Domestic banks	1,264	64	1,630	35
Foreign banks	4,559	1,984	4,103	10,515
Branches and head office abroad	-	-	-	-
Total	5,823	2,048	5,733	10,560

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	12,229	1,652	10,865	594
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	146,216	4,951	119,599	6,197
Held-to-maturity securities	43,270	462	95,634	160
Total	201,715	7,065	226,098	6,951

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
The Central Bank of Turkey	-	-	-	-
Domestic banks	13,975	1,928	13,784	3,133
Foreign banks	74,491	13,818	105,456	17,179
Branches and head office abroad	-	-	-	-
Other financial institutions	-	24,364	-	25,879
Total	88,466	40,110	119,240	46,191

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

b) Information on interest expenses to associates and subsidiaries:

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

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

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

Account Name	Time Deposits						Accumulated Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TRY								
Bank deposits	1,667	5,393	378	19	42	87	-	7,586
Saving deposits	1,405	51,865	142,687	6,575	8,526	34	532	211,624
Public sector deposits	-	105	156	1	9	-	-	271
Commercial deposits	169	44,907	42,180	474	834	-	-	88,564
Other deposits	-	1,755	9,789	2,833	95	2	-	14,474
7 days call accounts	-	-	-	-	-	-	-	-
Total	3,241	104,025	195,190	9,902	9,506	123	532	322,519
FC								
Foreign currency deposits	4,503	18,795	28,733	1,711	2,337	4,232	19	60,330
Bank deposits	258	227	466	113	51	-	-	1,113
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	659	66	24	11	4	-	-	766
Total	5,420	19,088	29,223	1,835	2,392	4,232	19	62,209
Grand Total	8,661	123,113	224,413	11,737	11,898	4,355	551	384,728

3. Information on dividend income:

	Current Period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	16	9
Other	-	-
Total	16	9

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

4. Information on net trading income:

	Current Period	Prior Period
Income	1,661,456	1,984,294
Gains on capital market operations	37,930	72,318
Gains on derivative financial instruments(**)	417,594	402,426
Foreign exchange gains(*)	1,205,932	1,509,550
Losses (-)	1,659,952	1,939,771
Losses on capital market operations	9,617	8,898
Loss on derivative financial instruments(**)	585,070	549,243
Foreign exchange losses(*)	1,065,265	1,381,630

(*) As of September 30, 2010, the foreign exchange gains on the foreign currency indexed loans are TRY 15,630 (September 30, 2009 - TRY 32,378) and the foreign exchange losses on the foreign currency indexed loans are TRY 49,964 (September 30, 2009 - TRY 27,482).

(**) Gain on hedging transactions is TRY 11,631 (September 30, 2009 – TRY 11,823), while loss on hedging transactions is TRY 65,590 (September 30, 2009 – TRY 94,426).

5. Information on other operating income:

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

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	91,402	127,895
III. Group Loans and Receivables	(6,483)	5,672
IV. Group Loans and Receivables	(17,113)	24,798
V. Group Loans and Receivables	114,998	97,425
General provision expenses	15,011	(4,614)
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	289	389
Total	127,219	135,691

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

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	290,530	280,653
Reserve for employee termination benefits	5,558	5,530
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	35,091	35,297
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	5,436	4,895
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1,822	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	194,376	185,486
Rent expenses	57,889	56,797
Maintenance expenses	4,493	4,325
Advertisement expenses	17,627	15,777
Other expenses	114,367	108,587
Loss on sales of assets	31	840
Other(*)	66,333	33,929
Total	599,177	546,630

(*) Included in other, the 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 30,669 (September 30, 2009 - TRY 15,180).

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

Profit before tax of the Group consists of net interest income and net fees and commission income amounting to TRY 621,661 (September 30, 2009 - TRY 653,970) and TRY 217,501 (September 30, 2009 - TRY 209,521), respectively; while operating expenses are TRY 599,177 (September 30, 2009 - TRY 546,630).

The Parent 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 18,244 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.

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

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

	Current Period	Prior Period
Income and Expense on Discontinued Operations		
Net Interest Income / Expense	19,661	22,185
Interest Income	35,371	43,184
Interest Expense	15,710	20,999
Net Fees and Commission Income	197	172
Dividend Income	1,292	859
Trading Income / Loss (net)	(338)	(2,450)
Other Operating Income	13	34
Net Operating Income	20,825	20,800
Provision for Loan Losses and other receivables (-)	3,628	10,902
Other Operating Expenses	8,270	7,393
Profit / Loss on Discontinued Operations before Taxes	8,927	2,505
Tax Provision (**)	3,015	(27)
Net Profit / Loss from Discontinued Operations	11,942	2,478
Effect of the Eliminations	147	1,223
Gain on Sale of Discontinued Operations	18,244	-
Tax Charge of Gain on Sale of Discontinued Operations (**)	(3,859)	-
Profit (*)	26,474	3,701

(**) The current period profit includes the income and expense items of TEB Finansal Kiralama A.Ş. until the sale date (September 30, 2010), the net gain on sale of this subsidiary and the respective tax charge.

(**) The current income tax charge amounting to TRY 3,859 related with the sale of subsidiary and income tax benefit of the subsidiary until the sale amounting to TRY 3,015 are presented under "Tax Provision for Discontinued Operations" as a net of TRY 844 tax charge.

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

- a) As of September 30, 2010, current tax charge is TRY 41,920 (September 30, 2009 – TRY 52,211 tax charge) and deferred tax benefit is TRY 7,336 (September 30, 2009 – TRY 2,651 deferred tax benefit), current tax charge on discontinued operations is TRY 4,969 (September 30, 2009 – None) and deferred tax benefit is TRY 4,125 (September 30, 2009 – TRY 27 deferred tax charge).
- b) Deferred tax benefit on temporary differences is TRY 7,336 (September 30, 2009 – TRY 2,651).

The Parent 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 Consolidated Statement of Income (continued)

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

c) Tax reconciliation:

	Current Period	Prior Period
Profit on continued and discontinued operations before taxes	177,792	252,103
Additions	36,706	34,084
Disallowables	4,770	14,602
General loan loss provision	13,979	2,163
Effect of different tax rate	7,667	3,891
Other	10,290	13,428
Deductions	(37,356)	(38,250)
General loan loss provision	(180)	(6,686)
Provision for possible tax disputes	-	(14,711)
Prior years' losses	-	(15,136)
Unused investment incentive	(31,585)	-
Other	(5,591)	(1,717)
Taxable Profit / (Loss)	177,142	247,937
Corporate tax rate	%20	20%
Tax calculated for continued and discontinued operations	35,428	49,587

As of September 30, 2010, current tax charge is TRY 46,889 (September 30, 2009 – TRY 52,211 current tax charge) and deferred tax benefit on temporary differences is TRY 11,461 (September 30, 2009 – TRY 2,624 deferred tax benefit). Net tax charge recognized in the financial statements is TRY 35,428 (September 30, 2009 – TRY 49,587 tax charge).

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

The Group's net profit from continued operations is TRY 115,890 (September 30, 2009: TRY 198,815) and net profit from discontinued operations is TRY 26,474 for the period ended September 30, 2010 (September 30, 2009: TRY 3,701).

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 Consolidated Statement of Income
(continued)

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

	Current Period	Prior Period
<u>Other interest income</u>		
Factoring interest income	32,391	35,310
Mark to market differences of the hedged item	-	13,393
Other	4,209	2,744
Total	36,600	51,447

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Brokerage commissions received	18,103	16,283
Credit cards commissions and fees	130,935	134,592
Fund management commissions	29,807	31,614
Import letters of credit commissions	2,627	3,193
Inquiry and company search fees and commissions	16,096	11,360
Settlement expense provision, eft, swift, agency commissions	9,050	8,153
Insurance commissions	11,259	7,583
Transfer commissions	6,825	4,654
Commissions and fees earned from correspondent banks	5,695	4,649
Consultancy fees	818	900
Other	49,941	42,196
Total	281,156	265,177

<u>Other fees and commissions given</u>		
Credit cards commissions and fees	80,607	72,342
Commissions and fees paid to correspondent banks	6,488	5,896
Settlement and swift commissions	3,343	2,787
Other	10,392	7,194
Total	100,830	88,219

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V. Explanations on the Risk Group of the Parent Bank

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

a) Current Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	15,688	46,004	60,793	88,948
Balance at end of period	-	-	53,906	16,974	207,476	95,508
Interest and commission income	-	-	2,327	11	4,703	381

Included in the balances above, the Parent Bank has placements in foreign bank accounts amounting to TRY 50,039 with respect to direct and indirect corporate and real person shareholders and TRY 84,137 other entities included in the risk group.

b) Prior Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	82,234	14,059	121,993	7,573
Balance at end of period	-	-	15,688	46,004	60,793	88,948
Interest and commission income received	-	-	7,746	1	4,185	122

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

c.1) Information on related party deposits balances:

Related parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current period	Prior period	Current period	Prior Period
Deposits						
Balance at beginning of period	-	-	282,015	189,247	175,059	836,370
Balance at end of period	-	-	250,881	282,015	151,087	175,059
Interest on deposits	-	-	17,397	-	4,063	-

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

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss						
Beginning of period	-	-	1,649,880	2,401,449	746,942	419,698
End of period	-	-	5,201,863	1,649,880	1,126,515	746,942
Total income/loss	-	-	(30,500)	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 Parent 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 Group is TRY 20,079 (September 30, 2009 – TRY 20,661).

2. Disclosures for related parties:

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

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

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

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	127,206	1.08
Non-cash loans	112,482	2.63
Deposits	401,968	3.71
Derivative financial instruments	6,328,378	41.82
Derivative financial instruments for hedging purposes	200,491	37.27

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

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

The Group enters into leasing agreements with TEB Finansal Kiralama A.Ş. As of September 30, 2010 the total leasing obligations related to these agreements amounted to TRY 27. This amount is eliminated from the accompanying consolidated financial statements. Additionally, the Parent Bank provides agency services for TEB Yatırım Menkul Değerler A.Ş. via its branches.

Within the limits of the Banking Law, the Group renders cash and non-cash loans to its related parties and the ratio of these to the Group's total cash and non-cash loan portfolio is 1.49%. Details of these loans are explained in the Section V, Note 1a.

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

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SECTION SIX

INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

I. Explanations on the Independent Accountants' Limited Review Report

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

II. Other Footnotes and Explanations Prepared by Independent Accountants

None.