

**TÜRK EKONOMİ BANKASI
ANONİM ŞİRKETİ**

**INDEPENDENT ACCOUNTANTS'
LIMITED REVIEW REPORT,
UNCONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE PERIOD ENDED
MARCH 31, 2008**

*Translated into English from the
Original Turkish Report*

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

**INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT
FOR THE PERIOD JANUARY 1, 2008 – MARCH 31, 2008**

We have reviewed the accompanying balance sheet of Türk Ekonomi Bankasi A.S. ("The Bank") as at March 31, 2008 and the related statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Bank's management. As independent accountants our responsibility is to issue a report based on the review performed on these financial statements.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of the Bank for the period ended March 31, 2008 in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations and other regulations, communiques and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency.

Additional paragraph for English translation:

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

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

Member of **DELOITTE TOUCHE TOHMATSU**

Hasan Kiliç
Partner

Istanbul, April 30, 2008

**THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.S.
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2008**

Address : Meclis -i Mebusan Caddesi No: 57
Findikli 34427 - Istanbul

Telephone : (0 212) 251 21 21
Fax : (0 212) 249 65 68

Web Site : www.teb.com.tr

E-mail Address : investor.relations@teb.com.tr

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

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

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

April 30, 2008

Yavuz Canevi President of the Board of Directors	Patrick Rene Pitton Head of Audit Committee	Dr. Akin Akbaygil Vice Chairman of the Audit Committee	Varol Civil General Manager	M. Askin Dolastir Assistant General Manager Responsible of Financial Reporting	B. Ilgaz Dogan Manager Responsible of Financial Reporting
---	--	--	--------------------------------	---	--

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

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

Telephone Number: (0212) 251 21 21
Fax Number: (0212) 249 65 68

INDEX

Page Number

SECTION ONE General Information

I.	Bank's Incorporation Date, Beginning Statute, Changes in the Existing Statute	1
II.	Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank	1
III.	Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares in the Bank	2
IV.	Information About the Person and Institutions That Have Qualified Shares	2
V.	Summary on the Bank's Functions and Areas of Activity	2

SECTION TWO Unconsolidated Financial Statements

I.	Balance Sheet	3
II.	Statement of Off Balance Sheet Contingencies and Commitments	5
III.	Statement of Income	6
IV.	Statement of Profit and Loss Accounted for Under Equity	7
V.	Statement of Changes in Shareholders' Equity	8
VI.	Statement of Cash Flow	10

SECTION THREE Accounting Principles

I.	Basis of Presentation	11
II.	Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions	11
III.	Explanations on Forward and Option Contracts and Derivative Instruments	12
IV.	Interest Income and Expenses	12
V.	Fees and Commission Income and Expenses	13
VI.	Explanations and Disclosures on Financial Assets	13
VII.	Explanations on Impairment on Financial Assets	15
VIII.	Offsetting of Financial Assets and Liabilities	15
IX.	Explanations on Sales and Repurchase Agreements and Lending of Securities	16
X.	Explanations on Assets Held For Sale and Discontinued Operations	16
XI.	Explanations on Goodwill and Other Intangible Assets	16
XII.	Explanations on Tangible Fixed Assets	17
XIII.	Explanations on Leasing Transactions	18
XIV.	Explanations on Provisions and Contingent Liabilities	18
XV.	Explanations on Liabilities Regarding Employee Benefits	18
XVI.	Explanations on Taxation	19
XVII.	Additional Explanations on Borrowings	19
XVIII.	Explanations on Share Certificates	20
XIX.	Explanations on Acceptances	20
XX.	Explanations on Government Incentives	20
XXI.	Explanations on Segment Reporting	20
XXII.	Explanations on Other Matters	21

SECTION FOUR Information on Financial Structure

I.	Explanations Related to the Capital Adequacy Standard Ratio	22
II.	Explanations Related to Credit Risk	25
III.	Explanations Related to Market Risk	30
IV.	Explanations Related to Currency Risk	31
V.	Explanations Related to Interest Rate Risk	34
VI.	Explanations Related to Liquidity Risk	38

SECTION FIVE Explanations and Disclosures on Unconsolidated Financial Statements

I.	Explanations Related to the Assets	41
II.	Explanations Related to the Liabilities	56
III.	Explanations Related to the Off-Balance Sheet Contingencies and Commitments	66
IV.	Explanations Related to the Income Statement	71
V.	Explanations on the Risk Group of the Bank	77

SECTION SIX Independent Accountants' Limited Review Report

I.	Explanations on the Independent Accountants' Limited Review Report	79
II.	Other Footnotes and Explanations Prepared by the Independent Accountants	79

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

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

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.S., was acquired by the Çolakoglu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.S. and its headquarters moved to Istanbul.

II. Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank

As of March 31, 2008 and December 31, 2007 the shareholders' structure and their respective ownerships are summarized as follows:

Name of shareholders	Current Period		Previous Period	
	Paid in capital	%	Paid in capital	%
TEB Mali Yatirimlar A.S.	636,119	84.25	636,119	84.25
Publicly Traded	118,018	15.63	118,018	15.63
Other Shareholders	863	0.12	863	0.12
	755,000	100.00	755,000	100.00

As of March 31, 2008 Bank's paid-in-capital consists of 755,000,000 shares of TRY 1.00 (full TRY) nominal each.

As of January 30, 2008, the main shareholder TEB Mali Yatirimlar A.S of the Bank has placed TRY 155,000 to the Bank. The facility matches the definition of the subordinated loan in the article 8, clause 11 of the Communiqué on Equity of Banks. Since this amount has been obtained for the capital increase as committed by this shareholder and the Banking Regulation and Supervision Agency approved by its letter dated February 11, 2008, it has been accounted for as secondary subordinated loan. The said amount will be incorporated to the paid in capital after the capital increase procedures are completed.

At the meeting of the General Assembly held on March 26, 2008, it has been resolved to increase the registered capital ceiling of the Bank from TRY 900,000 to TRY 1,400,000. The increase was registered with the Trade Registry Office on March 27, 2008 and published in the Turkish Trade Registry Gazette numbered 7032 on April 1, 2008.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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

<u>Title</u>	<u>Name</u>
Chairman of the Board of Directors	: Yavuz Canevi
Members of the Board of Directors	: Dr.Akin Akbaygil (Vice Chairman of Audit Committee) (*) Patrick Rene Pitton (Head of Audit Committee) Jean-Jacques Marie Santini Metin Togay Michel Roger Chevalier Refael Taranto Varol Civil (General Manager) Musa Erden (*)
Chairman of Inspection Committee	: Hakan Tirasin
Assistant General Managers	: Mustafa Askin Dolastir (**) Izzet Cemal Kismir Levent Çelebioglu Nilsen Altintas Nuri Tuncali Saniye Telci Turgut Boz Turgut Güney Ümit Leblebici Ünsal Aysun Ömer Yenidogan Melis Cosan Baban (***)
Statutory Auditors	Ayşe Asardag Cihat Madanoğlu

(*) At the General Assembly held on March 26, 2008, it has been resolved that Ismail Yanik would leave from his position as member of the Board of Directors and the Vice Chairman of the Audit Committee. For these positions, Musa Erden and Dr. Akin Akbaygil have been appointed, respectively.

(**) Mustafa Askin Dolastir has been vicariously appointed as the Assistant General Manager responsible from Financial Reporting on March 10, 2008.

(***) Melis Cosan Baban has been appointed as the Assistant General Manager responsible from Legal Affairs on February 4, 2008

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

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

Name / Commercial Name	Share Amount	Share Ratio	Paid up Shares	Unpaid Shares
TEB Mali Yatirimlar A.S.	636,119	% 84.25	636,119	-

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

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

The Bank's operating areas include, corporate, retail and private banking, project financing, fund management and custody operations. Besides the ordinary banking operations, Bank is handling agency functions through its branches on behalf of TEB Sigorta A.S. and TEB Yatirim Menkul Degerler A.S. As of March 31, 2008 Bank has 281 local branches and 4 foreign branches (December 31, 2007 - 269 local branches, 4 foreign branches).

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
BALANCE SHEET AS OF MARCH 31, 2008

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

I. BALANCE SHEET – ASSETS

		Reviewed Current Period 31.03.2008			Audited Prior Period 31.12.2007			
	Note Ref.	TRY	FC	Total	TRY	FC	Total	
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	367,475	1,429,426	1,796,901	575,454	1,366,220	1,941,674
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	212,022	27,605	239,627	204,296	25,984	230,280
2.1	Trading financial assets		136,000	16,049	152,049	165,033	20,625	185,658
2.1.1	Public sector debt securities		136,000	16,049	152,049	165,033	20,625	185,658
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Other marketable securities		-	-	-	-	-	-
2.2	Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1	Public sector debt securities		-	-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-	-
2.2.3	Other marketable securities		-	-	-	-	-	-
2.3	Derivative financial assets held for trading		76,022	11,556	87,578	39,263	5,359	44,622
III.	BANKS	(3)	10,335	638,602	648,937	12,464	322,368	334,832
IV.	MONEY MARKET PLACEMENTS		850,360	-	850,360	190,083	-	190,083
4.1	Interbank money market placements		850,360	-	850,360	190,083	-	190,083
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1,402,329	160,874	1,563,203	1,406,523	187,432	1,593,955
5.1	Share certificates		9	65	74	9	54	63
5.2	Public sector debt securities		1,402,320	160,809	1,563,129	1,406,514	187,378	1,593,892
5.3	Other marketable securities		-	-	-	-	-	-
VI.	LOANS	(5)	5,777,450	2,039,703	7,817,153	5,201,249	1,663,178	6,864,427
6.1	Loans		5,717,127	2,039,703	7,756,830	5,152,948	1,663,178	6,816,126
6.1.1	Loans to Risk Group of the Bank		3,762	750	4,512	3,003	22,829	25,832
6.1.2	Other		5,713,365	2,038,953	7,752,318	5,149,945	1,640,349	6,790,294
6.2	Non-performing loans		143,118	-	143,118	121,508	-	121,508
6.3	Specific provisions (-)		(82,795)	-	(82,795)	(73,207)	-	(73,207)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD TO MATURITY INVESTMENTS (Net)	(6)	-	-	-	-	-	-
8.1	Public sector debt securities		-	-	-	-	-	-
8.2	Other marketable securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	-	-	-
9.1	Accounted for under equity method		-	-	-	-	-	-
9.2	Unconsolidated associates		-	-	-	-	-	-
9.2.1	Financial investments		-	-	-	-	-	-
9.2.2	Non-financial investments		-	-	-	-	-	-
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	92,667	61,254	153,921	90,954	61,254	152,208
10.1	Unconsolidated financial subsidiaries		92,667	61,254	153,921	90,954	61,254	152,208
10.2	Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI.	ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	-	-	-	-	-	-
11.1	Consolidated under equity method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial subsidiaries		-	-	-	-	-	-
11.2.2	Non-financial subsidiaries		-	-	-	-	-	-
XII.	FINANCE LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1	Finance lease receivables		-	-	-	-	-	-
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1	Fair value hedge		-	-	-	-	-	-
13.2	Cash flow hedge		-	-	-	-	-	-
13.3	Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(12)	140,386	-	140,386	164,299	-	164,299
XV.	INTANGIBLE ASSETS (Net)	(13)	7,281	-	7,281	6,682	-	6,682
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		7,281	-	7,281	6,682	-	6,682
XVI.	INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII.	TAX ASSET	(15)	38,010	-	38,010	44,129	-	44,129
17.1	Current tax asset		24	-	24	-	-	-
17.2	Deferred tax asset		37,986	-	37,986	44,129	-	44,129
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1	Held for sale		-	-	-	-	-	-
18.2	Discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(17)	316,420	19,123	335,543	269,916	8,431	278,347
TOTAL ASSETS			9,214,735	4,376,587	13,591,322	8,166,049	3,634,867	11,800,916

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
BALANCE SHEET AS OF MARCH 31, 2008

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

I. BALANCE SHEET – LIABILITIES AND EQUITY

	Note Ref.	Reviewed Current Period 31.03.2008			Audited Prior Period 31.12.2007		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	4,617,504	4,273,679	8,891,183	3,616,695	3,466,277	7,082,972
1.1 Deposits from Risk Group of the Bank		230,507	910,980	1,141,487	61,554	560,545	622,099
1.2 Other		4,386,997	3,362,699	7,749,696	3,555,141	2,905,732	6,460,873
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	155,261	18,623	173,884	250,634	3,726	254,360
III. FUNDS BORROWED	(3)	654,414	1,103,054	1,757,468	508,387	1,094,091	1,602,478
IV. MONEY MARKET BALANCES		484,923	-	484,923	904,331	-	904,331
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		484,923	-	484,923	904,331	-	904,331
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		177,447	35,378	212,825	165,888	6,004	171,892
VIII. OTHER LIABILITIES	(4)	334,800	1,274	336,074	339,609	740	340,349
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES	(5)	-	7,420	7,420	-	32,035	32,035
10.1 Finance lease payables		-	7,652	7,652	-	42,001	42,001
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	(232)	(232)	-	(9,966)	(9,966)
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(7)	105,706	20,311	126,017	60,078	13,553	73,631
12.1 General loan loss provisions		49,329	20,311	69,640	39,812	13,553	53,365
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		11,239	-	11,239	10,588	-	10,588
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		45,138	-	45,138	9,678	-	9,678
XIII. TAX LIABILITY	(8)	32,564	-	32,564	40,657	-	40,657
13.1 Current tax liability		32,564	-	32,564	40,657	-	40,657
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)	155,000	451,666	606,666	-	387,880	387,880
XVI. SHAREHOLDERS' EQUITY	(11)	963,554	(1,256)	962,298	909,757	574	910,331
16.1 Paid-in capital		755,000	-	755,000	755,000	-	755,000
16.2 Supplementary capital		(10,992)	(1,256)	(12,248)	4,302	574	4,876
16.2.1 Share premium		1,736	-	1,736	1,736	-	1,736
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(13,654)	(1,256)	(14,910)	1,640	574	2,214
16.2.4 Tangible assets revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		926	-	926	926	-	926
16.3 Profit reserves		150,455	-	150,455	20,169	-	20,169
16.3.1 Legal reserves		26,750	-	26,750	20,235	-	20,235
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		123,705	-	123,705	(66)	-	(66)
16.3.4 Other profit reserves		-	-	-	-	-	-
16.4 Profit or loss		69,091	-	69,091	130,286	-	130,286
16.4.1 Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2 Current year income/ (loss)		69,091	-	69,091	130,286	-	130,286
16.5 Minority shares	(12)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		7,681,173	5,910,149	13,591,322	6,796,036	5,004,880	11,800,916

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENTS OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS
AS OF MARCH 31, 2008

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

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref.	Reviewed Current Period 31.03.2008			Audited Prior Period 31.12.2007		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		6,890,774	7,930,853	14,821,627	6,974,472	5,135,945	12,110,417
I. GUARANTEES	(1), (3)	1,331,049	2,423,418	3,754,467	1,284,188	1,765,799	3,049,987
1.1. Letters of guarantee		1,247,300	1,181,696	2,428,996	1,204,392	931,197	2,135,589
1.1.1. Guarantees subject to State Tender Law		56,687	201,619	258,306	52,073	151,982	204,055
1.1.2. Guarantees given for foreign trade operations		131,030	35,333	166,363	134,331	27,645	161,976
1.1.3. Other letters of guarantee		1,059,583	944,744	2,004,327	1,017,988	751,570	1,769,558
1.2. Bank loans		-	74,524	74,524	-	64,002	64,002
1.2.1. Import letter of acceptance		-	69,823	69,823	-	60,117	60,117
1.2.2. Other bank acceptances		-	4,701	4,701	-	3,885	3,885
1.3. Letters of credit		151	1,052,248	1,052,399	156	651,186	651,342
1.3.1. Documentary letters of credit		151	838,542	838,693	156	554,454	554,610
1.3.2. Other letters of credit		-	213,706	213,706	-	96,732	96,732
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		82,605	79,848	162,453	74,968	72,696	147,664
1.9. Other collateral		993	35,102	36,095	4,672	46,718	51,390
II. COMMITMENTS	(1), (3)	2,330,481	667,584	2,998,065	3,426,952	482,389	3,909,341
2.1. Irrevocable commitments		2,330,481	656,976	2,987,457	1,597,611	2,987,622	2,071,233
2.1.1. Forward asset purchase commitments		163,916	656,976	820,892	127,401	473,622	601,023
2.1.2. Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		716,812	-	716,812	178,808	-	178,808
2.1.5. Securities under writing commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		539,060	-	539,060	456,009	-	456,009
2.1.8. Tax and fund liabilities from export commitments		12,820	-	12,820	10,887	-	10,887
2.1.9. Commitments for credit card expenditure limits		894,888	-	894,888	821,870	-	821,870
2.1.10. Commitments for promotions related with credit cards and banking activities		2,874	-	2,874	2,525	-	2,525
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		111	-	111	111	-	111
2.2. Revocable commitments		-	10,608	10,608	1,829,341	8,767	1,838,108
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	10,608	10,608	1,829,341	8,767	1,838,108
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	3,229,244	4,839,851	8,069,095	2,263,332	2,887,757	5,151,089
3.1. Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1. Fair value hedge		-	-	-	-	-	-
3.1.2. Cash flow hedge		-	-	-	-	-	-
3.1.3. Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2. Held for trading transactions		3,229,244	4,839,851	8,069,095	2,263,332	2,887,757	5,151,089
3.2.1. Forward foreign currency buy/sell transactions		1,574,020	2,149,661	3,723,681	841,891	1,076,524	1,918,415
3.2.1.1. Forward foreign currency transactions-buy		753,755	1,114,761	1,868,516	386,476	575,186	961,662
3.2.1.2. Forward foreign currency transactions-sell		820,265	1,034,900	1,855,165	455,415	501,338	956,753
3.2.2. Swap transactions related to f.c. and interest rates		1,047,715	1,562,597	2,610,312	994,671	1,063,525	2,058,196
3.2.2.1. Foreign currency swap-buy		176,021	1,090,994	1,267,015	45,387	883,183	928,570
3.2.2.2. Foreign currency swap-sell		863,864	462,746	1,326,610	940,316	170,976	1,111,292
3.2.2.3. Interest rate swaps-buy		4,478	4,446	8,924	4,833	4,833	10,171
3.2.2.4. Interest rate swaps-sell		3,352	4,411	7,763	3,630	4,533	8,163
3.2.3. Foreign currency, interest rate and securities options		607,502	633,759	1,241,261	426,713	384,614	811,327
3.2.3.1. Foreign currency options-buy		299,475	316,215	615,690	212,950	189,025	401,975
3.2.3.2. Foreign currency options-sell		300,039	317,544	617,583	205,775	195,589	401,364
3.2.3.3. Interest rate options-buy		-	-	-	-	-	-
3.2.3.4. Interest rate options-sell		-	-	-	-	-	-
3.2.3.5. Securities options-buy		3,994	-	3,994	3,994	-	3,994
3.2.3.6. Securities options-sell		3,994	-	3,994	3,994	-	3,994
3.2.4. Foreign currency futures		7	193,431	193,438	57	144,611	144,668
3.2.4.1. Foreign currency futures-buy		-	193,431	193,431	2	144,609	144,611
3.2.4.2. Foreign currency futures-sell		7	-	7	55	2	57
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		-	300,403	300,403	-	218,483	218,483
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		49,045,884	6,739,211	55,785,095	40,215,347	5,619,034	45,834,381
IV. ITEMS HELD IN CUSTODY		37,298,045	567,921	37,865,966	29,886,758	549,617	30,436,375
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		33,988,305	104,861	34,093,166	26,468,740	99,212	26,567,952
4.3. Checks received for collection		3,204,732	322,262	3,526,994	2,981,304	250,953	3,232,257
4.4. Commercial notes received for collection		104,909	74,124	179,033	436,615	146,582	583,197
4.5. Other assets received for collection		-	66,674	66,674	-	52,870	52,870
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		99	-	99	99	-	99
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		11,747,544	6,170,478	17,916,022	10,327,096	5,068,697	15,395,793
5.1. Marketable securities		144,386	11,035	155,421	151,726	11,211	162,937
5.2. Guarantee notes		6,084,925	4,536,469	10,621,394	5,208,626	3,743,050	8,951,676
5.3. Commodity		8,034	154,305	162,339	7,781	68,835	76,616
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		4,362,598	1,002,113	5,364,711	3,876,332	852,104	4,728,436
5.6. Other pledged items		1,145,601	466,556	1,612,157	1,082,631	393,497	1,476,128
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		2,295	812	3,107	1,493	720	2,213
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		55,936,658	14,670,064	70,606,722	47,189,819	10,754,979	57,944,798

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF INCOME FOR THE PERIOD FROM
JANUARY 1 TO MARCH 31, 2008

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

III. STATEMENT OF INCOME

			Reviewed Current Period 01.01-31.03.2008	Reviewed Prior Period 01.01-31.03.2007
		Note Ref.	Total	Total
I	INTEREST INCOME	(1)	444,064	315,491
1.1	Interest on loans		323,882	223,927
1.2	Interest received from reserve deposits		9,447	7,488
1.3	Interest received from banks		9,787	12,645
1.4	Interest received from money market placements		11,504	3,053
1.5	Interest received from marketable securities portfolio		89,317	68,330
1.5.1	Held-for-trading financial assets		14,475	4,578
1.5.2	Financial assets at fair value through profit and loss		-	-
1.5.3	Available-for-sale financial assets		74,842	63,752
1.5.4	Investments held-to-maturity		-	-
1.6	Finance lease income		-	-
1.7	Other interest income		127	48
II	INTEREST EXPENSE	(2)	251,768	196,589
2.1	Interest on deposits		184,106	139,309
2.2	Interest on funds borrowed		44,179	24,631
2.3	Interest on money market borrowings		21,592	31,913
2.4	Interest on securities issued		-	-
2.5	Other interest expense		1,891	736
III	NET INTEREST INCOME (I - II)		192,296	118,902
IV	NET FEES AND COMMISSIONS INCOME/EXPENSE		43,266	24,763
4.1	Fees and commissions received		61,780	33,444
4.1.1	Non-cash loans		8,921	7,194
4.1.2	Other		52,859	26,250
4.2	Fees and commissions paid		18,514	8,681
4.2.1	Non-cash loans		91	26
4.2.2	Other		18,423	8,655
V	DIVIDEND INCOME	(3)	18,771	14,752
VI	NET TRADING INCOME	(4)	(15,155)	(7,951)
6.1	Securities trading gains/ (losses)		40,535	(7,654)
6.2	Foreign exchange gains/ (losses)		(55,690)	(297)
VII	OTHER OPERATING INCOME	(5)	51,553	8,181
VIII	NET OPERATING INCOME (III+IV+V+VI+VII)		290,731	158,647
IX	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	33,529	11,473
X	OTHER OPERATING EXPENSES (-)	(7)	177,687	94,059
XI	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		79,515	53,115
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)	79,515	53,115
XVI	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(10,424)	(8,770)
16.1	Provision for current income taxes		-	(16,751)
16.2	Provision for deferred taxes		(10,424)	7,981
XVII	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	69,091	44,345
XVIII	INCOME ON DISCONTINUED OPERATIONS		-	-
18.1	Income on assets held for sale		-	-
18.2	Income on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
18.3	Income on other discontinued operations		-	-
XIX	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Loss from assets held for sale		-	-
19.2	Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
19.3	Loss from other discontinued operations		-	-
XX	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	(8)	-	-
XXI	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(9)	-	-
21.1	Provision for current income taxes		-	-
21.2	Provision for deferred taxes		-	-
XXII	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(10)	-	-
XXIII	NET PROFIT/LOSS (XVII+XXII)	(11)	69,091	44,345
23.1	Group's profit/loss		69,091	44,345
23.2	Minority shares		-	-
	Earnings per share		0.0915	0.5797

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF PROFIT LOSS ACCOUNTED UNDER EQUITY
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

		Reviewed Current Period 01.01-31.03.2008	Reviewed Prior Period 01.01-31.03.2007
I.	Additions to marketable securities revaluation differences for available for sale financial assets	(20,358)	1,998
II.	Tangible assets revaluation differences	-	-
III.	Intangible assets revaluation differences	-	-
IV.	Foreign exchange differences for foreign currency transactions	-	-
V.	Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI.	Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
VII.	The effect of corrections of errors and changes in accounting policies	-	-
VIII.	Other profit loss items accounted under equity due to TAS	-	-
IX.	Deferred tax of valuation differences	4,281	105
X.	Total Net Profit/Loss accounted under equity (I+II+...+IX)	(16,077)	2,103
XI.	Profit/Loss	(1,047)	(2,522)
1.1	Change in fair value of marketable securities (Transfer to Profit/Loss)	(1,047)	(2,522)
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)	(17,124)	(419)

The accompanying notes are an integral part of these financial statements

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Note Ref	Paid-in Capital	Effect of inflation Accounting on Capital and Other Reserves		Share certificate cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus shares obtained from Associates	Hedging Funds	Acc. val. diff. from assets held for sale and from disc. op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
			Capital	Reserves															
Prior Period – 01.01-31.03.2007																			
I		76,500	252,676	1,592	-	14,950	-	124,188	(13,628)	-	97,781	(10,011)	-	-	-	-	544,048	-	544,048
II.		-	-	-	-	-	-	-	13,628	-	-	-	-	-	-	-	13,628	-	13,628
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	13,628	-	-	-	-	-	-	-	13,628	-	13,628
III.		76,500	252,676	1,592	-	14,950	-	124,188	-	-	97,781	(10,011)	-	-	-	-	557,676	-	557,676
Changes in period																			
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	(419)	-	-	-	-	(419)	-	(419)
6.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.		-	-	-	-	-	-	-	-	44,345	-	-	-	-	-	-	44,345	-	44,345
XX.		-	-	-	-	5,285	-	92,496	-	-	(97,781)	-	-	-	-	-	-	-	-
20.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2		-	-	-	-	5,285	-	100,415	-	-	(105,700)	-	-	-	-	-	-	-	-
20.3		-	-	-	-	-	-	(7,919)	-	-	7,919	-	-	-	-	-	-	-	-
Closing Balance 31.03.2007																			
(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX)																			
		76,500	252,676	1,592	-	20,235	-	216,684	-	44,345	-	(10,430)	-	-	-	-	601,602	-	601,602

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CASH FLOW STATEMENT FOR THE PERIOD FROM
JANUARY 1 TO MARCH 31, 2008

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

VI. STATEMENT OF CASH FLOWS

	Note Ref	Reviewed Current Period 01.01-31.03.2008	Reviewed Prior Period 01.01-31.03.2007
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		(582)	78,451
1.1.1 Interest received		505,450	287,656
1.1.2 Interest paid		(323,862)	(154,198)
1.1.3 Dividend received		18,771	14,752
1.1.4 Fees and commissions received		61,780	34,745
1.1.5 Other income		92,088	8,181
1.1.6 Collections from previously written off loans		16,012	10,212
1.1.7 Payments to personnel and service suppliers		(69,528)	(44,599)
1.1.8 Taxes paid		(8,991)	(18,996)
1.1.9 Others	(1)	(292,302)	(59,302)
1.2 Changes in operating assets and liabilities		671,766	58,776
1.2.1 Net (increase) decrease in financial assets held for trading		33,430	36,079
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss	(1)	-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		3,001	(18,961)
1.2.4 Net (increase) decrease in loans		(843,828)	(533,876)
1.2.5 Net (increase) decrease in other assets		(101,513)	(143,475)
1.2.6 Net increase (decrease) in bank deposits		(485,427)	31,564
1.2.7 Net increase (decrease) in other deposits		1,872,372	516,114
1.2.8 Net increase (decrease) in funds borrowed		155,938	33,656
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	37,793	137,675
I Net cash provided from banking operations		671,184	137,227
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(209,827)	63,207
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries		-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(6,623)	(8,512)
2.4 Fixed assets sales		3,589	18
2.5 Cash paid for purchase of financial assets available for sale		(250,679)	(15,272)
2.6 Cash obtained from sale of financial assets available for sale		45,512	88,849
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Others	(1)	(1,626)	(1,876)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		150,000	(2,080)
3.1 Cash obtained from funds borrowed and securities issued		155,000	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(5,000)	(2,080)
3.6 Other	(1)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	180,814	(15,380)
V. Net increase / (decrease) in cash and cash equivalents		792,171	182,974
VI. Cash and cash equivalents at beginning of the period		2,112,720	1,118,666
VII. Cash and cash equivalents at end of the period		2,904,891	1,301,640

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

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

The prior period financial statements are presented in line with the principles of TAS No:1 "Fundamentals of Preparing and Presenting Financial Statements" published in the Official Gazette on January 16, 2005 with No: 25702, and in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards; and other principles, methods and explanations about accounting and financial reporting issued by the BRSA. The Bank has restated its foreign currency investments at their historic cost in accordance with the 2007/2 circular of the BRSA. The adjustments to the prior period financial statements are summarized below:

31.03.2007	Profit for the Period	Other Profit Reserves
As previously reported	43,949	(13,628)
Discontinuing of the hedge of net investment in foreign operations due to the change in the valuation of investments denominated in foreign currencies	396	13,628
As restated	44,345	-

In addition to this, certain classifications have been made to the prior year financial statements to comply with the current year presentation.

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

The Bank aims to develop and promote products for the financial needs of each customer such as SMEs, multinational companies and even small individual investors in line with Banking Legislation. The primary objective of the Bank is to increase profitability with optimum liquidity and low risk while fulfilling customer needs. Thus, the Bank uses 43% on average of its resources on liquid assets, while the Bank also aims for the highest yield possible with effective maturity management.

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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

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

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

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

III. Explanations on Forward and Option Contracts and Derivative Instruments

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

IV. Interest Income and Expenses

Interest income and expense are recognized in the income statement for all interest bearing instruments 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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

V. Fees and Commission Income and Expenses

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

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

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

VI. Explanations and Disclosures on Financial Assets

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

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

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

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

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

Cash, Banks, and Other Financial Institutions

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

Financial Assets at Fair Value Through Profit and Loss

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

VI. Explanations and Disclosures on Financial Assets (continued)

Held to Maturity Investments and Financial Assets Available for Sale

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

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

The marketable securities are initially recognized at cost including the transaction costs.

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

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

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

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

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

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

Loans and Provisions for Impairment

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

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

With the amendment in the Uniform Chart of Accounts as of January 26, 2007, net foreign exchange gains and losses on the foreign currency indexed loans are presented under foreign exchange gains/losses.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

VI. Explanations and Disclosures on Financial Assets (continued)

Loans and Provisions for Impairment (continued)

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

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

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

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

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

VII. Explanations on Impairment of Financial Assets

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

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

VIII. Offsetting of Financial Assets and Liabilities

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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

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

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

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

As of March 31, 2008, the Bank does not have any reverse repo transactions (December 31, 2007 - None).

As of March 31, 2008, the Bank does not have any marketable securities lending transaction (December 31, 2007 - None).

X. Explanations on Assets Held for Sale and Discontinued Operations

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

The Bank does not have any assets held for sale.

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

XI. Explanations on Goodwill and Other Intangible Assets

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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

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

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

XII. Explanations on Tangible Fixed Assets

Properties are accounted for at their restated costs until December 31, 2004; after December 31, 2004 the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected, less reserve for impairment, if any. The straight-line method of depreciation is used for buildings and useful life is considered as 50 years. 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. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Motor vehicles	20
Furniture, fixtures and office equipment and others	3 - 50

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

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed. There are no pledges, mortgages or other restrictions on the tangible fixed assets.

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

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

The Bank employs independent appraisers in determining the current fair values of the real estates at year ends. There is no impairment as of March 31, 2008. (December 31, 2007 – None)

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

XIII. Explanations on Leasing Transactions

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

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

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

The Bank does not have any leasing transactions as lessor.

XIV. Explanations on Provisions and Contingent Liabilities

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

XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

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

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

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Bank uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually. The carrying value of employee termination benefit provisions as of March 31, 2008 is TRY 11,239 (December 31, 2007 - TRY 10,588).

Defined Contribution Plans

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

XVI. Explanations on Taxation

Corporate tax

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

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

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

Tax provision related with items that are credited or charged directly to equity are charged or credited to equity. As at March 31, 2008 TRY 3,728 (December 31, 2007 - TRY 553) deferred tax which is related with items recorded in the equity was netted-off under equity in "Marketable Securities Value Increase Fund".

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

Deferred Tax Liability / Asset

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

As of March 31, 2008 and December 31, 2007, in accordance with TAS No: 12 "Turkish Accounting Standard on Income Taxes" and the changes in the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004, the Bank calculated deferred tax asset on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are shown in the accompanying financial statements on a net basis.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax charge of TRY 10,424 is stated under the tax provision in the income statement (March 31, 2007 – TRY 7,981 deferred tax benefit). The deferred tax of TRY 3,728 (December 31, 2007 - TRY 553) resulting from differences related to items that are debited or charged directly to equity is netted with these accounts.

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

XVII. Additional Explanations on Borrowings

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

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

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

XVIII. Explanations on Share Certificates

At the meeting of the General Assembly held on March 26, 2008, it has been resolved to increase the registered capital ceiling of the Bank from TRY 900,000 to TRY 1,400,000. The increase was registered with the Trade Registry Office on March 27, 2008 and published in the Turkish Trade Registry Gazette numbered 7032 on April 1, 2008.

XIX. Explanations on Acceptances

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

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Segment Reporting

The Bank mainly operates in retail and corporate banking segments.

Current Period	Retail	Corporate	Other	Total
Net interest income	16,048	108,345	67,903	192,296
Net fees and commissions income and other operating income	14,463	33,117	47,239	94,819
Trading profit / loss	423	5,887	(21,465)	(15,155)
Dividend income	-	-	18,771	18,771
Impairment provision for loans and other receivables (-)	3,365	14,737	15,427	33,529
Other operating expenses (-)	22,097	47,259	108,331	177,687
Profit before tax	5,472	85,353	(11,310)	79,515
Taxation	-	-	(10,424)	(10,424)
Net profit for the period	5,472	85,353	(21,734)	69,091

Prior Period	Retail	Corporate	Other	Total
Net interest income	10,801	68,751	39,350	118,902
Net fees and commissions income and other operating income	7,154	24,708	1,082	32,944
Trading profit / loss	300	4,319	(12,570)	(7,951)
Dividend income	-	-	14,752	14,752
Impairment provision for loans and other receivables (-)	126	4,692	6,655	11,473
Other operating expenses (-)	13,260	27,974	52,825	94,059
Profit before tax	4,869	65,112	(16,866)	53,115
Taxation	-	-	(8,770)	(8,770)
Net profit for the period	4,869	65,112	(25,636)	44,345

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

XXII Explanations on Other Matters

Investments in Subsidiaries

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

Explanation for convenience translation to English

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

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks ", which was published on November 1, 2006 in the Official Gazette numbered 26333 and the Communiqué on "The Amendment in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks" which was published on October 10, 2007 in the Official Gazette numbered 26669. The Bank's unconsolidated capital adequacy ratio in accordance with the related Communiqué is 14.87%. (December 31, 2007 - 14.88%)

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

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

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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

Information related to the capital adequacy ratio:

	Risk Weight						
	0%	10%	20%	50%	100%	150%	200%
Risk Weighted Assets, Liabilities and Non-Cash							
Loans							
Balance Sheet Items (Net)							
Cash	233,791	-	23	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	1,172,679	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	629,957	-	18,441	-	-
Interbank Money Market Placements	850,000	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	379,881	-	-	-	-	-	-
Loans	197,870	-	85,734	1,870,456	5,384,110	11,529	90
Non-performing loans (Net)	-	-	-	-	60,323	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1,517,622	-	-	-	74	-	-
Held to Maturity Investments	-	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	-	-	-
Sundry Debtors	-	-	19,080	-	53,911	-	-
Interest and Income Accruals	56,394	-	539	23,539	185,813	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	-	-	-	-	153,921	-	-
Tangible Assets	-	-	-	-	140,386	-	-
Other Assets	222,216	-	3,241	-	46,628	-	-
Off-Balance Sheet Items							
Guarantees and Commitments	90,452	-	278,682	-	2,235,784	-	-
Derivative Financial Instruments	-	-	140,138	-	29,547	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
Total Value at Risk	4,720,905	-	1,157,394	1,893,995	8,308,938	11,529	90
Total Risk Weighted Assets	-	-	231,479	946,998	8,308,938	17,294	180

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	9,504,889	7,507,543
Amount Subject to Market Risk (ASMR)	255,238	218,488
Amount Subject to Operational Risk (ASOR) (*)	896,330	621,911
Shareholders' Equity	1,585,147	1,242,316
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	14.87	14.88

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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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

Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in capital	755,000	755,000
Nominal capital	755,000	755,000
Capital commitments (-)	-	-
Paid-in capital indexation difference	926	926
Share premium	1,736	1,736
Cancellation profits	-	-
Legal reserves	26,750	20,235
First legal reserve (Turkish Commercial Code 466/1)	21,214	14,699
Second legal reserve (Turkish Commercial Code 466/2)	5,536	5,536
Other legal reserve per special legislation	-	-
Statutory reserves	-	-
Extraordinary reserves	123,705	(66)
Reserves allocated by the General Assembly	123,705	(66)
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Indexation differences of legal, statutory and extraordinary reserves	-	-
Profit	69,091	130,286
Current period net profit	69,091	130,286
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	130,640	115,927
Losses that cannot be covered by reserves (-)	-	-
Net current period loss	-	-
Prior years' losses	-	-
Leasehold improvements (-)	-	60,210
Prepaid expenses (-)	26,165	22,504
Intangible assets (-)	7,281	6,651
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-
Total Core Capital	1,107,848	1,024,044
SUPPLEMENTARY CAPITAL		
General loan loss reserves	69,640	53,365
45% of the revaluation reserve for movable fixed assets	-	-
45% of the revaluation reserve for properties	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-
Secondary subordinated loans	456,015	253,276
45% of Marketable securities value increase fund	(14,910)	996
Associates and subsidiaries	-	-
Available for sale securities	(14,910)	996
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total Supplementary Capital	510,745	307,637
TIER III CAPITAL		
CAPITAL	1,618,593	1,331,681
DEDUCTIONS FROM THE CAPITAL	33,446	89,365
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps ten percent or more of capitals	-	-
Shareholdings of unconsolidated banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than ten percent of capitals which exceed the ten percent of Bank's Core and Supplementary Capital	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	-	-
Other	-	-
Total Shareholders' Equity	1,585,147	1,242,316

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

II. Explanations Related to Credit Risk

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

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

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

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

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

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

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

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

Financial institutions abroad and country risks of the Bank are generally taken for the financial institutions and countries 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 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 March 31, 2008, the receivables of the Bank from its top 100 cash loan customers amount to TRY 1,131,381 (December 31, 2007 – TRY 996,921) with a share of 14.59% in the total cash loans (December 31, 2007 – 14.63%).

As of March 31, 2008, the receivables of the Bank from its top 100 non-cash loan customers amount to TRY 1,274,878 (December 31, 2007 – TRY 996,902) with a share of 33.96% in the total non-cash loans (December 31, 2007 – 32.69%).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

II. Explanations Related to Credit Risk (continued)

As of March 31, 2008, the share of cash and non-cash receivables of the Bank from its top 100 customers in total balance sheet and off-balance sheet assets is 15.88%. (December 31, 2007 – 15.01%).

As of March 31, 2008, the general loan loss provision related with the credit risk taken by the Bank is TRY 69,640 (December 31, 2007 – TRY 53,365).

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	7,714,524	6,751,422	102,629	113,005	1,715,252	1,779,613	802,858	487,040
Private Sector	6,348,510	5,522,082	98,898	100,793	-	-	92,667	90,954
Public Sector	-	-	389	360	1,715,178	1,779,550	-	-
Banks	-	-	3,342	11,852	-	-	710,191	396,086
Retail	1,366,014	1,229,340	-	-	-	-	-	-
Share Certificates	-	-	-	-	74	63	-	-
Information according to geographical concentration	7,714,524	6,751,422	102,629	113,005	1,715,252	1,779,613	802,858	487,040
Domestic	7,660,896	6,696,702	100,473	108,674	1,715,252	1,779,613	98,148	102,537
European Union Countries	37,612	34,491	-	-	-	-	572,101	289,313
OECD Countries***	326	167	-	-	-	-	4,741	2,382
Off-shore Banking Regions	2,292	5,923	2,156	4,331	-	-	12,894	6,972
USA, Canada	722	-	-	-	-	-	95,494	85,273
Other Countries	12,676	14,139	-	-	-	-	19,480	563
Total	7,714,524	6,751,422	102,629	113,005	1,715,252	1,779,613	802,858	487,040

* 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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

II. Explanations Related to Credit Risk (continued)

Information according to geographical concentration :

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income/ Loss
Current Period					
Domestic	12,683,562	10,084,651	3,702,752	-	69,091
European Union Countries	598,401	1,608,083	11,860	-	-
OECD Countries (*)	7,385	26,361	-	-	-
Off-shore Banking Regions	17,342	320,195	4,104	-	-
USA, Canada	98,259	347,017	-	-	-
Other Countries	32,452	242,717	35,751	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	153,921	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	13,437,401	12,629,024	3,754,467	153,921	69,091
Prior Period					
Domestic	11,221,646	8,669,611	2,993,673	-	130,286
European Union Countries	300,547	1,504,611	22,109	-	-
OECD Countries (*)	2,556	31,206	-	-	-
Off-shore Banking Regions	22,180	130,530	6,397	-	-
USA, Canada	87,261	313,087	-	-	-
Other Countries	14,518	241,540	27,808	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	152,208	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	11,648,708	10,890,585	3,049,987	152,208	130,286

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

II. Explanations Related to Credit Risk (continued)

Sector concentrations for cash loans :

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	201,826	3.53	53,742	2.64	165,039	3.20	46,233	2.78
Farming and Raising Livestock	173,793	3.04	49,401	2.42	135,781	2.63	40,424	2.44
Forestry, Wood and Paper	20,329	0.36	1,570	0.08	19,671	0.38	2,910	0.17
Fishery	7,704	0.13	2,771	0.14	9,587	0.19	2,899	0.17
Manufacturing	2,463,010	43.08	1,656,944	81.23	2,229,887	43.27	1,324,925	79.66
Mining and Quarry	151,299	2.65	80,602	3.95	142,312	2.76	60,916	3.66
Production	2,301,833	40.26	1,576,342	77.28	2,077,818	40.32	1,264,009	76.00
Electricity, Gas and Water	9,878	0.17	-	0.00	9,757	0.19	-	-
Construction	360,720	6.31	36,632	1.80	341,769	6.63	51,734	3.11
Services	1,157,062	20.24	274,201	13.44	1,067,189	20.72	228,802	13.76
Wholesale and Retail Trade	471,496	8.24	80,297	3.93	422,489	8.20	66,330	3.99
Hotel, Tourism, Food and Beverage Services	102,663	1.80	56,685	2.78	92,275	1.79	47,356	2.85
Transportation and Communication	228,999	4.01	56,712	2.78	213,924	4.15	42,126	2.53
Financial Institutions	130,156	2.27	59,380	2.91	134,974	2.62	60,176	3.62
Real Estate and Renting Services	92,055	1.61	11,097	0.54	80,508	1.56	7,825	0.47
Self-Employment Services	62,857	1.10	1,351	0.07	61,625	1.20	1,371	0.08
Education Services	10,129	0.18	-	0.00	8,626	0.17	-	-
Health and Social Services	58,707	1.03	8,679	0.43	52,768	1.03	3,618	0.22
Other	1,534,509	26.84	18,184	0.89	1,349,064	26.18	11,484	0.69
Total	5,717,127	100.00	2,039,703	100.00	5,152,948	100.00	1,663,178	100.00

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	1,563,087	1,748,141
Due from banks	648,937	334,832
Other money markets	850,360	190,083
Trading financial assets	152,049	185,658
Derivative financial instruments	87,578	44,622
Financial assets available-for-sale	1,563,203	1,593,955
Held-to-maturity investments	-	-
Loans	7,817,153	6,864,427
Total	12,682,367	10,961,718
Contingent liabilities	3,754,467	3,049,987
Commitments	2,998,065	3,909,341
Total	6,752,532	6,959,328
Total credit risk exposure	19,434,899	17,921,046

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

II. Explanations Related to Credit Risk (continued)

Credit quality per class of financial assets as of March 31, 2008 and December 31, 2007 is as follows:

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and advances to customers			
Corporate lending	4,687,749	34,911	4,722,660
Small business lending	1,671,895	25,598	1,697,493
Consumer lending	1,042,874	23,660	1,066,534
Credit cards	286,038	44,428	330,466
Other	-	-	-
Total	7,688,556	128,597	7,817,153

Prior Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and advances to customers			
Corporate lending	4,004,812	29,310	4,034,122
Small business lending	1,550,302	23,866	1,574,168
Consumer lending	966,395	19,058	985,453
Credit cards	237,373	33,311	270,684
Other	-	-	-
Total	6,758,882	105,545	6,864,427

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

	Current Period	Prior Period
Loans and advances to customers		
Corporate lending	5,969	1,319
Small business lending	-	-
Consumer lending	-	-
Other	-	-
Total	5,969	1,319

Credit Rating System

The credit risk is assessed through the internal rating system of the Bank, by classifying loans from highest grade to lowest grade according to the probability of default. As of March 31, 2008 consumer loans and small business loans are excluded from the internal rating system of the Bank. Additional scoring methodologies are applied for these loans.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

III. Explanations Related to Market Risk

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

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

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

a) Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	11,344
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	8,144
(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	931
(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)	20,419
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	255,238

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	9,606	11,344	7,804	12,895	15,572	9,088
Common Stock Risk	-	-	-	-	-	-
Currency Risk	11,029	13,908	8,144	2,189	7,860	551
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	1,229	1,525	931	635	1,396	28
Total Value Subject to Risk	273,292	310,088	254,550	196,485	240,788	169,513

Other price risks

The Bank does not invest in share certificates, hence it is not subject to share price risk.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

IV. Explanations Related to Currency Risk

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

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

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

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

As of March 31, 2008, the Bank's net long position is TRY 71,912 (December 31, 2007 - TRY 99,295 net long) resulting from short position on the balance sheet amounting to TRY 632,063 (December 31, 2007 - TRY 680,553 short) and long position on the off-balance sheet amounting to TRY 703,975 (December 31, 2007 - TRY 779,848 long).

The announced current foreign exchange buying rates of the Bank at March 31, 2008 and the previous five working days in full TRY are as follows:

	24.03.2008	25.03.2008	26.03.2008	27.03.2008	28.03.2008	31.03.2008
USD	1.2385	1.2325	1.2589	1.2579	1.2765	1.3064
CHF	1.2179	1.2157	1.2570	1.2629	1.2787	1.3121
GBP	2.4544	2.4551	2.5171	2.5343	2.5483	2.5934
JPY	1.2375	1.2246	1.2644	1.2608	1.2738	1.3109
EURO	1.9102	1.9180	1.9768	1.9855	2.0156	2.0643

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before March 31, 2008 are as follows:

	Monthly Average Foreign Exchange Rate
USD	1.23800
CHF	1.22139
GBP	2.47764
JPY	1.22678
EURO	1.92165

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

IV. Explanations Related to Currency Risk (continued)

Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	YEN	OTHER	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	378,067	1,041,339	96	9,924	1,429,426
Banks	321,936	282,796	335	33,535	638,602
Financial Assets at Fair Value Through Profit and Loss (*****)	7,910	9,477	-	-	17,387
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	71,434	89,440	-	-	160,874
Loans (**)	1,256,270	1,366,392	62,271	236,242	2,921,175
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	61,254	-	-	-	61,254
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets (***)	473	18,380	-	36	18,889
Total Assets	2,097,344	2,807,824	62,702	279,737	5,247,607
Liabilities					
Bank Deposits	25,580	26,848	31	55,731	108,190
Foreign Currency Deposits (*)	1,425,599	2,655,576	3,689	80,625	4,165,489
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	898,492	650,408	-	5,820	1,554,720
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	747	32,546	1,180	905	35,378
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	8,311	7,499	-	83	15,893
Total Liabilities	2,358,729	3,372,877	4,900	143,164	5,879,670
Net Balance Sheet Position	(261,385)	(565,053)	57,802	136,573	(632,063)
Net Off-Balance Sheet Position	261,957	574,435	(9,802)	(122,615)	703,975
Financial Derivative Assets (***)	864,123	1,891,991	154,254	189,993	3,100,361
Financial Derivative Liabilities (****)	602,166	1,317,556	164,056	312,608	2,396,386
Non-Cash Loans (*****)	845,553	1,505,344	15,910	56,611	2,423,418
Prior Period					
Total Assets	1,855,670	2,211,423	40,371	199,482	4,306,946
Total Liabilities	1,835,622	3,060,355	7,700	83,822	4,987,499
Net Balance Sheet Position	20,048	(848,932)	32,671	115,660	(680,553)
Net Off-Balance Sheet Position	18,395	891,330	(32,006)	(97,871)	779,848
Financial Derivative Assets	319,059	1,612,393	20,630	118,494	2,070,576
Financial Derivative Liabilities	300,664	721,063	52,636	216,365	1,290,728
Non-Cash Loans (*****)	604,557	1,105,804	12,512	42,926	1,765,799

(*) Gold account deposits amounting to TRY 5,548 (December 31, 2007 - TRY4,718) are included in the foreign currency deposits.

(**) Foreign currency indexed loans amounting to TRY 881,472 (December 31, 2007 – TRY 676,146) are included in the loan portfolio.

(***) TRY 234 (December 31, 2007 – TRY 226) prepaid expenses is deducted from other assets, and TRY 11,424 (December 31, 2007 – TRY 3,254) expense accruals from derivative financial instruments, and TRY 20,311 (December 31, 2007 – TRY 13,553) provision for general loan losses are deducted from other liabilities.

(****) Forward asset purchase-sale commitments of TRY 328,258 (December 31, 2007 – TRY 236,642) are added to derivative financial assets and TRY 328,638 (December 31, 2007 – TRY 236,905) has been added to derivative financial liabilities.

(*****) TRY 10,218 (December 31, 2007 – TRY 3,841) income accruals from derivative financial instruments is deducted from Financial Assets at Fair Value Through Profit and Loss.

(** ***) There are no effects on the net off-balance sheet position.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

IV. Explanations Related to Currency Risk (continued)

Foreign currency sensitivity:

The Bank is mainly exposed to EUR and USD currencies.

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

	Change in currency rate in %	Effect on profit or loss		Effect on equity	
		March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
USD	10	(938)	(4,240)	(11)	(57)
EUR	10	(57)	(3,844)	137	-

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

V. Explanations Related to Interest Rate Risk

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

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

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

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

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

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

	Up to 1 Month	1-3 Months	3-12 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	1,301,119	-	-	-	-	495,782	1,796,901
Banks	369,654	5,461	-	-	-	273,822	648,937
Financial Assets at Fair Value Through Profit and Loss	3,223	267	26,954	111,823	11,115	86,245	239,627
Money Market Placements	850,360	-	-	-	-	-	850,360
Available-For-Sale Financial Assets	21,981	40,489	1,173,164	312,049	15,446	74	1,563,203
Loans	4,054,264	423,959	1,323,845	1,743,087	211,675	-	7,756,830
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	735,464	735,464
Total Assets	6,600,601	470,176	2,523,963	2,166,959	238,236	1,591,387	13,591,322
Liabilities							
Bank Deposits	338,917	9,300	-	-	-	40,613	388,830
Other Deposits	6,957,560	224,778	73,107	4,672	-	1,242,236	8,502,353
Money Market Borrowings	484,923	-	-	-	-	-	484,923
Sundry Creditors	-	-	-	-	-	212,825	212,825
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	727,568	693,836	616,076	9,851	316,803	-	2,364,134
Other Liabilities	1,498	2,321	27,850	18,228	7,357	1,581,003	1,638,257
Total Liabilities	8,510,466	930,235	717,033	32,751	324,160	3,076,677	13,591,322
Balance Sheet Long Position	-	-	1,806,930	2,134,208	-	-	3,941,138
Balance Sheet Short Position	(1,909,865)	(460,059)	-	-	(85,924)	(1,485,290)	(3,941,138)
Off-Balance Sheet Long Position	111	-	-	145	8,668	-	8,924
Off-Balance Sheet Short Position	(77)	-	-	(102)	(7,584)	-	(7,763)
Total Position	(1,909,831)	(460,059)	1,806,930	2,134,251	(84,840)	(1,485,290)	1,161

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

V. Explanations Related to Interest Rate Risk (continued)

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

The other assets line in the non-interest bearing column consists of tangible assets amounting to TRY 140,386; intangible assets amounting to TRY 7,281, subsidiaries amounting to TRY 153,921 and the other liabilities line includes the shareholders' equity of TRY 962,298.

Average interest rates applied to monetary financial instruments:

	EURO	USD	YEN	TRY
	%	%	%	%
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	1.83	1.34	-	11.39
Banks	4.05	3.07	-	17.84
Financial Assets At Fair Value Through Profit And Loss	6.16	6.36	-	18.49
Money Market Placements	-	-	-	15.65
Available-For-Sale Financial Assets	6.03	3.93	-	17.25
Loans	6.60	6.80	4.16	22.35
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	3.82	3.59	-	14.01
Other Deposits	3.91	4.02	-	14.88
Money Market Borrowings	-	-	-	15.45
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	5.17	5.26	-	16.08

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

V. Explanations Related to Interest Rate Risk (continued)

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	1,276,762	-	-	-	-	664,912	1,941,674
Banks	61,552	-	3,298	-	-	269,982	334,832
Financial Assets at Fair Value Through Profit and Loss	5,724	47,379	29,428	90,078	14,582	43,089	230,280
Money Market Placements	190,083	-	-	-	-	-	190,083
Available-For-Sale Financial Assets	285,801	692,365	353,852	247,915	13,959	63	1,593,955
Loans	3,631,690	449,544	1,002,822	1,546,518	185,552	-	6,816,126
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	693,966	693,966
Total Assets	5,451,612	1,189,288	1,389,400	1,884,511	214,093	1,672,012	11,800,916
Liabilities							
Bank Deposits	304,761	5,011	-	-	-	147,990	457,762
Other Deposits	5,063,891	247,315	65,534	3,357	-	1,245,113	6,625,210
Money Market Borrowings	904,331	-	-	-	-	-	904,331
Sundry Creditors	-	-	-	-	-	171,892	171,892
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	1,077,726	152,846	493,536	8,101	258,149	-	1,990,358
Other Liabilities	1,448	2,644	13,171	30,690	15,496	1,587,914	1,651,363
Total Liabilities	7,352,157	407,816	572,241	42,148	273,645	3,152,909	11,800,916
Balance Sheet Long Position	-	781,472	817,159	1,842,363	-	-	3,440,994
Balance Sheet Short Position	(1,900,545)	-	-	-	(59,552)	(1,480,897)	(3,440,994)
Off-Balance Sheet Long Position	-	-	17	10,154	-	-	10,171
Off-Balance Sheet Short Position	-	-	(12)	(8,151)	-	-	(8,163)
Total Position	(1,900,545)	781,472	817,164	1,844,366	(59,552)	(1,480,897)	2,008

The other assets line in the non-interest bearing column consists of tangible assets amounting to TRY 164,299; intangible assets amounting to TRY 6,682, subsidiaries amounting to TRY 152,208 and the other liabilities line includes the shareholders' equity of TRY 910,331.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

V. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments

	EURO	USD	YEN	TRY
	%	%	%	%
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	1.83	2.37	-	12.60
Banks	3.54	4.87	-	18.96
Financial Assets At Fair Value Through Profit And Loss	5.85	6.34	-	16.56
Money Market Placements	-	-	-	17.43
Available-For-Sale Financial Assets	-	5.63	-	17.13
Loans	6.48	7.33	4.02	23.57
HeldTo-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	3.64	5.22	-	12.71
Other Deposits	3.61	5.02	-	16.09
Money Market Borrowings	-	-	-	16.65
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4.93	7.41	1.49	17.51

Interest rate sensitivity:

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

- Profit for the year would change by TRY 5,097 (December 31, 2007 – TRY 5,752). The amounts constitute 0.66% of the annualized net interest income for the year 2008 and 1.03% of the actual net interest income for the year 2007.

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

VI. Explanations Related to Liquidity Risk

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

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

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

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

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

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

	Current Period	Prior Period
	%	%
Average during the period	28	28
Highest	36	34
Lowest	26	20

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

VI. Explanations Related to Liquidity Risk (continued)

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	495,782	1,301,119	-	-	-	-	-	1,796,901
Banks	273,822	369,654	5,461	-	-	-	-	648,937
Financial Assets at Fair Value Through Profit and Loss	-	18,781	20,904	60,935	122,632	16,375	-	239,627
Money Market Placements	-	850,360	-	-	-	-	-	850,360
Available-For-Sale Financial Assets	74	-	40,489	420,888	1,086,306	15,446	-	1,563,203
Loans	-	4,054,264	423,959	1,323,845	1,743,087	211,675	-	7,756,830
Held-To-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	-	309,105	-	-	-	38,010	388,349	735,464
Total Assets	769,678	6,903,283	490,813	1,805,668	2,952,025	281,506	388,349	13,591,322
Liabilities								
Bank Deposits	40,613	338,917	9,300	-	-	-	-	388,830
Other Deposits	1,242,236	6,957,560	224,778	73,107	4,672	-	-	8,502,353
Funds Provided From Other Financial Institutions	-	670,659	170,761	864,097	95,303	563,314	-	2,364,134
Money Market Borrowings	-	484,923	-	-	-	-	-	484,923
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	212,825	-	-	-	-	-	-	212,825
Other Liabilities	-	379,211	23,656	96,864	33,959	16,252	1,088,315	1,638,257
Total Liabilities	1,495,674	8,831,270	428,495	1,034,068	133,934	579,566	1,088,315	13,591,322
Liquidity Gap	(725,996)	(1,927,987)	62,318	771,600	2,818,091	(298,060)	(699,966)	-
Prior Period								
Total Assets	934,957	5,424,285	566,614	1,473,743	2,743,148	219,722	438,447	11,800,916
Total Liabilities	1,564,995	7,550,145	398,879	625,016	166,477	511,442	983,962	11,800,916
Liquidity Gap	(630,038)	(2,125,860)	167,735	848,727	2,576,671	(291,720)	(545,515)	-

(*) 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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

VI. Explanations Related to Liquidity Risk (continued)

Analysis of financial liabilities by remaining contractual maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
As of March 31, 2008								
Money market borrowings	-	485,130	-	-	-	-	(207)	484,923
Other deposits	1,242,236	6,988,164	226,301	75,897	5,051	-	(35,296)	8,502,353
Bank deposits	40,613	340,290	9,379	-	-	-	(1,452)	388,830
Funds provided from other financial institutions	-	679,970	192,131	1,004,630	235,851	692,665	(441,113)	2,364,134
Total	1,282,849	8,493,554	427,811	1,080,527	240,902	692,665	(478,068)	11,740,240
As of December 31, 2007								
Money market borrowings	-	906,587	-	-	-	-	(2,256)	904,331
Other deposits	1,245,113	5,086,631	247,109	70,515	3,798	-	(27,956)	6,625,210
Bank deposits	147,990	305,314	5,059	-	-	-	(601)	457,762
Funds provided from other financial institutions	-	811,221	160,297	515,742	260,215	583,107	(340,224)	1,990,358
Total	1,393,103	7,109,753	412,465	586,257	264,013	583,107	(371,037)	9,977,661

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
As of March 31, 2008						
Foreign exchange forward contracts	709,476	412,705	688,863	44,121	-	1,855,165
Currency swaps	380,775	104,608	630,887	365,357	77,665	1,559,292
Interest rate swaps	-	557	2,902	4,304	-	7,763
Total	1,090,251	517,870	1,322,652	413,782	77,665	3,422,220
As of December 31, 2007						
Foreign exchange forward contracts	277,587	213,378	464,437	1,351	-	956,753
Currency swaps	37,269	45,284	804,041	365,311	77,665	1,329,570
Interest rate swaps	211	787	2,352	4,813	-	8,163
Total	315,067	259,449	1,270,830	371,475	77,665	2,294,486

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION FIVE

**EXPLANATIONS AND DISCLOSURES ON
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. Explanations Related to the Assets

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	94,992	133,004	93,302	97,781
Balances with the Central Bank of Turkey	271,786	1,291,301	482,152	1,265,989
Other	697	5,121	-	2,450
Total	367,475	1,429,426	575,454	1,366,220

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposit (*)	271,786	379,586	482,152	336,907
Unrestricted time deposit	-	911,715	-	929,082
Restricted time deposit	-	-	-	-
Total	271,786	1,291,301	482,152	1,265,989

(*) TRY 379,586 (December 31, 2007 – TRY 336,907) foreign currency and TRY 1,791 (December 31, 2007 – TRY 1,163) domestic currency unrestricted demand deposit balance comprises of reserve deposits. Unrestricted demand deposit balance also includes average reserve deposit held in Central Bank. The interest rates applied for reserve deposits are 11.43% for TRY deposits and 0.95% - 1.88% for foreign currency deposits (December 31, 2007 – TRY 11.81% and 1.80%-1.95% for foreign currency), respectively.

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

a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None. (December 31, 2007 – None.)

a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None. (December 31, 2007- None.)

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 152,049 (December 31, 2007 – TRY 185,658).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. Explanations Related to the Assets (continued)

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	46,845	9,644	34,392	2,751
Swap Transactions	15,925	1,912	2,569	2,568
Futures Transactions	-	-	-	-
Options	13,252	-	2,302	40
Other	-	-	-	-
Total	76,022	11,556	39,263	5,359

3.a) Information on banks :

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	5,479	2	11,581	2
Foreign	4,856	638,600	883	322,366
Branches and head office abroad	-	-	-	-
Total	10,335	638,602	12,464	322,368

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	437,836	97,784	73,010	130,275
USA and Canada	95,495	85,273	-	-
OECD Countries (*)	4,741	2,382	-	-
Off-shore banking regions	12,894	6,972	-	-
Other	19,480	563	-	-
Total	570,446	192,974	73,010	130,275

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. Explanations Related to the Assets (continued)

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	111,534	73,837	40,094	134,762
Other	-	-	-	-
Total	111,534	73,837	40,094	134,762

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	524,273	-	993,849	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	524,273	-	993,849	-

Net book value of unrestricted financial assets available-for-sale is TRY 853,559 (December 31, 2007 – TRY 425,250).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	1,586,761	1,601,636
Quoted on a stock exchange	1,394,117	1,426,780
Not quoted	192,644	174,856
Share certificates	74	63
Quoted on a stock exchange	-	-
Not quoted	74	63
Impairment provision(-)	(23,632)	(7,744)
Total	1,563,203	1,593,955

All unquoted available for sale equities are recorded at fair value except for the Bank's investment of TRY 74 which is recorded at cost since its fair value cannot be reliably estimated. (December 31, 2007 – TRY 63)

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	Non-Cash	Cash	Non-Cash
	Loans	Loans	Loans	Loans
Direct loans granted to shareholders	3,198	114,412	20,862	25,144
Corporate shareholders	3,198	114,412	20,862	25,144
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	4,490	-	4,095	-
Total	7,688	114,412	24,957	25,144

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. Explanations Related to the Assets (continued)

5. Information on loans: (continued)

- b) Information on the first and second group loans and other receivables including restructured or rescheduled loans:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	7,750,861	-	-	5,969
Discount notes	126,831	-	-	-
Export loans	1,217,909	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	100,473	-	-	-
Foreign loans	55,784	-	-	-
Consumer loans	1,054,226	-	-	-
Credit cards	321,121	-	-	-
Precious metal loans	202,190	-	-	-
Other	4,672,327	-	-	5,969
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	7,750,861	-	-	5,969

- c) Loans according to their maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term loans and other receivables	5,248,223	-	-	5,091
Non-specialized loans	5,248,223	-	-	5,091
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans and other receivables	2,502,638	-	-	878
Non-specialized loans	2,502,638	-	-	878
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	7,750,861	-	-	5,969

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. Explanations Related to the Assets (continued)

5. Information on loans: (continued)

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	50,533	891,402	941,935
Housing Loans	1,259	426,865	428,124
Car Loans	4,451	161,261	165,712
General Purpose Loans	43,058	290,934	333,992
Other	1,765	12,342	14,107
Consumer Loans-Indexed to FC	1,979	77,069	79,048
Housing Loans	89	41,935	42,024
Car Loans	525	29,439	29,964
General Purpose Loans	1,365	5,695	7,060
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	309,276	-	309,276
With Installments	81,711	-	81,711
Without Installments	227,565	-	227,565
Individual Credit Cards-FC	2,358	-	2,358
With Installments	-	-	-
Without Installments	2,358	-	2,358
Personnel Loans-TRY	1,059	2,754	3,813
Housing Loans	-	102	102
Car Loans	-	43	43
General Purpose Loans	1,059	2,609	3,668
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	151	-	151
With Installments	27	-	27
Without Installments	124	-	124
Personnel Credit Cards-FC	3	-	3
With Installments	-	-	-
Without Installments	3	-	3
Overdraft Accounts-TRY(Real Persons) (*)	29,430	-	29,430
Overdraft Accounts-FC(Real Persons)	-	-	-
Total	394,789	971,225	1,366,014

(*) Overdraft accounts include TRY 523 personnel loans.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. Explanations Related to the Assets (continued)

5. Information on loans: (continued)

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

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRY	78,930	688,266	767,196
Business Loans	329	28,564	28,893
Car Loans	10,848	227,864	238,712
General Purpose Loans	67,753	430,784	498,537
Other	-	1,054	1,054
Commercial loans with installment facility - Indexed to FC	25,362	154,898	180,260
Business Loans	-	1,281	1,281
Car Loans	5,925	87,039	92,964
General Purpose Loans	19,437	64,319	83,756
Other	-	2,259	2,259
Commercial loans with installment facility –FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TRY	8,796	-	8,796
With Installments	-	-	-
Without Installments	8,796	-	8,796
Corporate Credit Cards-FC	537	-	537
With Installments	-	-	-
Without Installments	537	-	537
Overdraft Accounts-TRY(Legal Entities)	-	-	-
Overdraft Accounts-FC(Legal Entities)	-	-	-
Total	113,625	843,164	956,789

f) Loans according to borrowers:

	Current Period	Prior Period
Public	389	360
Private	7,756,441	6,815,766
Total	7,756,830	6,816,126

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	7,701,046	6,757,074
Foreign loans	55,784	59,052
Total	7,756,830	6,816,126

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	210	370
Indirect loans granted to subsidiaries and associates	-	-
Total	210	370

i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	5,558	3,802
Loans and receivables with doubtful collectibility	14,132	12,030
Uncollectible loans and receivables	63,105	57,375
Total	82,795	73,207

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. Explanations Related to the Assets (continued)

5. Information on loans: (continued)

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

j.1) Information on loans and other receivables included in non-performing loans which are restructured or rescheduled: None (December 31, 2007 – None).

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period end balance	22,601	29,548	69,359
Additions (+)	37,230	186	273
Transfers from other categories of non-performing loans (+)	-	19,475	7,162
Transfers to other categories of non-performing loans (-)	19,475	7,162	-
Collections (-)	6,420	5,897	3,695
Write-offs (-)	-	-	67
Corporate and commercial loans	-	-	67
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	33,936	36,150	73,032
Specific provision (-)	5,558	14,132	63,105
Net Balances on Balance Sheet	28,378	22,018	9,927

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. Explanations Related to the Assets (continued)

5. Information on loans: (continued)

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	33,936	36,150	73,032
Specific Provision (-)	5,558	14,132	63,105
Loans to Real Persons and Legal Entities (Net)	28,378	22,018	9,927
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)	22,601	29,548	69,359
Specific Provision (-)	3,802	12,030	57,375
Loans to Real Persons and Legal Entities (Net)	18,799	17,518	11,984
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

k) Main principles of non performing loans and receivables:

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

l) Explanations on write-off policy:

In compliance with the “Procedures for Write Off and Procedures for Delayed Receivables” unrecoverable non performing loans can be written off to prevent additional legal expenses.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. Explanations Related to the 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	4,687,749	1,671,895	1,042,874	286,038	-	7,688,556
Past due not impaired	9,255	12,584	11,352	35,083	-	68,274
Individually impaired	79,111	24,652	22,496	16,859	-	143,118
Total gross	4,776,115	1,709,131	1,076,722	337,980	-	7,899,948
Less: allowance for individually impaired loans	53,455	11,638	10,188	7,514	-	82,795
Total allowance for impairment	53,455	11,638	10,188	7,514	-	82,795
Total net	4,722,660	1,697,493	1,066,534	330,466	-	7,817,153

Prior Period	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Neither past due nor impaired	4,004,812	1,550,302	966,395	237,373	-	6,758,882
Past due not impaired	6,943	16,260	7,014	27,027	-	57,244
Individually impaired	72,723	17,621	20,176	10,988	-	121,508
Total gross	4,084,478	1,584,183	993,585	275,388	-	6,937,634
Less: allowance for individually impaired loans	50,356	10,015	8,132	4,704	-	73,207
Total allowance for impairment	50,356	10,015	8,132	4,704	-	73,207
Total net	4,034,122	1,574,168	985,453	270,684	-	6,864,427

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, 2008	50,356	10,015	8,132	4,704	-	73,207
Charge for the period	7,506	4,406	5,230	5,226	-	22,368
Recoveries	(4,340)	(2,783)	(3,174)	(2,416)	-	(12,713)
Amounts written off	(67)	-	-	-	-	(67)
At March 31, 2008	53,455	11,638	10,188	7,514	-	82,795

	Corporate	Small Business	Consumer	Credit Cards	Other	Total
At January 1, 2007	24,169	3,486	1,887	706	-	30,248
Charge for the period	26,822	7,114	6,245	3,998	-	44,179
Recoveries	(635)	(585)	-	-	-	(1,220)
Amounts written off	-	-	-	-	-	-
At December 31, 2007	50,356	10,015	8,132	4,704	-	73,207

The fair value of collaterals, capped with the respective outstanding loan balance, that the Bank holds relating to loans individually determined to be impaired at March 31, 2008 is TRY 37,512 (December 31, 2007: TRY 35,438).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. Explanations Related to the Assets (continued)

5. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

Collaterals and credit enhancement obtained during the year:

March 31, 2008	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Residential, commercial or industrial property	2,941	196	98	-	53	3,288
Financial assets	-	-	-	-	-	-
Other	16	-	-	-	-	16
Total	2,957	196	98	-	53	3,304

December 31, 2007	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Residential, commercial or industrial property	2,980	153	81	-	49	3,263
Financial assets	-	-	-	-	-	-
Other	16	-	-	-	-	16
Total	2,996	153	81	-	49	3,279

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

March 31, 2008	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and advances to customers					
Corporate lending	4,635	3,090	1,530	-	9,255
Small business lending	5,776	4,202	2,606	-	12,584
Consumer lending	5,718	4,459	1,175	-	11,352
Credit cards	13,303	15,273	6,507	-	35,083
Other	-	-	-	-	-
Total	29,432	27,024	11,818	-	68,274

December 31, 2007	Less than 30 days	31-60 days	61-90 days	More than 91 Days	Total
Loans and advances to customers					
Corporate lending	2,545	1,945	2,453	-	6,943
Small business lending	4,542	7,619	4,099	-	16,260
Consumer lending	2,296	3,607	1,111	-	7,014
Credit cards	10,811	12,069	4,147	-	27,027
Other	-	-	-	-	-
Total	20,194	25,240	11,810	-	57,244

Of the total aggregate amount of gross past due but not yet impaired loans and advances to customers, the fair value of collaterals, capped with the respective outstanding total loan balance of the customer, that the Bank held as at March 31, 2008 is TRY 257,256 (December 31, 2007: TRY 155,536).

Loans and advances amounting to TRY 3,135,084 have floating interest rates (December 31, 2007 – TRY 2,827,624) and the remaining TRY 4,621,746 have fixed interest rates (December 31, 2007 – 3,988,502).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. Explanations Related to the Assets (continued)

6. Information on held-to-maturity investments :

- a.1) Information on held-to-maturity investments given as collateral or blocked: None (December 31, 2007 - None).
- a.2) Held-to-maturity investments subject to repurchase agreements: None (December 31, 2007 - None).
- b) Information on public sector debt investments held-to-maturity: None (December 31, 2007 - None).
- c) Information on held-to-maturity investments: None (December 31, 2007 - None).
- d) Movement of held-to-maturity investments: None (December 31, 2007 - None).

7. Information on associates (Net):

- a.1) Information on the unconsolidated associates: None (December 31, 2007 - None).
- b.1) Information on the consolidated associates: None (December 31, 2007 - None).
- b.2) Valuation of consolidated associates: None (December 31, 2007 - None).
- b.3) Consolidated associates which are quoted on the stock exchange: None (December 31, 2007 - None).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. Explanations Related to the Assets (continued)

8. Information on subsidiaries (Net):

- a) Information on the unconsolidated subsidiaries: None (December 31, 2007 - None).
- b) Information on the consolidated subsidiaries:
- b.1) Information on the consolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage-If different voting percentage(%)	Other shareholders' share percentage (%)
The Economy Bank N.V.	Netherlands	100.00	-
TEB Finansal Kiralama A.S.	Istanbul/Turkey	100.00	-
TEB Factoring A.S.	Istanbul/Turkey	100.00	-
TEB Yatırım Menkul Değerler A.S.	Istanbul/Turkey	74.94	25.06
TEB Portföy Yönetimi A.S.	Istanbul/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)	1,457,297	147,765	7,912	21,951	726	2,180	13,478	-
(ii)	687,083	58,899	63,376	14,251	763	(3,812)	(2,145)	-
(ii)	308,588	16,848	401	11,668	-	2,761	7,444	-
(iii)	57,441	30,441	1,431	2,804	(137)	1,024	14,117	-
(iv)	9,603	8,385	599	286	(127)	646	3,574	-

(*) Represents the amounts in the financial statements as of December 31, 2007.

- (i) Represents financial figures of foreign currency statutory financial statements translated at period end foreign exchange rates for balance sheet as of March 31, 2008 and three months' average rates for profit and loss.
- (ii) Represents statutory financial figures based on tax procedural law as of March 31, 2008.
- (iii) Represents consolidated financial figures of TEB Yatırım and TEB Portföy based on Capital Markets Board regulations as of March 31, 2008.
- (iv) Represents financial figures based on Capital Markets Board regulations as of March 31, 2008.

b.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	152,208	152,208
Movements during the period	1,713	-
Purchases	-	-
Bonus shares obtained (*)	1,713	-
Share in current year income	-	-
Sales	-	-
Revaluation increase	-	-
Provision for impairment	-	-
Balance at the end of the period	153,921	152,208
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) TEB Factoring A.S has increased its paid-in capital of TRY 6,200 to TRY 9,000. TRY 1,087 of TRY 2,800 increase was incorporated from other capital reserves, and the remaining TRY 1,713 was incorporated from the extraordinary reserves. The increase was registered with Istanbul Trade Registry Office on February 8, 2008 and published in the Turkish Trade Registry Gazette on February 13, 2008.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. Explanations Related to the Assets (continued)

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

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

			Current Period	Prior Period
Banks	/	The Economy Bank N.V.	61,254	61,254
Leasing Companies	/	TEB Finansal Kiralama A.S	40,190	40,190
Factoring Companies	/	TEB Factoring A.S.	24,037	22,324
Other Financial Subsidiaries	/	TEB Yatırım Menkul Değerler A.S.	26,382	26,382
		TEB Portföy Yönetimi A.S.	2,058	2,058
Total			153,921	152,208

b.4) Consolidated subsidiaries quoted on the stock exchange: None (December 31, 2007 – None).

9. Information on entities under common control (joint ventures) : None (December 31, 2007 – None).

10. Information on finance lease receivables (Net): None (December 31, 2007 – None).

11. Information on derivative financial assets for hedging purposes: None (December 31, 2007 – None).

12. Information on tangible assets :

	Opening Balance December 31, 2007	Additions	Disposals	Other	Ending Balance March 31, 2008
Cost:					
Land and buildings	9,637	-	-	-	9,637
Leased tangible assets	79,807	1,888	(23,279)	-	58,416
Vehicles	322	-	(40)	-	282
Other	193,942	6,623	(569)	-	199,996
Total Cost	283,708	8,511	(23,888)	-	268,331
	Opening Balance December 31, 2007	Period Charge	Disposals	Other	Ending Balance March 31, 2008
Accumulated Depreciation:					
Land and buildings	(3,137)	(50)	-	-	(3,187)
Leased tangible assets	(34,634)	(1,617)	3	-	(36,248)
Vehicles	(136)	(16)	26	-	(126)
Other	(81,502)	(7,354)	472	-	(88,384)
Total Accumulated Depreciation	(119,409)	(9,037)	501	-	(127,945)
Net Book Value	164,299	(526)	(23,387)	-	140,386

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

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

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

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. Explanations Related to the Assets (continued)

12. Information on tangible assets : (continued)

- d) The financial leasing contract was restructured on December 28, 2007 due to construction of a building through financial leasing on the part of the land already acquired through financial leasing by the Bank on December 31, 2002. The financial leasing contract was once again restructured on February 8, 2008. With the amendment, the Bank has transferred all its rights and liabilities arising from the financial leasing contract to TEB Mali Yatirimlar A.S., the ultimate shareholder of the Bank. Thus the Bank's assets and liabilities subject to and arising from this financial leasing contract have been netted.

13. Information on intangible assets:

	Opening Balance December 31, 2007	Additions	Disposals	Other	Ending Balance March 31, 2008
Cost:					
Other intangible assets	21,330	1,626	-	-	22,956
Total Cost	21,330	1,626	-	-	22,956
	Opening Balance December 31, 2007	Period Charge	Disposals	Other	Ending Balance March 31, 2008
Accumulated Amortisation:					
Other intangible assets	(14,648)	(1,027)	-	-	(15,675)
Total Accumulated Amortisation	(14,648)	(1,027)	-	-	(15,675)
Net Book Value	6,682	599	-	-	7,281

- 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 : Not applicable for the unconsolidated financial statements.
- i) Information on goodwill: None.
- j) Movements on goodwill in the current period: None.
- 14. Information on investment property:** None (December 31, 2007 – None).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. Explanations Related to the Assets (continued)

15. Explanations on deferred tax asset:

- a) As of March 31, 2008, deferred tax asset computed on the temporary differences is TRY 37,986 (December 31, 2007 – TRY 44,129). 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,	44,129	12,375
Effect of change in tax rate	-	-
Deferred tax (charge)/benefit	(10,424)	34,810
Deferred tax (charge)/benefit (Net)	(10,424)	34,810
Deferred tax accounted for under equity	4,281	(3,056)
Deferred Tax Asset	37,986	44,129

- 16. Information on assets held for sale and discontinued operations :** None (December 31, 2007: None).

17. Information on other assets:

- a) Breakdown of other assets

	Current Period	Prior Period
Clearing Account	183,932	195,113
Collateral Given for Derivative Financial Assets	19,080	8,863
Transaction Costs Related to Financial Liabilities	5,094	5,485
Prepaid Rent Expenses	3,964	3,935
Prepaid Insurance Premiums	2,998	120
Advances Given	631	250
Other Prepaid Expenses	14,110	12,965
Receivables from Credit Card Payments	52,442	43,356
Tax receivable (*)	38,777	-
Other	14,515	8,260
Total	335,543	278,347

- (*) As a result of a lawsuit opened against the Ministry of Finance of the Turkish Republic (“Ministry”) based on the requirement about the deduction of losses arising from the capital decrease in the financial statements of the Bank dated December 31, 2001 based on the Temporary Article 4 with the law numbered 4743 added to the Banking Law No: 4389 that is ceased to be effective on November 1, 2005, by using the statutory and optional reserves as an expense in determining banks’ profit within the framework set out in Paragraph 7 of Article 14 of the annulled Corporate Tax Law No: 5422, the Bank has settled its tax reimbursement issue with the Ministry based on Article 3 of Law No: 5736 “Collection of Some Government Receivables by Compromise Procedures” published in the Official Gazette No: 26800 on February 27, 2008, and it has reflected its receivable amounting to TRY 41,207 in its financial statements, which became collectible with the notification to the Bank by the Ministry in regards to the decision made on the settlement of this reimbursement by deducting that receivable amount from other taxes payable to the extent that 65% of the losses arising from year 2001 inflation accounting adjustment should be taken into account. TRY 2,430 which consists of stamp, withholding and value added taxes to be paid by the Bank in March, has been deducted from the stated amount, and the tax receivable is shown as TRY 38,777 in the accompanying financial statements.
- 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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION FIVE

II. Explanations Related to the Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Month	3-6 Month	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	133,073	-	979,292	1,404,864	4,063	6,526	579	-	2,528,397
Foreign currency deposits	606,382	-	2,484,084	910,524	125,351	28,456	5,144	-	4,159,941
Residents in Turkey	567,521	-	2,440,317	896,588	124,178	25,873	3,184	-	4,057,661
Residents abroad	38,861	-	43,767	13,936	1,173	2,583	1,960	-	102,280
Public sector deposits	122,199	-	4,868	1,832	-	-	-	-	128,899
Commercial deposits	372,450	-	753,265	409,406	1,625	6,838	-	-	1,543,584
Other institutions deposits	4,836	-	75,085	55,794	19	250	-	-	135,984
Precious metals deposits	3,296	-	-	2,017	117	118	-	-	5,548
Interbank deposits	40,613	-	323,828	21,001	3,388	-	-	-	388,830
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	84	-	55,403	-	-	-	-	-	55,487
Foreign Banks	12,718	-	268,425	21,001	3,388	-	-	-	305,532
Special finance houses	27,811	-	-	-	-	-	-	-	27,811
Other	-	-	-	-	-	-	-	-	-
Total	1,282,849	-	4,620,422	2,805,438	134,563	42,188	5,723	-	8,891,183

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	123,284	-	946,156	924,609	5,123	6,993	559	-	2,006,724
Foreign currency deposits	648,584	-	1,671,133	818,800	112,124	19,495	3,588	-	3,273,724
Residents in Turkey	608,292	-	1,651,113	802,535	110,881	17,732	3,588	-	3,194,141
Residents abroad	40,292	-	20,020	16,265	1,243	1,763	-	-	79,583
Public sector deposits	85,677	-	2,944	760	-	-	-	-	89,381
Commercial deposits	379,512	-	498,535	247,865	989	5,221	-	-	1,132,122
Other institutions deposits	5,079	-	59,310	53,465	331	356	-	-	118,541
Precious metals deposits	2,977	-	-	1,552	94	95	-	-	4,718
Interbank deposits	147,990	-	270,777	38,995	-	-	-	-	457,762
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	65	-	165,558	11,136	-	-	-	-	176,759
Foreign Banks	13,564	-	105,219	27,859	-	-	-	-	146,642
Special finance houses	134,361	-	-	-	-	-	-	-	134,361
Other	-	-	-	-	-	-	-	-	-
Total	1,393,103	-	3,448,855	2,086,046	118,661	32,160	4,147	-	7,082,972

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	794,466	683,211	1,649,885	1,286,305
Foreign currency saving deposits	370,830	367,602	1,444,855	1,175,941
Other deposits in the form of saving deposits	1,001	842	4,374	3,690
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	1,166,297	1,051,655	3,099,114	2,465,936

(*) According to the BRSA's circular no 1584 dated on February 23, 2005, accruals are included in the saving deposit amounts.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

II. Explanations Related to the Liabilities (continued)

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

b.3) Saving deposits not guaranteed by insurance:

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

	Current Period		Prior Period	
Deposits and accounts in branches abroad		20,967		14,249
Deposits of ultimate shareholders and their close families		567,635		655,656
Deposits of chairman and members of the Board of Directors and their close families		8,652		2,300
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	23,030	9,219	31,987	2,100
Swap Transactions	119,550	9,404	216,513	1,387
Futures Transactions	-	-	-	-
Options	12,681	-	2,134	52
Other	-	-	-	187
Total	155,261	18,623	250,634	3,726

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	47,603	110,289	53,730	95,187
From Foreign Banks, Institutions and Funds	606,811	992,765	454,657	998,904
Total	654,414	1,103,054	508,387	1,094,091

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	458,109	899,692	450,177	917,988
Medium and long-term	196,305	203,362	58,210	176,103
Total	654,414	1,103,054	508,387	1,094,091

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

II. Explanations Related to the Liabilities (continued)

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

Bank diversifies its funding resources by the customer deposits and by the foreign borrowings. As of March 31, 2008, the Bank has a syndication loan of EUR 240,000,000, with a maturity of 1 year, under foreign borrowings obtained on November 20, 2007.

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

Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	484,877	-	904,293	-
Financial institutions and organizations	476,123	-	896,082	-
Other institutions and organizations	2,291	-	424	-
Real persons	6,463	-	7,787	-
From foreign transactions	46	-	38	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	46	-	38	-
Total	484,923	-	904,331	-

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, 2007 – None).

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

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

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

- b) The explanation on modifications in agreements and new obligations resulting from such modifications :

The financial leasing contract was restructured on December 28, 2007 due to construction of a building through financial leasing on the part of the land already acquired through financial leasing by the Bank on December 31, 2002. The financial leasing contract was once again restructured on February 8, 2008. With the amendment, the Bank has transferred all its rights and liabilities arising from the financial leasing contract to TEB Mali Yatirimlar A.S. , the ultimate shareholder of the Bank. Thus, the Bank's assets and liabilities subject to and arising from this financial leasing contract have been netted.

- c) Explanation on finance lease payables :

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	7,592	7,380	12,547	10,256
Between 1-4 Years	60	40	12,359	7,514
More than 4 Years	-	-	17,095	14,265
Total	7,652	7,420	42,001	32,035

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

II. Explanations Related to the Liabilities (continued)

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

d) Explanations regarding operational leases:

Except for the Head-Office-Istanbul and Izmir-Ege Kurumsal Branch buildings, all branch premises of the Bank are leased under operational leases. For the period ended March 31, 2008, operational lease expenses amounting to TRY 14,746 (March 31, 2007 – TRY 9,988) 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: None (December 31, 2007 – None).

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	56,242	44,713
Provisions for Second Group Loans and Receivables	-	-
Provisions for Non-Cash Loans	9,774	6,710
Other	3,624	1,942
Total	69,640	53,365

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 33,262 (December 31, 2007 - TRY 49,294) is netted off from loans on the balance sheet.

c) The specific provisions provided for unindemnified non cash loans amount to TRY 544 (December 31, 2007 - TRY 552).

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

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

As of March 31, 2008, the Bank provided a reserve of TRY 8,261 (December 31, 2007 - TRY 7,096) 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	10,588	7,033
Arising during the period	803	4,621
Benefits paid	(152)	(1,066)
Total	11,239	10,588

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

II. Explanations Related to the Liabilities (continued)

7. Information on provisions (continued)

e) Information on other provisions:

e.1) Provisions for possible losses: None (December 31, 2007 – 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	8,261	7,096
Provision for promotion of credit cards and banking services	2,293	2,030
Other (*)	34,584	552
Total	45,138	9,678

(*) Included in other, TRY 19,000 is the current period accrual of provision related to the current period for bonuses to be paid to its personnel, and TRY 15,040, the provision for possible tax disputes that may occur in the future.

f) Liabilities on pension rights:

f.1) Liabilities for pension funds established in accordance with “Social Security Institution”: None (December 31, 2007 – None).

f.2) Liabilities resulting from all kinds of pension funds, foundations etc. which provide post retirement benefits for the employees: None (December 31, 2007 – None).

8. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Corporate taxes:

	Current Period	Prior Period
Provision for corporate taxes	-	8,967

a.2) Information on taxes payable:

	Current Period	Prior Period
Taxation on Securities	10,754	9,825
Property Tax	745	671
Banking Insurance Transaction Tax (BITT)	11,102	10,057
Foreign Exchange Transaction Tax	1,065	1,008
Value Added Tax Payable	300	453
Other (*)	3,469	4,966
Total	27,435	26,980

(*) Others include stamp taxes payable amounting to TRY 489 (December 31, 2007 - TRY 437).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

II. Explanations Related to the Liabilities (continued)

8. Explanations on taxes payable: (continued)

b) Information on premiums :

	Current Period	Prior Period
Social Security Premiums-Employee	1,958	1,799
Social Security Premiums-Employer	2,762	2,533
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	136	126
Unemployment Insurance-Employer	273	252
Other	-	-
Total	5,129	4,710

c) Explanations on deferred tax liabilities, if any: None (December 31, 2007 – None).

9. Information on liabilities regarding assets held for sale and discontinued operations: None (December 31, 2007 – None).

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

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

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

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

The Bank has obtained a primary subordinated loan by issuing a bond amounting to USD 100 million as of July 31, 2007. The investor of the bond is IFC International Finance Corporation (IFC). The maturity of the borrowing is indefinite with semi-annually interest payment. The interest rate is defined as 6 month Libor+3.5% until July 31, 2017. In case the borrowed amount is not repaid at that date, the interest rate will be revised as 6 month Libor+ 5.25 %.

As of January 30, 2008, the main shareholder TEB Mali Yatirimlar A.S of the bank has placed TRY 155,000 to the Bank. The facility matches the definition of the subordinated loan in the article 8, clause 11 of the Communique on Equity of Banks. Since this amount has been obtained for the capital increase committed by this shareholder and the Banking Regulation and Supervision Agency approved it by its letter dated February 11, 2008, it has been accounted for as secondary subordinated loan. The said amount will be incorporated to the paid in capital after capital increase procedures are completed.

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

II. Explanations Related to the Liabilities (continued)

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

a) Information on subordinated loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	155,000	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	451,666	-	387,880
Total	155,000	451,666	-	387,880

11. Information on Shareholders' Equity :

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock	755,000	755,000
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	755,000	1,400,000

At the meeting of the General Assembly held on March 26, 2008, it has been resolved to increase the registered capital ceiling of the Bank from TRY 900,000 to TRY 1,400,000. The increase was registered with the Trade Registry Office on March 27, 2008 and published in the Turkish Trade Registry Gazette numbered 7032 on April 1, 2008.

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

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

g) Information on preferred shares :

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

II. Explanations Related to the Liabilities (continued)

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	(13,654)	(1,256)	1,640	574
Foreign Exchange Difference	-	-	-	-
Total	(13,654)	(1,256)	1,640	574

	Current Period	Prior Period
Foreign currency marketable securities value increase fund	(1,256)	574
Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities held to maturity related to the above amount	-	-
Total	(1,256)	574

Information on legal reserves :

	Current Period	Prior Period
First legal reserves	21,214	14,699
Second legal reserves	5,536	5,536
Other legal reserves appropriated in accordance with special legislation	-	-
Total	26,750	20,235

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

II. Explanations Related to the Liabilities (continued)

Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	123,705	(66)
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Total	123,705	(66)

At the meeting held on August 28, 2007, the Board of Directors decided to increase the paid-in capital of the Bank to TRY 755,000 by TRY 655,000 within the registered capital ceiling subsequent to the resolution of the ceiling increase at the Extraordinary General Assembly. The formal request for the capital increase was transmitted as of August 29, 2007 to the Capital Markets Board. Subsequent to the approval sent by the Capital Markets Board to the Banking Regulation and Supervision Agency and the approval received from the Banking Regulation and Supervision Agency with the correspondence numbered 1506, the capital increase procedures were completed as of November 21, 2007.

The explanation in the Banking Regulation and Supervision Agency circular 2007/2 dated July 4, 2007 regarding the treatment of foreign currency investments has been clarified with the Banking Regulation and Supervision Agency circular numbered 12099 and dated September 3, 2007. Accordingly, the Economy Bank NV (“TEB NV”), the subsidiary of the Bank operating in Netherlands with capital of EUR 30 million has been accounted for at the TRY restated cost. Since any changes in the foreign exchange rates will not have an effect on the valuation of the subsidiary, the hedge for the investment risk in The Economy Bank NV (“TEB NV”) applied from the period December 31, 2006 has been ceased in the accompanying unconsolidated financial statements. The effect has been restated in the prior period financial statements. The amount of the effect on previous period financials has been disclosed in section three “Accounting Principles” under “Basis of Presentation”.

Due to the time lag between the application for the capital increase date and the implementation date of the new circular and its effect on the extraordinary reserves, the extraordinary reserve balance turned to negative TRY (66) as of the actual capital increase date November 21, 2007. The said amount was netted of as of January 1, 2008 with the transfer of the profit for the prior year to the extraordinary reserves.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

II. Explanations Related to the Liabilities (continued)

Other Information on Shareholders' Equity:

According to the Circular of the Banking Regulation and Supervision Agency with no 2007/2 as of July 4, 2007, foreign currency investments obtained prior to January 1, 2005 are accounted for at their TRY restated cost until December 31, 2004 and compared with the fair value or recoverable value for any impairment. The Economy Bank NV ("TEB NV"), the subsidiary of the Bank operating in Netherlands with capital of EUR 30 million has been accounted for at the TRY restated cost. Since any changes in the foreign exchange rates will not have an effect on the valuation of the subsidiary, the hedge for the investment risk in The Economy Bank NV ("TEB NV") applied from the period December 31, 2006 has been ceased in the accompanying unconsolidated financial statements. The effect has been restated in the prior period financial statements. The amount of the effect on previous period financials has been disclosed under "Accounting Principles" in clause "Basis of Presentation".

The movement of the other reserves is as follows:

	Current Period	Prior Period
At January 1	2,214	(10,011)
Net unrealised gains on available for sale investments	(20,358)	20,373
Realised gains on available for sale investments recycled to income statement on disposal	-	-
Realised losses on available for sale investments recycled to income statement on disposal and impairment	(1,047)	(5,092)
Tax effect of net gains on available for sale investments	4,281	(3,056)
Unrealised gains / (losses) on cash flow hedges	-	-
Gains / (losses) on cash flow hedges recycled to income statement	-	-
Tax effect of gains on cash flow hedges	-	-
At period end	(14,910)	2,214

12. **Information on minority shares:** None (December 31, 2007 – None).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION FIVE

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

1. Information on off-balance sheet liabilities:

- a) Nature and amount of irrevocable loan commitments: Credit card expenditure limit commitments are TRY 894,888 and TRY 821,870; payment commitments for checks are TRY 539,060 and TRY 456,009 as of March 31, 2008 and December 31, 2007, respectively.
- b) Possible losses and commitments related to off-balance sheet items including items listed below:

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

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

As of March 31, 2008 total guarantees and commitments consist of letters of guarantee amounting to TRY 2,428,996 (December 31, 2007 - TRY 2,135,589) acceptances amounting to TRY 74,524 (December 31, 2007 - TRY 64,002) and letters of credit amounting to TRY 1,052,399 (December 31, 2007 -TRY 651,342).

- b.2) Guarantees, suretyships, and similar transactions: The Bank has other guarantees and suretyships amounting to TRY 198,548 as of March 31, 2008(December 31, 2007 – TRY 199,054).

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

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	247,722	210,454
With maturity of 1 year or less than 1 year	43,815	31,780
With maturity of more than 1 year	203,907	178,674
Other non-cash loans	3,506,745	2,839,533
Total	3,754,467	3,049,987

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	19,923	1.50	13,641	0.56	16,138	1.26	12,407	0.70
Farming and raising livestock	16,733	1.26	11,622	0.48	12,882	1.00	12,075	0.68
Forestry	2,723	0.20	2,019	0.08	2,792	0.22	332	0.02
Fishery	467	0.04	-	-	464	0.04	-	-
Manufacturing	711,633	53.46	1,274,517	52.59	667,856	52.01	1,018,205	57.66
Mining	50,408	3.78	21,803	0.90	50,595	3.94	25,615	1.45
Production	643,695	48.36	1,223,795	50.50	600,432	46.76	970,190	54.94
Electric, gas and water	17,530	1.32	28,919	1.19	16,829	1.31	22,400	1.27
Construction	232,346	17.46	343,874	14.19	226,578	17.64	254,189	14.40
Services	349,999	26.29	227,087	9.37	353,838	27.55	224,401	12.71
Wholesale and retail trade	171,331	12.86	78,110	3.23	174,009	13.55	69,435	3.93
Hotel, food and beverage services	6,875	0.52	4,425	0.18	8,543	0.66	5,511	0.31
Transportation and telecommunication	49,783	3.74	68,605	2.83	47,226	3.68	56,208	3.18
Financial institutions	32,233	2.42	33,200	1.37	34,397	2.68	47,319	2.68
Real estate and renting services	22,411	1.68	26,000	1.07	23,356	1.82	28,441	1.61
Selfemployment services	34,710	2.61	12,439	0.51	36,704	2.86	10,424	0.60
Education services	1,410	0.11	249	0.01	1,362	0.10	10	-
Health and social services	31,246	2.35	4,059	0.17	28,241	2.20	7,053	0.40
Other	17,148	1.29	564,299	23.29	19,778	1.54	256,597	14.53
Total	1,331,049	100.00	2,423,418	100.00	1,284,188	100.00	1,765,799	100.00

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

III. Explanations Related to the 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	1,247,300	1,181,696	-	-
Bank acceptances	-	74,524	-	-
Letters of credit	151	1,052,248	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	83,598	114,950	-	-
Total	1,331,049	2,423,418	-	-

The Bank provided reserve of TRY 544 for non-cash loans not yet indemnified amounting to TRY 1,493.

2. Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Perioc	Prior Perioc	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I):	7,744,017	4,906,284	-	-
Forward transactions	3,723,681	1,918,415	-	-
Swap transactions	2,593,625	2,039,862	-	-
Futures transactions	193,438	144,668	-	-
Option transactions	1,233,273	803,339	-	-
Interest related derivative transactions (II) :	16,687	18,334	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	16,687	18,334	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	7,988	7,988	-	-
Other trading derivative transactions (IV)	300,403	218,483	-	-
A.Total trading derivative transactions (I+II+III+IV)	8,069,095	5,151,089	-	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
Total Derivative Transactions (A+B)	8,069,095	5,151,089	-	-

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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

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

As of March 31, 2008 and December 31, 2007, breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TRY equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Future Buy	Future Sell
Current Period								
TRY	753,755	820,265	180,499	867,216	303,469	304,033	-	7
USD	551,591	753,561	698,507	364,467	112,689	104,043	193,423	-
EURO	463,635	191,916	196,362	24,200	163,554	164,965	-	-
OTHER	99,535	89,423	200,571	78,490	39,972	48,536	8	-
Total	1,868,516	1,855,165	1,275,939	1,334,373	619,684	621,577	193,431	7
Prior Period								
TRY	386,476	455,415	50,725	943,946	216,944	209,769	2	55
USD	328,723	394,385	795,655	107,105	150,313	153,458	144,605	2
EURO	206,666	69,422	20,624	29,597	38,712	42,131	-	-
OTHER	39,797	37,527	71,737	38,807	-	-	-	-
Total	961,662	956,759	938,741	1,119,455	405,969	405,358	144,611	57

As of March 31, 2008, the Bank has no cash flow hedges. (December 31, 2007: None.)

As of March 31, 2008, the Bank has no hedge of net investment in foreign operations. (December 31, 2007: None.)

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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

3. Explanations on contingent liabilities and assets

- a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in entity under common control (joint ventures) : None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
 - b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes. As of March 31, 2008 there are no contingent assets that need to be explained. (December 31, 2007 - 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 March 31, 2008 there are no contingent liabilities that need to be explained. (December 31, 2007 - None)

4. Custodian and intermediary services:

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

Investment securities held in custody include investment fund participation certificates which are accounted for with their number of certificates. As of March 31, 2008 the total number of certificates is 30,487,296 thousand (December 31, 2007 – 24,174,130 thousand) and the total fair value is TRY 3,076,780 (December 31, 2007 – TRY 3,062,083).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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

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

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

Moody's Investor Services: December 2007

View	Positive
Bank Financial Strength	D+
Foreign Currency Deposits	B1/NP

Fitch Ratings: January 2008

Foreign Currency Commitments	
Long term	BB
Short term	B
View	Stable
New Turkish Lira Commitments	
Long term	BBB-
Short term	F3
View	Stable
National	AAA (tur)
View	Stable
Individual Rating	C/D
Support Points	3

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION FIVE

IV. Explanations Related to the Income Statement

1. a) Information on interest on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	207,862	23,680	146,567	18,421
Medium and long term loans	80,022	10,587	50,938	7,745
Interest on non-performing loans	1,731	-	256	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	289,615	34,267	197,761	26,166

(*) Includes fees and commissions obtained from cash loans. Fees and commissions from cash loans are TRY 8,461 (March 31, 2007: TRY 5,207).

b) Information on interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	918	-	705
Domestic banks	276	137	1,911	92
Foreign banks	331	8,125	1,586	8,351
Branches and head office abroad	-	-	-	-
Total	607	9,180	3,497	9,148

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	13,840	635	4,548	30
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	70,255	4,587	57,760	5,992
Held-to-maturity securities	-	-	-	-
Total	84,095	5,222	62,308	6,022

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	4	237

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

IV. Explanations Related to the Income Statement (continued)

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
The Central Bank of Turkey	-	-	-	-
Domestic banks	1,842	1,624	2,287	1,825
Foreign banks	21,684	10,573	10,664	5,270
Branches and head office abroad	-	-	-	-
Other financial institutions	-	8,456	-	4,585
Total	23,526	20,653	12,951	11,680

(*). Includes fees and commission expenses of cash loans amounting to TRY 412 (March 31, 2007 : TRY 322).

b) Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest expenses to associates and subsidiaries	238	366

c) Information on interest expenses to marketable securities issued: None (March 31, 2007 – None).

d) Distribution of interest expenses 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	3,563	64	-	-	-	-	3,628
Saving deposits	2	40,889	55,070	183	273	22	-	96,439
Public sector deposits	-	145	519	-	-	-	-	664
Commercial deposits	-	27,275	16,728	48	20	-	-	44,071
Other deposits	-	2,906	5,076	8	233	-	-	8,223
7 days call accounts	-	-	-	-	-	-	-	-
Total	3	74,778	77,457	239	526	22	-	153,025
FC								
Foreign currency deposits	-	19,348	9,482	1,438	266	31	-	30,565
Bank deposits	-	256	225	27	-	-	-	508
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	1	-	6	-	-	1	-	8
Total	1	19,604	9,713	1,465	266	32	-	31,081
Genel Toplam	4	94,382	87,170	1,704	792	54	-	184,106

3. Information on dividend income:

	Current Period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	-	-
Other	18,771	14,752
Total	18,771	14,752

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

IV. Explanations Related to the Income Statement (continued)

4. Information on net trading income:

	Current Period	Prior Period
Income	916,404	359,115
Gains on capital market operations	252,703	81,570
Gains on derivative financial instruments	243,277	78,039
Other	9,426	3,531
Foreign exchange gains(*)	663,701	277,545
Losses (-)	931,559	367,066
Losses on capital market operations	212,168	89,224
Losses on derivative financial instruments	192,425	85,674
Other	19,743	3,550
Foreign exchange losses (*)	719,391	277,842

(*) As of March 31, 2008, the foreign exchange gains on the foreign currency indexed loans are TRY 125,912 (March 31, 2007 - TRY 1,477). As of March 31, 2008 the foreign exchange losses on the foreign currency indexed loans are TRY 402 (March 31, 2007 - TRY 9,323).

5. Information on other operating income:

The information on the factors affecting the Bank's income including new developments, and the explanation on nature and amount of income earned from such items:

As a result of a lawsuit opened against the Ministry of Finance of the Turkish Republic ("Ministry") based on the requirement about the deduction of losses arising from the capital decrease in the financial statements of the Bank dated December 31, 2001 based on the Temporary Article 4 with the law numbered 4743 added to the Banking Law No: 4389 that is ceased to be effective on November 1, 2005, by using the statutory and optional reserves as an expense in determining the banks' profit within the framework set out in Paragraph 7 of Article 14 of the annulled Corporate Tax Law No: 5422, the Bank has settled its tax reimbursement issue with the Ministry based on Article 3 of Law No: 5736 "Collection of Some Government Receivables by Compromise Procedures" published in the Official Gazette No: 26800 on February 27, 2008, and it has reflected its receivable amounting to TRY 41,207 in its financial statements, which became collectible with the notification to the Bank by the Ministry in regards to the decision made on the settlement of this reimbursement by deducting that receivable amount from other taxes payable to the extent that 65% of the losses arising from year 2001 inflation accounting adjustment should be taken into account.

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	9,648	4,031
III. Group Loans and Receivables	1,764	1,567
IV. Group Loans and Receivables	2,102	1,444
V. Group Loans and Receivables	5,782	1,020
General provision expenses	13,087	5,642
Provision expenses for possible losses	-	-
Marketable securities impairment losses	10,794	1,800
Financial assets at fair value through profit and loss	979	21
Investment securities available for sale	9,815	1,779
Impairment provision expense	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investments held to maturity	-	-
Other	-	-
Total	33,529	11,473

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

IV. Explanations Related to the Income Statement (continued)

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	69,528	44,599
Reserve for employee termination benefits	803	755
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	9,037	5,360
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	1,027	785
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	52,884	35,205
Rent expenses	14,749	9,988
Maintenance expenses	933	649
Advertisement expenses	7,982	10,725
Other expenses	29,220	13,843
Loss on sales of assets	26	3
Other (*)	44,382	7,352
Total	177,687	94,059

(*) Included in other, the premiums paid to Saving Deposit Insurance Fund is TRY 1,801 (December 31, 2007 – TRY 1,370), provision for bonuses for the current period to be paid to personnel is TRY 19,000, and under precautionary principles, provision for possible tax disputes that may occur in the future is TRY 15,040.

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

Profit before tax of the Bank has increased by 50% for the period ended March 31, 2008 as compared to the prior year. In comparison with prior year, the Bank's net interest income, net fees and commissions income, and provisions and operating expenses increased by 62%, 75% and 100%, respectively.

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

- As of March 31, 2008, there is no current tax charge (March 31, 2007 – TRY 16,751), and deferred tax charge is TRY 10,424 (March 31, 2007 – TRY 7,981 deferred tax benefit).
- Deferred tax charge on temporary differences is TRY 10,424 (March 31, 2007 – TRY 7,981 deferred tax benefit).
- Deferred tax benefit or charge for temporary differences, on carried forward tax losses or tax exemptions or deductions: As of March 31, 2008, TRY 10,424 deferred tax charge is reflected to income statement on carried forward tax losses or tax exemptions or deductions.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

IV. Explanations Related to the Income Statement (continued)

9. Information on tax provision: (continued)

d) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	79,515	53,115
Tax effect of adjustments related to foreign currency investment	-	(396)
Additions	287,107	166,516
Tax effect of disallowables	(479,818)	(135,480)
Taxable Profit / (Loss)	(113,196)	83,755
Corporate tax rate	20%	20%
Tax calculated:	-	(16,751)
Deferred tax benefit / (charge)	(10,424)	7,981
Total	(10,424)	(8,770)

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

The profit of the Bank increased for the period ended March 31, 2008 by 56% as compared to the prior year profit.

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 (March 31, 2007 – None).
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (March 31, 2007 – None).
- Profit or loss attributable to minority shares: None (March 31, 2007 – None).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

IV. Explanations Related to the Income Statement (continued)

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

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Credit cards commissions and fees	24,023	7,640
Import letters of credit commissions	1,085	1,746
Inquiry and company search fees and commissions	4,951	3,817
Fund management commissions	5,793	3,906
Settlement expense provision, eft, swift, agency commissions	2,882	2,301
Insurance commissions	2,960	995
Transfer commissions	993	769
Commissions and fees earned from correspondent banks	1,222	857
Other	8,950	4,219
Total	52,859	26,250
<u>Other fees and commissions given</u>		
Credit cards commissions and fees	15,376	6,466
Commissions and fees paid to correspondent banks	375	374
Settlement and swift commissions	784	712
Other	1,888	1,103
Total	18,423	8,655

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

V. Explanations on the Risk Group of the Bank

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

a) Current Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and other receivables					
Balance at beginning of period	717	23,499	26,294	25,144	6,559	5,979
Balance at end of period	659	9,223	28,790	114,412	2,304	5,796
Interest and commission income	4	19	1,065	1	3,616	22

Included in the balances above, the Bank has placements in foreign bank accounts amounting to TRY 449 from subsidiaries and associates, TRY 25,592 under direct and indirect corporate and real person shareholders and TRY 1,200 from other entities included in the risk group.

b) Prior Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect Shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and other receivables					
Balance at beginning of period	210	9,276	4,081	2,768	14,845	36,540
Balance at end of period	717	23,499	26,294	25,144	6,559	5,979
Interest and commission income received	221	16	1,113	-	1,106	17

Included in the balances above, the Bank has placements in foreign bank accounts amounting to TRY 347 from subsidiaries and associates, TRY 5,432 under direct and indirect corporate and real person shareholders and TRY 1,959 from other entities included in the risk group.

c.1) Information on related party deposits balances :

Related parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current period	Prior period	Current period	Prior period
	Deposits					
Balance at beginning of period	3,147	24,849	587,446	377,579	31,506	72,584
Balance at end of period	17,031	3,147	971,895	587,446	152,561	31,506
Interest on deposits	238	366	14,924	5,606	1,569	1,093

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	11,232	707	1,363,285	169,091	75,136	11,768
End of period	6,495	11,232	1,915,891	1,363,285	84,458	75,136
Total income/loss	(218)	-	(19,342)	(8,818)	(5,096)	(39)
Hedging transactions purposes						
Beginning of period	-	-	-	-	-	-
End of period	-	-	-	-	-	-
Total income/loss	-	-	-	-	-	-

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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

2. Disclosures for related parties:

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

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

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

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	31,753	0.41
Non-cash loans	129,431	3.45
Deposits	1,141,487	12.84
Derivative financial instruments	2,006,844	24.87

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

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

The Bank enters into lease agreements with TEB Finansal Kiralama A.S. As of March 31, 2008 the total leasing obligations related to these agreements amounted to TRY 7,420. Additionally, the Bank provides agency services for TEB Yatirim Menkul Degerler A.S. and TEB Sigorta A.S via its branches .

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 1.39%. Details of these loans are explained in the Section V, Note V- 1a.

As of March 31, 2008 the Bank has no purchases and sale of real estate and other assets, transfer of information as a result of research and development and management contracts with the related parties.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION SIX

INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

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

The unconsolidated interim financial statements of the Bank have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and the independent accountants' limited review report dated April 30, 2008 is presented preceding the financial statements.

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