

**TÜRK EKONOMİ BANKASI
ANONİM ŞİRKETİ**

**INDEPENDENT AUDITOR'S
REPORT,
UNCONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE YEAR ENDED
DECEMBER 31, 2008**

*Translated into English from the
Original Turkish Report*

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR JANUARY 1, 2008 – DECEMBER 31, 2008

We have audited the accompanying balance sheet of Türk Ekonomi Bankası A.Ş. as at December 31, 2008, and the related statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on "Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no: 26333 on November 1, 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türk Ekonomi Bankası A.Ş. as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by BRSA.

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 BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU**

Hasan Kılıç
Partner

Istanbul, February 9, 2009

**THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2008**

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The unconsolidated financial report 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 FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND FOOTNOTES
- INDEPENDENT AUDITOR'S 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 audited and presented as attached.

February 9, 2009

Yavuz Canevi President of the Board of Directors	Patrick Rene Pitton Head of Audit Committee	Dr. Akın Akbaygil Vice Chairman of the Audit Committee	Varol Civil General Manager	M. Aşkın Dolaştır Assistant General Manager Responsible of Financial Reporting	B. Ilgaz Doğan Manager Responsible of Financial Reporting
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Information related to responsible personnel for the questions can be raised about financial statements:

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

Telephone Number : (0212) 251 21 21
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INDEX

	Page Number
SECTION ONE	
General Information	
I. History of the Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status, if any	1
II. Explanation on the Bank's Capital Structure, Shareholders of the Bank who are in Charge of the Management and/or Auditing of the Bank Directly or Indirectly, Changes in These Matters (if any), and the Group the Bank Belongs to	1
III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Shares of the Bank They Possess	2
IV. Information About the Person and Institutions That Have Qualified Shares	2
V. Summary on the Bank's Functions and Areas of Activity	3
SECTION TWO	
Unconsolidated Financial Statements	
I. Balance Sheet	4
II. Statement of Off Balance Sheet Contingencies and Commitments	6
III. Statement of Income	7
IV. Statement of Profit and Loss Accounted for Under Equity	8
V. Statement of Changes in Shareholders' Equity	9
VI. Statement of Cash Flows	11
VII. Profit Distribution Table	12
SECTION THREE	
Accounting Principles	
I. Basis of Presentation	13
II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions	13
III. Explanations on Forward and Option Contracts and Derivative Instruments	14
IV. Interest Income and Expenses	14
V. Fees and Commission Income and Expenses	15
VI. Explanations and Disclosures on Financial Assets	15
VII. Explanations on Impairment on Financial Assets	17
VIII. Offsetting of Financial Assets and Liabilities	17
IX. Explanations on Sales and Repurchase Agreements and Lending of Securities	18
X. Explanations on Assets Held For Sale and Discontinued Operations	18
XI. Explanations on Goodwill and Other Intangible Assets	18
XII. Explanations on Tangible Fixed Assets	19
XIII. Explanations on Leasing Transactions	20
XIV. Explanations on Provisions and Contingent Liabilities	20
XV. Explanations on Liabilities Regarding Employee Benefits	20
XVI. Explanations on Taxation	21
XVII. Additional Explanations on Borrowings	21
XVIII. Explanations on Share Certificates	22
XIX. Explanations on Acceptances	22
XX. Explanations on Government Incentives	22
XXI. Explanations on Segment Reporting	22
XXII. Explanations on Other Matters	23
SECTION FOUR	
Information on Financial Structure	
I. Explanations Related to the Capital Adequacy Standard Ratio	24
II. Explanations Related to Credit Risk	27
III. Explanations Related to Market Risk	32
IV. Explanations Related to Operational Risk	33
V. Explanations Related to Currency Risk	33
VI. Explanations Related to Interest Rate Risk	36
VII. Explanations Related to Liquidity Risk	40
VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value	43
IX. Explanations Related to Transactions Carried out on Behalf of Other Parties and Fiduciary Assets	44
SECTION FIVE	
Explanations and Disclosures on Unconsolidated Financial Statements	
I. Explanations Related to the Assets	45
II. Explanations Related to the Liabilities	60
III. Explanations Related to the Off-Balance Sheet Contingencies and Commitments	70
IV. Explanations Related to the Income Statement	75
V. Explanations Related to Statement of Shareholders' Equity Movement	81
VI. Explanations Related to Statement of Cash Flows	82
VII. Explanations on the Risk Group of the Bank	83
VIII. Explanations on the Bank's Domestic Branches, Agencies and Branches Abroad and Off-shore Branches	85
SECTION SIX	
Other Explanations	
I. Explanations on the Operations of the Bank	86
SECTION SEVEN	
Independent Auditor's Report	
I. Explanations on the Independent Auditor's Report	86
II. Other Footnotes and Explanations Prepared by the Independent Auditors	86

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

SECTION ONE

GENERAL INFORMATION

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

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

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

As of December 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 Yatırımlar A.Ş.	926,796	84.25	636,119	84.25
Publicly Traded	171,966	15.63	118,018	15.63
Other Shareholders	1,238	0.12	863	0.12
	1,100,000	100.00	755,000	100.00

As of December 31, 2008 Bank’s paid-in-capital consists of 1,100,000,000 shares of TRY 1.00 (full TRY) nominal each.

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 on March 27, 2008 and published in the Turkish Trade Registry Gazette numbered 7032 on April 1, 2008.

At the meeting held on September 2, 2008, the Board of Directors decided to increase the paid-in capital of the Bank to TRY 1,100,000 by injecting TRY 345,000 cash from the shareholders within the registered capital ceiling, and in exchange distribute shares as per their proportionate shareholding. The increase was registered with Istanbul Trade Registry Office on October 6, 2008.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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 Shares of the Bank They Possess

<u>Title</u>	<u>Name</u>
Chairman of the Board of Directors	: Yavuz Canevi
Members of the Board of Directors	: Dr. Akın Akbaygil (Vice Chairman of Audit Committee and Board of Directors) (*) Patrick Rene Pitton (Head of Audit Committee) Jean-Jacques Marie Santini (Vice Chairman of Board of Directors) Metin Toğay Christophe Philippe Marie Vallée (***) Refael Taranto Varol Civil (General Manager) Musa Erden (*)
Chairman of Inspection Committee	: Hakan Tıraşın
Assistant General Managers	: Mustafa Aşkın Dolaştır (**) İzzet Cemal Kışmır Levent Çelebioğlu Nilsen Altıntaş Nuri Tuncalı Saniye Telci Turgut Boz Turgut Güney Ümit Leblebici Ünsal Aysun Ömer Abidin Yenidoğan Melis Coşan Baban (***) Osman Durmuş (****) Ayşe Aşardağ Cihat Madanoğlu
Statutory Auditors	

(*) At the General Assembly held on March 26, 2008, it was resolved that İsmail Yanık would leave from his position as member of the Board of Directors and the Vice Chairman of the Audit Committee. Musa Erden was appointed as member of the Board of Directors, and Dr. Akın Akbaygil was appointed as the Vice Chairman of the Board of Directors and the Audit Committee commencing on April 8, 2008.

(**) Mustafa Aşkın Dolaştır, who was vicariously appointed as the Assistant General Manager responsible from Financial Reporting on March 10, 2008, was permanently appointed to the related position on November 14, 2008.

(***) Melis Coşan Baban was appointed as the Assistant General Manager responsible from Legal Affairs on February 4, 2008.

(****) Michel Roger Chevalier was replaced by Christophe Philippe Marie Vallée as the member of Board of Directors on August 25, 2008.

(*****) Osman Durmuş was appointed as the Assistant General Manager responsible from Retail and Business Loans on August 29, 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 Yatırımlar A.Ş.	926,796	%84.25	926,796	-

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

The Bank's operating areas include, corporate, retail and private banking as well as project finance, fund management and custody operations. Beside the ordinary banking operations, Bank is handling agency functions through its branches on behalf of TEB Yatırım Menkul Değerler A.Ş. and Zurich Sigorta A.Ş (formerly TEB Sigorta A.Ş. prior to the title change on August 18, 2008) . As of December 31, 2008 Bank has 332 local branches and 4 foreign branches (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 Flows
- VII. Profit Distribution Table

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
BALANCE SHEETS AS OF DECEMBER 31, 2008 AND 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. BALANCE SHEET – ASSETS

		Audited Current Period 31.12.2008			Audited Prior Period 31.12.2007			
	Note Ref.	TRY	FC	Total	TRY	FC	Total	
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	536,070	1,563,427	2,099,497	575,454	1,366,220	1,941,674
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	49,118	41,524	90,642	204,296	25,984	230,280
2.1	Trading financial assets		11,183	1,239	12,422	165,033	20,625	185,658
2.1.1	Public sector debt securities		11,183	1,239	12,422	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		37,935	40,285	78,220	39,263	5,359	44,622
III.	BANKS	(3)	24,673	487,626	512,299	12,464	322,368	334,832
IV.	MONEY MARKET PLACEMENTS		700,292	56,394	756,686	190,083	-	190,083
4.1	Interbank money market placements		700,292	56,394	756,686	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)	1,067,250	128,198	1,195,448	1,406,523	187,432	1,593,955
5.1	Share certificates		9	1,554	1,563	9	54	63
5.2	Public sector debt securities		1,067,241	126,644	1,193,885	1,406,514	187,378	1,593,892
5.3	Other marketable securities		-	-	-	-	-	-
VI.	LOANS	(5)	6,326,441	2,178,336	8,504,777	5,201,249	1,663,178	6,864,427
6.1	Loans		6,231,008	2,178,336	8,409,344	5,152,948	1,663,178	6,816,126
6.1.1	Loans to Risk Group of the Bank		9,361	978	10,339	3,003	22,829	25,832
6.1.2	Other		6,221,647	2,177,358	8,399,005	5,149,945	1,640,349	6,790,294
6.2	Non-performing loans		201,525	-	201,525	121,508	-	121,508
6.3	Specific provisions (-)		(106,092)	-	(106,092)	(73,207)	-	(73,207)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD TO MATURITY INVESTMENTS (Net)	(6)	797,771	-	797,771	-	-	-
8.1	Public sector debt securities		797,771	-	797,771	-	-	-
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)	99,967	2,214	102,181	-	-	-
13.1	Fair value hedge		99,967	2,214	102,181	-	-	-
13.2	Cash flow hedge		-	-	-	-	-	-
13.3	Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(12)	167,123	-	167,123	164,299	-	164,299
XV.	INTANGIBLE ASSETS (Net)	(13)	9,857	-	9,857	6,682	-	6,682
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		9,857	-	9,857	6,682	-	6,682
XVI.	INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII.	TAX ASSET	(15)	23,683	-	23,683	44,129	-	44,129
17.1	Current tax asset		10,710	-	10,710	-	-	-
17.2	Deferred tax asset		12,973	-	12,973	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)	268,207	53,963	322,170	269,916	8,431	278,347
TOTAL ASSETS			10,163,119	4,572,936	14,736,055	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 SHEETS AS OF DECEMBER 31, 2008 AND 2007
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I. BALANCE SHEET – LIABILITIES AND EQUITY

	Note Ref.	Audited Current Period 31.12.2008			Audited Prior Period 31.12.2007		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	5,571,990	3,699,757	9,271,747	3,616,695	3,466,277	7,082,972
1.1 Deposits from Risk Group of the Bank		246,379	238,169	484,548	61,554	560,545	622,099
1.2 Other		5,325,611	3,461,588	8,787,199	3,555,141	2,905,732	6,460,873
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	98,047	79,104	177,151	250,634	3,726	254,360
III. FUNDS BORROWED	(3)	1,692,963	751,640	2,444,603	508,387	1,094,091	1,602,478
IV. MONEY MARKET BALANCES		201,744	-	201,744	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		201,744	-	201,744	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		238,765	4,639	243,404	165,888	6,004	171,892
VIII. OTHER LIABILITIES	(4)	223,896	3,726	227,622	339,609	740	340,349
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES	(5)	-	117	117	-	32,035	32,035
10.1 Finance lease payables		-	141	141	-	42,001	42,001
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	(24)	(24)	-	(9,966)	(9,966)
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	67,611	-	67,611	-	-	-
11.1 Fair value hedge		67,611	-	67,611	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(7)	118,207	17,771	135,978	60,078	13,553	73,631
12.1 General loan loss provisions		56,927	17,771	74,698	39,812	13,553	53,365
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		13,133	-	13,133	10,588	-	10,588
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		48,147	-	48,147	9,678	-	9,678
XIII. TAX LIABILITY	(8)	47,404	-	47,404	40,657	-	40,657
13.1 Current tax liability		47,404	-	47,404	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)	-	495,055	495,055	-	387,880	387,880
XVI. SHAREHOLDERS' EQUITY	(11)	1,426,011	(2,392)	1,423,619	909,757	574	910,331
16.1 Paid-in capital		1,100,000	-	1,100,000	755,000	-	755,000
16.2 Supplementary capital		11,358	(2,392)	8,966	4,302	574	4,876
16.2.1 Share premium		2,158	-	2,158	1,736	-	1,736
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		8,274	(2,392)	5,882	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		164,198	-	164,198	130,286	-	130,286
16.4.1 Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2 Current year income/ (loss)		164,198	-	164,198	130,286	-	130,286
16.5 Minority shares	(12)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		9,686,638	5,049,417	14,736,055	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
STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS
AS OF DECEMBER 31, 2008 AND 2007

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

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref.	Audited Current Period 31.12.2008			Audited Prior Period 31.12.2007		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		5,977,960	7,473,375	13,451,335	6,974,472	5,135,945	12,110,417
I. GUARANTEES	(1), (3)	1,348,770	1,968,620	3,317,390	1,284,188	1,765,799	3,049,987
1.1 Letters of guarantee		1,262,496	1,255,178	2,517,674	1,204,392	931,197	2,135,589
1.1.1 Guarantees subject to State Tender Law		60,852	220,645	281,497	52,073	151,982	204,055
1.1.2 Guarantees given for foreign trade operations		126,643	53,026	179,669	134,331	27,645	161,976
1.1.3 Other letters of guarantee		1,075,001	981,507	2,056,508	1,017,988	751,570	1,769,558
1.2 Bank loans		-	51,320	51,320	-	64,002	64,002
1.2.1 Import letter of acceptance		-	47,272	47,272	-	60,117	60,117
1.2.2 Other bank acceptances		-	4,048	4,048	-	3,885	3,885
1.3 Letters of credit		238	530,725	530,963	156	651,186	651,342
1.3.1 Documentary letters of credit		238	438,537	438,775	156	554,454	554,610
1.3.2 Other letters of credit		-	92,188	92,188	-	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		85,517	99,511	185,028	74,968	72,696	147,664
1.9 Other collaterals		519	31,886	32,405	4,672	46,718	51,390
II. COMMITMENTS	(1), (3)	2,178,550	186,014	2,364,564	3,426,952	482,389	3,909,341
2.1 Irrevocable commitments		2,178,550	186,014	2,364,564	1,597,611	473,622	2,071,233
2.1.1 Forward asset purchase commitments		-	182,115	182,115	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		843,376	-	843,376	178,808	-	178,808
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		560,682	-	560,682	456,009	-	456,009
2.1.8 Tax and fund liabilities from export commitments		12,449	-	12,449	10,887	-	10,887
2.1.9 Commitments for credit card expenditure limits		759,651	-	759,651	821,870	-	821,870
2.1.10 Commitments for promotions related with credit cards and banking activities		2,281	-	2,281	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	3,899	4,010	111	-	111
2.2 Revocable commitments		-	-	-	1,829,341	8,767	1,838,108
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	1,829,341	8,767	1,838,108
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	2,450,640	5,318,741	7,769,381	2,263,332	2,887,757	5,151,089
3.1 Derivative financial instruments for hedging purposes		582,448	420,017	1,002,465	-	-	-
3.1.1 Fair value hedge		582,448	420,017	1,002,465	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		1,868,192	4,898,724	6,766,916	2,263,332	2,887,757	5,151,089
3.2.1 Forward foreign currency buy/sell transactions		485,927	2,249,719	2,735,646	841,891	1,076,524	1,918,415
3.2.1.1 Forward foreign currency transactions-buy		261,915	1,104,139	1,366,054	386,476	575,186	961,662
3.2.1.2 Forward foreign currency transactions-sell		224,012	1,145,580	1,369,592	455,415	501,338	956,753
3.2.2 Swap transactions related to f.c. and interest rates		1,041,335	1,497,889	2,539,224	994,671	1,063,525	2,058,196
3.2.2.1 Foreign currency swap-buy		889,289	309,226	1,198,515	45,387	883,183	928,570
3.2.2.2 Foreign currency swap-sell		152,046	1,086,587	1,238,633	940,316	170,976	1,111,292
3.2.2.3 Interest rate swaps-buy		-	51,038	51,038	5,338	4,833	10,171
3.2.2.4 Interest rate swaps-sell		-	51,038	51,038	3,630	4,533	8,163
3.2.3 Foreign currency, interest rate and securities options		340,930	347,988	688,918	426,713	384,614	811,327
3.2.3.1 Foreign currency options-buy		162,923	162,845	345,768	212,950	189,025	401,975
3.2.3.2 Foreign currency options-sell		178,007	165,143	343,150	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
3.2.3.6 Securities options-sell		-	-	-	3,994	-	3,994
3.2.4 Foreign currency futures		-	208,133	208,133	57	144,611	144,668
3.2.4.1 Foreign currency futures-buy		-	208,133	208,133	2	144,609	144,611
3.2.4.2 Foreign currency futures-sell		-	-	-	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		-	594,995	594,995	-	218,483	218,483
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		86,475,964	7,640,250	94,116,214	40,215,347	5,619,034	45,834,381
IV. ITEMS HELD IN CUSTODY		71,876,949	582,489	72,459,438	29,886,758	549,617	30,436,375
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		68,836,870	120,664	68,957,534	26,468,740	99,212	26,567,952
4.3 Checks received for collection		2,901,234	287,854	3,189,088	2,981,304	250,953	3,232,257
4.4 Commercial notes received for collection		138,746	112,307	251,053	436,615	146,582	583,197
4.5 Other assets received for collection		-	61,664	61,664	-	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		14,578,043	7,056,852	21,634,895	10,327,096	5,068,697	15,395,793
5.1 Marketable securities		273,479	12,963	286,442	151,726	11,211	162,937
5.2 Guarantee notes		7,430,760	5,491,782	12,922,542	5,208,626	3,743,050	8,951,676
5.3 Commodity		8,466	126,818	135,284	7,781	68,835	76,616
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		5,615,167	1,048,994	6,664,161	3,876,332	852,104	4,728,436
5.6 Other pledged items		1,250,171	376,295	1,626,466	1,082,631	393,497	1,476,128
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		20,972	909	21,881	1,493	720	2,213
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		92,453,924	15,113,625	107,567,549	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 YEARS ENDED
DECEMBER 31, 2008 AND 2007

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

III. STATEMENT OF INCOME

		Audited Current Period 01.01-31.12.2008	Audited Prior Period 01.01-31.12.2007
	Note Ref	Total	Total
I. INTEREST INCOME	(1)	1,965,791	1,453,194
1.1 Interest on loans		1,476,932	1,060,826
1.2 Interest received from reserve deposits		44,924	36,111
1.3 Interest received from banks		41,016	45,054
1.4 Interest received from money market placements		86,832	43,232
1.5 Interest received from marketable securities portfolio		301,243	267,675
1.5.1 Held-for-trading financial assets		27,786	22,742
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		239,206	244,933
1.5.4 Investments held-to-maturity		34,251	-
1.6 Finance lease Income		-	-
1.7 Other interest income		14,844	296
II. INTEREST EXPENSE	(2)	1,261,604	894,144
2.1 Interest on deposits		880,924	626,479
2.2 Interest on funds borrowed		244,533	167,510
2.3 Interest on money market borrowings		93,589	98,970
2.4 Interest on securities issued		-	-
2.5 Other interest expense		42,558	1,185
III. NET INTEREST INCOME (I - II)		704,187	559,050
IV. NET FEES AND COMMISSIONS INCOME		191,528	126,959
4.1 Fees and commissions received		300,207	180,564
4.1.1 Non-cash loans		36,759	31,374
4.1.2 Other		263,448	149,190
4.2 Fees and commissions paid		108,679	53,605
4.2.1 Non-cash loans		981	221
4.2.2 Other		107,698	53,384
V. DIVIDEND INCOME	(3)	19,248	14,756
VI. NET TRADING INCOME	(4)	28,917	(41,462)
6.1 Securities trading gains/ (losses)		24,279	(161,989)
6.2 Foreign exchange gains/ (losses)		4,638	120,527
VII. OTHER OPERATING INCOME	(5)	83,323	35,518
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		1,027,203	694,821
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	128,924	68,253
X. OTHER OPERATING EXPENSES (-)	(7)	701,015	460,581
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		197,264	165,987
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)		197,264	165,987
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	(33,066)	(35,701)
16.1 Provision for current income taxes		(2,637)	(70,511)
16.2 Provision for deferred taxes		(30,429)	34,810
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	164,198	130,286
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)		-	-
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)	164,198	130,286
23.1 Group's profit/loss		164,198	130,286
23.2 Minority shares		-	-
Earnings per share		0.1942	0.2246

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF PROFIT / LOSS ACCOUNTED FOR UNDER EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

		Audited Current Period 01.01-31.12.2008	Audited Prior Period 01.01-31.12.2007
I.	Additions to marketable securities revaluation differences for available for sale financial assets	(2,820)	20,373
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	(727)	(3,056)
X.	Total Net Profit/Loss accounted under equity (I+II+...+IX)	(3,547)	17,317
XI.	Profit/Loss	7,215	(5,092)
1.1	Change in fair value of marketable securities (Transfer to Profit/Loss)	7,215	(5,092)
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)	3,668	12,225

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Audited		Note Ref	Paid-in Capital	Effect of inflation Accounting on Capital and Other Reserves	Share premium	Share certificate cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus shares obtained from Associates	Hedging Funds	Acc. val. diff. from assets held for sale and from disc. op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
I	Prior Period – 01.01.-31.12.2007																			
	Beginning Balance – 31.12.2006		76,500	252,676	1,592	-	14,950	-	124,188	-	-	97,781	(10,011)	-	-	-	-	557,676	-	557,676
II.	Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	The effect of corrections of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	The effects of changes in accounting policy.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)		76,500	252,676	1,592	-	14,950	-	124,188	-	-	97,781	(10,011)	-	-	-	-	557,676	-	557,676
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	12,225	-	-	-	-	12,225	-	12,225
VI.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase		426,750	-	-	-	-	-	(216,750)	-	-	-	-	-	-	-	-	210,000	-	210,000
14.1	Cash		210,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	210,000	-	210,000
14.2	Internal sources		216,750	-	-	-	-	-	(216,750)	-	-	-	-	-	-	-	-	-	-	-
XV.	Share premium		-	-	144	-	-	-	-	-	-	-	-	-	-	-	-	144	-	144
XVI.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Inflation adjustment to paid-in capital		251,750	(251,750)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Period net income/(loss)		-	-	-	-	-	-	-	130,286	-	(97,781)	-	-	-	-	-	130,286	-	130,286
XX.	Profit distribution		-	-	-	-	5,285	-	92,496	-	-	-	-	-	-	-	-	-	-	-
20.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to reserves		-	-	-	-	5,285	-	100,415	-	-	(105,700)	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	(7,919)	-	-	7,919	-	-	-	-	-	-	-	-
	Closing Balance 31.12.2007																			
	(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX)		755,000	926	1,736	-	20,235	-	(66)	-	130,286	-	2,214	-	-	-	-	910,331	-	910,331

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Audited	Note Ref	Paid-in Capital	Effect of inflation Accounting on Capital and Other Reserves	Share premium	Share certificate cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus shares obtained from Associates	Hedging Funds	Acc. valuation diff. from assets held for sale and assets from disc. op.	Total Equity Before Minority Shares	Minority Shares	Total Equity	
I	Current Period – 01.01-31.12.2008																				
	Prior period balance – 31.12.2007		755,000	926	1,736	-	20,235	-	(66)	-	-	130,286	2,214	-	-	-	-	910,331	-	910,331	
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	3,668	-	-	-	-	3,668	-	3,668	
IV.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase		345,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	345,000	-	345,000	
12.1	Cash		345,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	345,000	-	345,000	
12.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share premium		-	-	422	-	-	-	-	-	-	-	-	-	-	-	-	422	-	422	
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Period net income/(loss)		-	-	-	-	-	-	-	164,198	-	-	-	-	-	-	-	164,198	-	164,198	
XVIII.	Profit distribution		-	-	-	-	6,515	-	123,771	-	-	(130,286)	-	-	-	-	-	-	-	-	
18.1	Dividends distributed		-	-	-	-	6,515	-	123,771	-	-	(130,286)	-	-	-	-	-	-	-	-	
18.2	Transfers to reserves		-	-	-	-	6,515	-	123,771	-	-	(130,286)	-	-	-	-	-	-	-	-	
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Closing Balance 31.12.2008																				
	(I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII)		1,100,000	926	2,158	-	26,750	-	123,705	-	164,198	-	5,882	-	-	-	-	1,423,619	-	1,423,619	

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF CASH FLOWS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007

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

VI. STATEMENT OF CASH FLOWS

	Note Ref	Audited Current Period 01.01-31.12.2008	Audited Prior Period 01.01-31.12.2007
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		567,530	610,238
1.1.1 Interest received		1,686,514	1,402,825
1.1.2 Interest paid		(1,178,831)	(697,981)
1.1.3 Dividend received		19,248	14,756
1.1.4 Fees and commissions received		300,207	160,962
1.1.5 Other income		801,805	156,045
1.1.6 Collections from previously written off loans		137,962	41,790
1.1.7 Payments to personnel and service suppliers		(350,471)	(241,012)
1.1.8 Taxes paid		(22,142)	(61,544)
1.1.9 Others	(1)	(826,762)	(165,603)
1.2 Changes in operating assets and liabilities		795,172	448,105
1.2.1 Net (increase) decrease in financial assets held for trading		183,724	(104,859)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(153)	(4,961)
1.2.4 Net (increase) decrease in loans		(1,530,258)	(1,932,752)
1.2.5 Net (increase) decrease in other assets		(62,979)	(295,315)
1.2.6 Net increase (decrease) in bank deposits		(898,425)	463,973
1.2.7 Net increase (decrease) in other deposits		2,350,781	1,322,591
1.2.8 Net increase (decrease) in funds borrowed		788,094	679,631
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	(35,612)	319,797
I. Net cash provided from banking operations		1,362,702	1,058,343
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(1,174,467)	(124,223)
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		(66,544)	(28,566)
2.4 Fixed assets sales		5,462	516
2.5 Cash paid for purchase of financial assets available for sale		(1,153,156)	(826,980)
2.6 Cash obtained from sale of financial assets available for sale		48,474	772,689
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Others	(1)	(8,703)	(41,882)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		332,439	279,370
3.1 Cash obtained from funds borrowed and securities issued		-	83,915
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		345,422	210,144
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(12,983)	(14,689)
3.6 Other	(1)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	428,402	(219,436)
V. Net increase / (decrease) in cash and cash equivalents		949,076	994,054
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		3,061,796	2,112,720

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
PROFIT DISTRIBUTION TABLES FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007

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

VII. PROFIT DISTRIBUTION TABLE

	(*)Audited Current Period 31.12.2008	Audited Prior Period 31.12.2007
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	197,264	165,987
1.2 TAXES AND DUTIES PAYABLE (-)	33,066	35,701
1.2.1 Corporate tax (Income tax)	33,066	35,701
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
A. NET INCOME FOR THE YEAR (1.1-1.2)	164,198	130,286
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	6,515
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	-	123,771
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	88,961
1.13 OTHER RESERVES	-	34,810
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	-	0.22
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	22.46
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

(*) Board of Directors did not resolve a decision regarding profit distribution as of the issue date of this report.

The accompanying notes are an integral part of these financial statement

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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 Communiqué 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. Certain reclassifications 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 37% 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, risk bearing short positions of currency, interest or price movements are 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.

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

The Bank's hedging activities from the currency risk due to foreign currency available-for-sale equity instruments are described 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 described 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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

III. Explanations on Forward and Option Contracts and Derivative Instruments

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

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

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.

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

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

While the Bank recognizes the fair value changes of the hedged items in the "trading income/loss" account, it recognizes the accrued interest of the related loans for the period prior to the balance sheet date in the "interest income" account. Additionally, the difference between the fair value and carrying value of the hedged items at the application date of hedge accounting is amortized based on their maturities and recognized in the "trading income/loss" account.

On the other hand, the fair value changes of the hedging instruments between the application date of hedge accounting and balance sheet date are reflected in the "trading income/loss" account and the accrued interest for the period prior to the balance sheet date is recognized in the "other interest expense" account.

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 YEAR ENDED DECEMBER 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 YEAR ENDED DECEMBER 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" rule.

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

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

Loans and Provisions for Impairment

Loans are 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.

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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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)

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 which was amended with the communiqué published in the Official Gazette No. 27119 dated January 23, 2009. These provisions are reflected in the income statement under “Provision and Impairment Expenses - Special Provision Expense”. The collections made regarding these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables.

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

Releases of loan loss provisions are 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 at 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 at 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 at 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 YEAR ENDED DECEMBER 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 December 31, 2008, the Bank does not have any reverse repo transactions (2007 - None).

As of December 31, 2008, the Bank does not have any marketable securities lending transaction (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 amortization 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 YEAR ENDED DECEMBER 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 amortization rate and amortization 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 its real estates. Provision for impairment loss amounting to TRY 1,544 is booked for real estates held for resale as per the appraisals performed as of December 31, 2008 (2007 – None).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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, depreciation expense is recorded for the depreciable leased assets in each period. The depreciation rate is determined in accordance with TAS No:16 "Accounting Standard for Tangible Fixed Assets" by taking the useful lives into account.

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

The Bank does not have any leasing transactions as lessor.

XIV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation, 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 December 31, 2008 is TRY 13,133 (2007 - TRY 10,588).

Defined Contribution Plans

Based on the resolution passed in the General Assembly of Foundation of TEB Employees ("TEB'liler Vakfi") dated September 10, 2007, the process to liquidate TEB'liler Vakfi has started. The liquidation process has ended on February 19, 2008 with 2007/54 verdict of the Turkish Court (T.C Beyoğlu 2nd Regional Court). The verdict has been published in the Official Gazette dated April 3, 2008 with No: 26836. The Bank pays contributions to Social Security Funds on a mandatory basis. There are no other liabilities related to employee benefits to be provisioned.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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, announced in the Official Gazette dated June 21, 2006, the corporate tax rate is 20%.

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

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

Tax provision related with items that are credited or charged directly to equity are charged or credited to equity. As at December 31, 2008 TRY 1,280 (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 December 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 30,429 (2007 – TRY 34,810 deferred tax benefit) is stated under the tax provision in the income statement. The deferred tax of TRY 1,280 (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 YEAR ENDED DECEMBER 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.

At the meeting held on September 2, 2008, the Board of Directors decided to increase the paid-in capital of the Bank to TRY 1,100,000 by injecting TRY 345,000 cash from the shareholders within the registered capital ceiling, and in exchange distribute shares as per their proportionate shareholding. The increase was registered with Istanbul Trade Registry Office on October 6, 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	78,039	492,130	134,018	704,187
Net fees and commissions income and other operating income	76,516	170,724	27,611	274,851
Trading profit / loss	(14,034)	19,264	23,687	28,917
Dividend income	-	-	19,248	19,248
Impairment provision for loans and other receivables (-)	11,690	76,382	40,852	128,924
Other operating expenses (-)	101,654	226,532	372,829	701,015
Profit before tax	27,177	379,204	(209,117)	197,264
Taxation	-	-	(33,066)	(33,066)
Net profit for the period	27,177	379,204	(242,183)	164,198

Prior Period	Retail	Corporate	Other	Total
Net interest income	54,965	356,227	147,858	559,050
Net fees and commissions income and other operating income	37,097	109,022	16,358	162,477
Trading profit / loss	1,525	19,179	(62,166)	(41,462)
Dividend income	-	-	14,756	14,756
Impairment provision for loans and other receivables (-)	9,515	58,154	584	68,253
Other operating expenses (-)	69,443	153,632	237,506	460,581
Profit before tax	14,629	272,642	(121,284)	165,987
Taxation	-	-	(35,701)	(35,701)
Net profit for the period	14,629	272,642	(156,985)	130,286

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

XXII. Explanations on Other Matters:

In accordance with Law No: 5083 “Monetary Unit of the Turkish Republic” (Law No: 5083), the name of the Turkish Republic’s monetary unit and its sub-currency unit is changed to the New Turkish Lira and the New Turkish Cent, respectively. However, in accordance with the additional resolution of the Council of Ministers in regards to the order on the Removal of the phrase “New” in the New Turkish Lira and the New Turkish Cent and Its Application Principles, the phrase “New” used in the Turkish Republic’s monetary unit is removed both from New Turkish Lira and the New Turkish Cent as of January 1, 2009.

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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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. As of December 31, 2008, the Bank's unconsolidated capital adequacy ratio in accordance with the related communiqué is 17.65% (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 YEAR ENDED DECEMBER 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	269,003	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	1,527,735	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	486,036	-	25,869	-	-
Interbank Money Market Placements	756,307	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	289,095	-	-	-	-	-	-
Loans	235,250	-	64,440	2,142,211	5,656,115	14,340	117
Non-performing loans (Net)	-	-	-	-	95,433	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1,144,693	-	-	-	2,713	-	-
Held to Maturity Investments	763,520	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	-	-	-
Sundry Debtors	-	-	152,362	-	1,848	-	-
Interest and Income Accruals	61,996	-	1,249	26,637	273,263	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	-	-	-	-	153,921	-	-
Tangible Assets	-	-	-	-	167,123	-	-
Other Assets	138,143	-	15,851	-	2,713	-	-
Off-Balance Sheet Items							
Guarantees and Commitments	47,320	-	126,441	-	1,998,362	-	-
Derivative Financial Instruments	-	-	127,577	-	31,735	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
Total Value at Risk	5,233,062	-	973,956	2,168,848	8,409,095	14,340	117
Total Risk Weighted Assets	-	-	194,791	1,084,424	8,409,095	21,510	234

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	9,710,054	7,507,543
Amount Subject to Market Risk (ASMR)	282,863	218,488
Amount Subject to Operational Risk (ASOR) (*)	896,330	621,911
Shareholders' Equity	1,922,486	1,242,316
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	17.65	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 YEAR ENDED DECEMBER 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	1,100,000	755,000
Nominal capital	1,100,000	755,000
Capital commitments (-)	-	-
Paid-in capital indexation difference	926	926
Share premium	2,158	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	164,198	130,286
Current period net profit	164,198	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	152,180	115,927
Losses that cannot be covered by reserves (-)	-	-
Net current period loss	-	-
Prior years' losses	-	-
Leasehold improvements (-)	-	60,210
Prepaid expenses (-)	31,139	22,504
Intangible assets (-)	9,857	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	1,569,917	1,024,044
SUPPLEMENTARY CAPITAL		
General loan loss reserves	74,698	53,365
45% of the revaluation reserve for movable fixed assets	-	-
45% of the of revaluation reserve for properties	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-
Secondary subordinated loans	316,220	253,276
45% of Marketable securities value increase fund	2,647	996
Associates and subsidiaries	-	-
Available for sale securities	2,647	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	393,565	307,637
TIER III CAPITAL		
CAPITAL	1,963,482	1,331,681
DEDUCTIONS FROM THE CAPITAL	40,996	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	1,922,486	1,242,316

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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 acquirements 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 December 31, 2008, the receivables of the Bank from its top 100 cash loan customers amount to TRY 1,407,512 (2007 – TRY 996,921) with a share of 16.74% in the total cash loans (2007 – 14.63%).

As of December 31, 2008, the receivables of the Bank from its top 100 non-cash loan customers amount to TRY 1,231,677 (2007 – TRY 996,902) with a share of 37.13% in the total non-cash loans (2007 – 32.69%).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

II. Explanations Related to Credit Risk (continued)

As of December 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 17.40%. (2007 – 15.01%).

As of December 31, 2008, the general loan loss provision related with the credit risk taken by the Bank is TRY 74,698 (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	8,466,358	6,751,422	38,419	113,005	2,005,641	1,779,613	666,220	487,040
Private Sector	6,796,161	5,522,082	36,978	100,793	-	-	92,667	90,954
Public Sector	15,618	-	316	360	2,004,078	1,779,550	-	-
Banks	-	-	1,125	11,852	-	-	573,553	396,086
Retail	1,654,579	1,229,340	-	-	-	-	-	-
Share Certificates	-	-	-	-	1,563	63	-	-
Information according to geographical concentration	8,466,358	6,751,422	38,419	113,005	2,005,641	1,779,613	666,220	487,040
Domestic	8,359,509	6,696,702	37,487	108,674	2,004,155	1,779,613	343,630	102,537
European Union Countries	17,208	34,491	-	-	-	-	245,010	289,313
OECD Countries***	148	167	-	-	-	-	6,393	2,382
Off-shore Banking Regions	36,834	5,923	932	4,331	-	-	25,628	6,972
USA, Canada	68	-	-	-	1,486	-	45,124	85,273
Other Countries	52,591	14,139	-	-	-	-	435	563
Total	8,466,358	6,751,422	38,419	113,005	2,005,641	1,779,613	666,220	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 YEAR ENDED DECEMBER 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	14,048,768	9,955,237	3,257,507	-	164,198
European Union Countries	336,301	2,070,691	11,844	-	-
OECD Countries (*)	8,989	57,882	-	-	-
Off-shore Banking Regions	77,541	403,397	10,892	-	-
USA, Canada	57,509	456,325	-	-	-
Other Countries	53,026	368,904	37,147	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	153,921	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	14,582,134	13,312,436	3,317,390	153,921	164,198
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 YEAR ENDED DECEMBER 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	213,242	3.42	77,185	3.54	165,039	3.20	46,233	2.78
Farming and Raising Livestock	178,035	2.86	54,344	2.49	135,781	2.63	40,424	2.44
Forestry, Wood and Paper	23,897	0.38	16,568	0.76	19,671	0.38	2,910	0.17
Fishery	11,310	0.18	6,273	0.29	9,587	0.19	2,899	0.17
Manufacturing	2,448,699	39.30	1,789,232	82.14	2,229,887	43.27	1,324,925	79.66
Mining and Quarry	167,203	2.68	93,152	4.28	142,312	2.76	60,916	3.66
Production	2,265,710	36.37	1,676,297	76.95	2,077,818	40.32	1,264,009	76.00
Electricity, Gas and Water	15,786	0.25	19,783	0.91	9,757	0.19	-	-
Construction	375,065	6.02	38,098	1.75	341,769	6.63	51,734	3.11
Services	1,153,734	18.52	230,472	10.58	1,067,189	20.72	228,802	13.76
Wholesale and Retail Trade	416,998	6.70	67,980	3.12	422,489	8.20	66,330	3.99
Hotel, Tourism, Food and Beverage Services	89,833	1.45	40,390	1.85	92,275	1.79	47,356	2.85
Transportation and Communication	265,089	4.25	55,815	2.56	213,924	4.15	42,126	2.53
Financial Institutions	103,940	1.67	39,988	1.84	134,974	2.62	60,176	3.62
Real Estate and Renting Services	109,954	1.76	12,656	0.58	80,508	1.56	7,825	0.47
Self-Employment Services	90,533	1.45	1,697	0.08	61,625	1.20	1,371	0.08
Education Services	9,931	0.16	-	-	8,626	0.17	-	-
Health and Social Services	67,456	1.08	11,946	0.55	52,768	1.03	3,618	0.22
Other	2,040,268	32.74	43,349	1.99	1,349,064	26.18	11,484	0.69
Total	6,231,008	100.00	2,178,336	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	1,830,494	1,748,141
Due from banks	512,299	334,832
Other money markets	756,686	190,083
Trading financial assets	12,422	185,658
Derivative financial instruments	78,220	44,622
Derivative financial instruments for hedging purposes	102,181	-
Financial assets available-for-sale	1,195,448	1,593,955
Held-to-maturity investments	797,771	-
Loans	8,504,777	6,864,427
Total	13,790,298	10,961,718
Contingent liabilities	3,317,390	3,049,987
Commitments	2,364,564	3,909,341
Total	5,681,954	6,959,328
Total credit risk exposure	19,472,252	17,921,046

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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 December 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	3,927,239	14,870	3,942,109
Small business lending	2,793,419	67,786	2,861,205
Consumer lending	1,167,373	24,603	1,191,976
Credit cards	446,988	62,499	509,487
Other	-	-	-
Total	8,335,019	169,758	8,504,777

Prior Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and advances to customers			
Corporate lending	3,156,321	35,434	3,191,755
Small business lending	2,398,793	17,742	2,416,535
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	3,222	1,319
Small business lending	-	-
Consumer lending	-	-
Other	-	-
Total	3,222	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 December 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 YEAR ENDED DECEMBER 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 (summarized below) is taken into consideration. Beside the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are historic simulation, Monte Carlo simulation and parametric method, 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	14,093
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	155
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	6,432
(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	1,949
(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)	22,629
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	282,863

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	10,661	14,062	7,804	12,895	15,572	9,088
Common Stock Risk	186	186	186	-	-	-
Currency Risk	10,446	19,348	5,050	2,189	7,860	551
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	2,794	6,719	931	635	1,396	28
Total Value Subject to Risk	298,959	406,488	237,225	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 YEAR ENDED DECEMBER 31, 2008

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

IV. Explanations Related to Operational Risk

- a) Operational risk has been calculated using the Basic Indicator Approach. Market risk measurements are performed monthly.
- b) The Bank does not use the Standard Approach.

V. 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 December 31, 2008, the Bank's net long position is TRY 62,957 (2007 - TRY 99,295 net long) resulting from long position on the balance sheet amounting to TRY 480,641 (2007 - TRY 680,553 short) and short position on the off-balance sheet amounting to TRY 417,684 (2007 - TRY 779,848 long).

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

	24.12.2008	25.12.2008	26.12.2008	29.12.2008	30.12.2008	31.12.2008
USD	1.5112	1.5074	1.4971	1.5065	1.5123	1.5218
CHF	1.3999	1.4005	1.3906	1.4331	1.4300	1.4309
GBP	2.2261	2.2200	2.2060	2.2086	2.1924	2.2105
JPY	1.6685	1.6640	1.6525	1.6648	1.6732	1.6812
EURO	2.1151	2.1119	2.1070	2.1518	2.1408	2.1332

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

	Monthly Average Foreign Exchange Rate
USD	1.5390
CHF	1.3501
GBP	2.2835
JPY	1.6907
EURO	2.0752

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

V. 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.	626,212	912,951	118	24,146	1,563,427
Banks	123,638	351,079	2,984	9,925	487,626
Financial Assets at Fair Value Through Profit and Loss (*****)	776	1,689	-	-	2,465
Money Market Placements	-	56,394	-	-	56,394
Available-For-Sale Financial Assets	86,422	41,776	-	-	128,198
Loans (**)	951,345	1,814,809	37,004	277,910	3,081,068
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	61,254	-	-	-	61,254
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	2,214	-	-	2,214
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets (***)	607	53,056	95	5	53,763
Total Assets	1,850,254	3,233,968	40,201	311,986	5,436,409
Liabilities					
Bank Deposits	20,543	39,291	1,673	27,434	88,941
Foreign Currency Deposits (*)	1,094,574	2,410,425	2,800	103,017	3,610,816
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	708,200	531,954	-	6,541	1,246,695
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	1,246	2,577	34	782	4,639
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	1,101	3,474	-	102	4,677
Total Liabilities	1,825,664	2,987,721	4,507	137,876	4,955,768
Net Balance Sheet Position	24,590	246,247	35,694	174,110	480,641
Net Off-Balance Sheet Position	61,583	(271,000)	(34,855)	(173,412)	(417,684)
Financial Derivative Assets (****)	771,432	1,635,100	5,579	129,474	2,541,585
Financial Derivative Liabilities (****)	709,849	1,906,100	40,434	302,886	2,959,269
Non-Cash Loans (*****)	743,980	1,174,936	4,922	44,782	1,968,620
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 14,791 (2007 - TRY 4,718) are included in the foreign currency deposits.

(**) Foreign currency indexed loans amounting to TRY 902,732 (2007 - TRY 676,146) are included in the loan portfolio.

(***) TRY 200 (2007 - TRY 226) prepaid expenses is deducted from other assets, and TRY 78,270 (2007 - TRY 3,254) expense accruals from derivative financial instruments, and TRY 17,771 (2007 - TRY 13,553) provision for general loan losses are deducted from other liabilities.

(****) Forward asset and marketable securities purchase-sale commitments of TRY 91,180 (2007 - TRY 236,642) are added to derivative financial assets and TRY 90,933 (2007 - TRY 236,905) has been added to derivative financial liabilities.

(*****) TRY 39,059 (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 YEAR ENDED DECEMBER 31, 2008

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

V. 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 in the case of short position and a decrease in the case of long position where the TRY strengthens against USD and EUR.

	Change in currency rate in %	Effect on profit or loss		Effect on equity (*)	
		December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
		USD	10 increase	(2,475)	4,240
USD	10 decrease	2,475	(4,240)	(80)	(57)
EUR	10 increase	8,617	3,844	159	-
EUR	10 decrease	(8,617)	(3,844)	(159)	-

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

VI. 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	1,400,326	-	-	-	-	699,171	2,099,497
Banks	246,701	1,021	3,372	-	-	261,205	512,299
Financial Assets at Fair Value Through Profit and Loss	36	757	10,885	1,609	362	76,993	90,642
Money Market Placements	756,686	-	-	-	-	-	756,686
Available-For-Sale Financial Assets	259,565	56,891	311,618	526,687	39,124	1,563	1,195,448
Loans	4,256,062	595,093	1,438,428	1,864,256	255,505	-	8,409,344
Held-To-Maturity Investments	-	623,972	-	173,799	-	-	797,771
Other Assets	3,163	5,993	1,131	91,843	51	772,187	874,368
Total Assets	6,922,539	1,283,727	1,765,434	2,658,194	295,042	1,811,119	14,736,055
Liabilities							
Bank Deposits	206,239	379	2,122	-	-	49,472	258,212
Other Deposits	6,767,445	707,072	187,299	-	-	1,351,719	9,013,535
Money Market Borrowings	201,744	-	-	-	-	-	201,744
Sundry Creditors	-	-	-	-	-	243,404	243,404
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	471,838	1,446,312	690,585	7,853	323,070	-	2,939,658
Other Liabilities	8,359	3,955	7,062	39,911	14,625	2,005,590	2,079,502
Total Liabilities	7,655,625	2,157,718	887,068	47,764	337,695	3,650,185	14,736,055
Balance Sheet Long Position	-	-	878,366	2,610,430	-	-	3,488,796
Balance Sheet Short Position	(733,086)	(873,991)	-	-	(42,653)	(1,839,066)	(3,488,796)
Off-Balance Sheet Long Position	45,654	45,654	108,055	403,649	44,132	-	647,144
Off-Balance Sheet Short Position	(43,013)	(40,020)	(113,057)	(372,717)	(46,780)	-	(615,587)
Total Position	(730,445)	(868,357)	873,364	2,641,362	(45,301)	(1,839,066)	31,557

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

VI. 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 167,123; intangible assets amounting to TRY 9,857, subsidiaries amounting to TRY 153,921 and the other liabilities line includes the shareholders' equity of TRY 1,423,619.

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	1.68	0.98	-	11.90
Banks	3.79	1.93	-	16.95
Financial Assets At Fair Value Through Profit And Loss	6.79	8.37	-	16.16
Money Market Placements	-	3.38	-	16.14
Available-For-Sale Financial Assets	6.15	7.74	-	16.99
Loans	9.48	7.57	5.16	25.50
Held-To-Maturity Investments	-	-	-	18.98
Liabilities				
Bank Deposits	4.15	2.97	-	14.69
Other Deposits	4.35	4.00	0.33	16.05
Money Market Borrowings	-	-	-	15.05
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	5.34	5.08	-	17.56

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

VI. 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 YEAR ENDED DECEMBER 31, 2008

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

VI. 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
Held-To-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 increased by 0.5% in TRY and FC and all other variables were held constant, the Bank's:

- Profit for the year would have changed by TRY 6,743 (2007 – TRY 5,752).

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

VII. 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	31	28
Highest	42	34
Lowest	25	20

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

VII. 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	699,171	1,400,326	-	-	-	-	-	2,099,497
Banks	261,205	246,701	1,021	3,372	-	-	-	512,299
Financial Assets at Fair Value Through Profit and Loss	-	7,848	7,747	69,425	5,224	398	-	90,642
Money Market Placements	-	756,686	-	-	-	-	-	756,686
Available-For-Sale Financial Assets	-	-	393	213,372	934,925	45,195	1,563	1,195,448
Loans	-	4,256,062	595,093	1,438,428	1,864,256	255,505	-	8,409,344
Held-To-Maturity Investments	-	-	-	-	797,771	-	-	797,771
Other Assets	-	293,517	16,703	1,131	91,843	13,023	458,151	874,368
Total Assets	960,376	6,961,140	620,957	1,725,728	3,694,019	314,121	459,714	14,736,055
Liabilities								
Bank Deposits	49,472	206,239	379	2,122	-	-	-	258,212
Other Deposits	1,351,719	6,767,445	707,072	187,299	-	-	-	9,013,535
Funds Provided From Other Financial Institutions	-	171,090	1,408,757	654,857	123,703	581,251	-	2,939,658
Money Market Borrowings	-	201,744	-	-	-	-	-	201,744
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	243,404	-	-	-	-	-	-	243,404
Other Liabilities	-	371,115	12,226	78,595	43,344	14,625	1,559,597	2,079,502
Total Liabilities	1,644,595	7,717,633	2,128,434	922,873	167,047	595,876	1,559,597	14,736,055
Liquidity Gap	(684,219)	(756,493)	(1,507,477)	802,855	3,526,972	(281,755)	(1,099,883)	-
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 YEAR ENDED DECEMBER 31, 2008

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

VII. 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 December 31, 2008								
Money market borrowings	-	201,883	34	-	-	-	(173)	201,744
Other deposits	1,351,719	6,807,850	718,736	203,620	-	-	(68,390)	9,013,535
Bank deposits	49,472	206,631	381	2,406	-	-	(678)	258,212
Funds provided from other financial institutions	-	182,004	1,452,052	730,758	273,020	686,968	(385,144)	2,939,658
Total	1,401,191	7,398,368	2,171,203	936,784	273,020	686,968	(454,385)	12,413,149
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 December 31, 2008						
Derivative financial instruments for hedging purposes						
Fair value hedge		58,725	46,293	84,839	342,734	69,947
						602,538
Held for trading transactions						
Foreign exchange forward contracts		241,808	209,382	886,245	32,157	-
Currency swaps		972,421	15,026	209,363	57,490	-
Interest rate swaps		200	373	995	910	-
Total		1,273,154	271,074	1,181,471	433,291	69,947
						3,228,937
As of December 31, 2007						
Derivative financial instruments for hedging purposes						
Fair value hedge		-	-	-	-	-
Held for trading transactions						
Foreign exchange forward contracts		277,587	213,378	464,437	1,351	-
Currency swaps		37,269	45,284	804,041	365,311	77,665
Interest rate swaps		211	787	2,352	4,813	-
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 YEAR ENDED DECEMBER 31, 2008

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

VIII. Explanations Related To Presentation of Financial Assets and Liabilities at Fair Value

The table below shows the book value and the fair value of the financial assets and liabilities which are not disclosed at their fair value in the financial statements of the Bank.

Current period investment securities are comprised of interest-bearing assets held-to-maturity and interest-bearing assets available-for-sale. The fair value of the held to maturity assets is determined by market prices or quoted market prices of other marketable securities which are subject to redemption with same characteristics in terms of interest, maturity and other similar conditions when market prices cannot be determined.

The book value of demand deposits, money market placements with floating interest rate and overnight deposits represents their fair values due to their short-term nature. The estimated fair value of deposits and funds provided from other financial institutions with fixed interest rate is calculated by determining their cash flows discounted by the current interest rates used for other liabilities with similar characteristics and maturity structure. The fair value of loans is calculated by determining the cash flows discounted by the current interest rates used for receivables with similar characteristics and maturity structure. The book value of the sundry creditors reflect their fair values since they are short-term.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	11,766,981	8,983,297	11,996,616	8,788,091
Money Market Placements	756,686	190,083	756,686	190,083
Banks	512,299	334,832	512,299	334,832
Available-For-Sale Financial Assets	1,195,448	1,593,955	1,195,448	1,593,955
Held-To-Maturity Investments	797,771	-	806,518	-
Loans	8,504,777	6,864,427	8,725,665	6,669,221
Financial Liabilities	12,656,553	10,149,553	12,658,051	10,141,151
Bank Deposits	258,212	457,762	258,229	457,780
Other Deposits	9,013,535	6,625,210	9,015,016	6,616,790
Funds Borrowed From Other Financial Institutions (*)	3,141,402	2,894,689	3,141,402	2,894,689
Marketable Securities Issued	-	-	-	-
Sundry Creditors	243,404	171,892	243,404	171,892

(*) Funds provided under repo transactions and interbank money market takings are included in funds borrowed from other financial institutions.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

VIII. Explanations Related To Presentation of Financial Assets and Liabilities by Fair Value (continued)

The methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

- i- For the fair value calculation of loans, the prevailing interest rates as of the balance sheet date were used.
- ii- For the fair value calculation of deposits, the prevailing interest rates as of the balance sheet date were used.
- iii- For the fair value calculation of held-to-maturity investments, quoted prices as of the balance sheet date were used.

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is recorded on quoted market prices, those involving valuation techniques where all model inputs are observable in the market and, those where the valuation techniques involves the use of non observable inputs.

Current Period	Quoted	Valuation techniques – market observable	Valuation techniques – non market observable	Fair value not available
Financial Assets				
Money Market Placements	-	756,686	-	-
Banks	-	512,299	-	-
Available-for-sale financial assets	1,195,448	-	-	-
Held-to-maturity investments	806,518	-	-	-
Loans	-	8,725,665	-	-
Financial Liabilities				
Bank deposits	-	258,229	-	-
Other deposits	-	9,015,016	-	-
Funds borrowed from other financial institutions(*)	-	3,141,402	-	-
Marketable securities issued	-	-	-	-
Sundry creditors	-	243,404	-	-
Prior Period				
Financial Assets				
Money Market Placements	-	190,083	-	-
Banks	-	334,832	-	-
Available-for-sale financial assets	1,593,955	-	-	-
Held-to-maturity investments	-	-	-	-
Loans	-	6,669,221	-	-
Financial Liabilities				
Bank deposits	-	457,780	-	-
Other deposits	-	6,616,790	-	-
Funds borrowed from other financial institutions(*)	-	2,894,689	-	-
Marketable securities issued	-	-	-	-
Sundry creditors	-	171,892	-	-

(*) Funds provided under repo transactions and interbank money market takings are included in funds borrowed from other financial institutions.

IX. Explanations Related to Transactions Carried out on Behalf of Other Parties and Fiduciary Assets

The Bank performs trading transactions on behalf of customers, and gives custody, administration and consultancy services.

The Bank does not deal with fiduciary transactions.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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	88,514	163,252	93,302	97,781
Balances with the Central Bank of Turkey	447,556	1,382,938	482,152	1,265,989
Other	-	17,237	-	2,450
Total	536,070	1,563,427	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 (*)	447,556	284,864	482,152	336,907
Unrestricted time deposit	-	1,098,074	-	929,082
Restricted time deposit	-	-	-	-
Total	447,556	1,382,938	482,152	1,265,989

(*) TRY 284,864 (2007 – TRY 336,907) foreign currency and TRY 17,389 (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 12.00% for TRY deposits and 0.15% - 1.18% for foreign currency deposits (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 (2007 – None).

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

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 12,422 (2007 – TRY 185,658).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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	21,559	37,831	34,392	2,751
Swap Transactions	7,067	2,454	2,569	2,568
Futures Transactions	-	-	-	-
Options	9,309	-	2,302	40
Other	-	-	-	-
Total	37,935	40,285	39,263	5,359

3.a) Information on banks :

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	4,405	246,558	11,581	2
Foreign	20,268	241,068	883	322,366
Branches and head office abroad	-	-	-	-
Total	24,673	487,626	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	40,474	97,784	143,282	130,275
USA and Canada	45,124	85,273	-	-
OECD Countries (*)	6,393	2,382	-	-
Off-shore banking regions	25,628	6,972	-	-
Other	435	563	-	-
Total	118,054	192,974	143,282	130,275

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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	179,500	112,103	40,094	134,762
Other	-	-	-	-
Total	179,500	112,103	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	-	-	993,849	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	-	993,849	-

Net book value of unrestricted financial assets available-for-sale is TRY 903,845 (2007 – TRY 425,250).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	1,198,261	1,601,636
Quoted on a stock exchange	906,658	1,426,780
Not quoted	291,603	174,856
Share certificates	1,563	63
Quoted on a stock exchange	1,486	-
Not quoted	77	63
Impairment provision(-)	(4,376)	(7,744)
Total	1,195,448	1,593,955

All unquoted available for sale share certificates are recorded at fair value except for the Bank's investment of TRY 77 which is recorded at cost since its fair value cannot be reliably estimated. (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 Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	953	14,059	20,862	25,144
Corporate shareholders	953	14,059	20,862	25,144
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	6,887	-	4,095	-
Total	7,840	14,059	24,957	25,144

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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	7,681,784	-	724,338	3,222
Discount notes	91,041	-	1,726	-
Export loans	1,256,354	-	36,207	-
Import loans	-	-	-	-
Loans given to financial sector	37,175	-	119	-
Foreign loans	58,066	-	-	-
Consumer loans	1,001,484	-	175,957	-
Credit cards	446,988	-	38,743	-
Precious metal loans	240,057	-	8,715	-
Other	4,550,619	-	462,871	3,222
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	7,681,784	-	724,338	3,222

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

- 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	5,351,511	-	318,561	3,222
Non-specialized loans	5,351,511	-	318,561	3,222
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans and other receivables	2,330,273	-	405,777	-
Non-specialized loans	2,330,273	-	405,777	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	7,681,784	-	724,338	3,222

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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	39,421	965,004	1,004,425
Housing Loans	1,382	478,922	480,304
Car Loans	3,921	131,821	135,742
General Purpose Loans	34,118	354,261	388,379
Other	-	-	-
Consumer Loans –Indexed to FC	3,805	102,290	106,095
Housing Loans	259	61,200	61,459
Car Loans	804	33,049	33,853
General Purpose Loans	2,735	6,666	9,401
Other	7	1,375	1,382
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	474,277	-	474,277
With Installments	116,497	-	116,497
Without Installments	357,780	-	357,780
Individual Credit Cards-FC	2,761	-	2,761
With Installments	-	-	-
Without Installments	2,761	-	2,761
Personnel Loans-TRY	1,657	4,303	5,960
Housing Loans	-	38	38
Car Loans	-	27	27
General Purpose Loans	1,657	4,238	5,895
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	99	-	99
With Installments	15	-	15
Without Installments	84	-	84
Personnel Credit Cards-FC	1	-	1
With Installments	-	-	-
Without Installments	1	-	1
Overdraft Accounts-TRY(Real Persons) (*)	60,098	-	60,098
Overdraft Accounts-FC(Real Persons)	863	-	863
Total	582,982	1,071,597	1,654,579

(*) Overdraft accounts include personnel loans amounting to TRY 827.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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	75,176	729,670	804,846
Business Loans	169	36,542	36,711
Car Loans	7,451	198,648	206,099
General Purpose Loans	67,556	494,323	561,879
Other	-	157	157
Commercial loans with installment facility - Indexed to FC	28,359	171,547	199,906
Business Loans	2,570	3,666	6,236
Car Loans	5,367	91,480	96,847
General Purpose Loans	20,422	75,355	95,777
Other	-	1,046	1,046
Commercial loans with installment facility –FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TRY	8,274	-	8,274
With Installments	-	-	-
Without Installments	8,274	-	8,274
Corporate Credit Cards-FC	319	-	319
With Installments	-	-	-
Without Installments	319	-	319
Overdraft Accounts-TRY(Legal Entities)	180,481	4,182	184,663
Overdraft Accounts-FC(Legal Entities)	-	-	-
Total	292,609	905,399	1,198,008

f) Loans according to borrowers:

	Current Period	Prior Period
Public	15,934	360
Private	8,393,410	6,815,766
Total	8,409,344	6,816,126

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	8,351,278	6,757,074
Foreign loans	58,066	59,052
Total	8,409,344	6,816,126

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	6,240	370
Indirect loans granted to subsidiaries and associates	-	-
Total	6,240	370

i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	7,166	3,802
Loans and receivables with doubtful collectibility	19,936	12,030
Uncollectible loans and receivables	78,990	57,375
Total	106,092	73,207

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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 (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 (+)	217,266	408	417
Transfers from other categories of non-performing loans (+)	-	169,705	130,656
Transfers to other categories of non-performing loans (-)	169,705	130,656	-
Collections (-) (*)	29,449	23,107	85,406
Write-offs (-)	8	11	93
Corporate and commercial loans	8	11	93
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	40,705	45,887	114,933
Specific provision (-)	7,166	19,936	78,990
Net Balances on Balance Sheet	33,539	25,951	35,943

(*) TRY 76,187 of the non-performing loans portfolio of the Bank with TRY 66,374 provision has been sold to Girişim Varlık Yönetim A.Ş. for TRY 10,850. This balance has been collected as of July 31, 2008 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records.

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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)	40,705	45,887	114,933
Specific Provision (-)	7,166	19,936	78,990
Loans to Real Persons and Legal Entities (Net)	33,539	25,951	35,943
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:

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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	3,927,239	2,793,419	1,167,373	446,988	-	8,335,019
Past due not impaired	3,103	22,411	10,068	38,743	-	74,325
Individually impaired	31,729	96,094	26,643	47,059	-	201,525
Total gross	3,962,071	2,911,924	1,204,084	532,790	-	8,610,869

Less: allowance for individually impaired loans	19,962	50,719	12,108	23,303	-	106,092
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Total allowance for impairment	19,962	50,719	12,108	23,303	-	106,092
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Total net	3,942,109	2,861,205	1,191,976	509,487	-	8,504,777
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Prior Period	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Neither past due nor impaired	3,156,321	2,398,793	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	3,235,987	2,432,674	993,585	275,388	-	6,937,634

Less: allowance for individually impaired loans	44,232	16,139	8,132	4,704	-	73,207
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Total allowance for impairment	44,232	16,139	8,132	4,704	-	73,207
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Total net	3,191,755	2,416,535	985,453	270,684	-	6,864,427
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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	44,232	16,139	8,132	4,704	-	73,207
Charge for the period	18,079	57,236	16,473	27,433	-	119,221
Recoveries	(1,647)	(7,541)	(5,915)	(4,747)	-	(19,850)
Amounts written off (*)	(40,702)	(15,115)	(6,582)	(4,087)	-	(66,486)
At December 31, 2008	19,962	50,719	12,108	23,303	-	106,092

(*) TRY 76,187 of the non-performing loans portfolio of the Bank with TRY 66,374 provision has been sold to Girişim Varlık Yönetim A.Ş. for TRY 10,850. This balance has been collected as of July 31, 2008 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records.

	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	20,698	13,238	6,245	3,998	-	44,179
Recoveries	(635)	(585)	-	-	-	(1,220)
Amounts written off	-	-	-	-	-	-
At December 31, 2007	44,232	16,139	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 December 31, 2008 is TRY 70,356 (2007: TRY 35,438).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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:

December 31, 2008	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Residential, commercial or industrial property	3,953	810	269	-	-	5,032
Financial assets	-	-	-	-	-	-
Other	16	-	-	-	-	16
Total	3,969	810	269	-	-	5,048

December 31, 2007	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Residential, commercial or industrial property	2,980	202	81	-	-	3,263
Financial assets	-	-	-	-	-	-
Other	16	-	-	-	-	16
Total	2,996	202	81	-	-	3,279

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

December 31, 2008	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and advances to customers					
Corporate lending	857	1,523	723	-	3,103
Small business lending	7,270	8,900	6,241	-	22,411
Consumer lending	3,998	4,485	1,585	-	10,068
Credit cards	37,317	1,386	40	-	38,743
Other	-	-	-	-	-
Total	49,442	16,294	8,589	-	74,325

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 past due and not past due loan balances of the customer, that the Bank held as at December 31, 2008 is TRY 517,749 (2007 – TRY 155,536).

Loans and advances amounting to TRY 4,023,941 have floating interest rates (2007 – TRY 2,827,624) and the remaining TRY 4,385,403 have fixed interest rates (2007 – 3,988,502).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share Certificates	-	-	-	-
Bond, Treasury bill and similar securities	178,151	-	-	-
Other	-	-	-	-
Total	178,151	-	-	-

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	206,829	-	-	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	206,829	-	-	-

Net book value of unrestricted financial assets available-for-sale is TRY 412,791 (2007 – None).

b) Movement of held-to-maturity investments:

	Current Period	Prior Period
Beginning balance	-	-
Foreign currency differences on monetary assets	-	-
Purchases during year	797,771	-
Disposals through sales and redemptions	-	-
Impairment provision (-)	-	-
Closing Balance	797,771	-

The Bank transferred a portion of its marketable securities in the Available-For-Sale portfolio with a notional amount of TRY 741,340 to its Held-To-Maturity portfolio due to the change in the intention. The total fair value of these securities equal to TRY 763,520 as of the transfer date. The negative valuation differences amounting to TRY 7,465 under equity realized until the transfer date of these securities will be amortized and transferred to profit/loss till the maturity of these securities. As of the balance sheet date, the negative valuation difference that remains under equity is TRY 6,659.

7. Information on associates (Net):

a.1) Information on the unconsolidated associates: None (2007 - None).

b.1) Information on the consolidated associates: None (2007 - None).

b.2) Valuation of consolidated associates: None (2007 - None).

b.3) Consolidated associates which are quoted on the stock exchange: None (2007 - None).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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 (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.Ş.	Istanbul/Turkey	100.00	-
TEB Faktoring A.Ş.	Istanbul/Turkey	100.00	-
TEB Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	74.94	25.06
TEB Portföy Yönetimi A.Ş.	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)	1,423,058	164,849	8,475	88,612	3,119	13,562	13,478	-
(ii)	647,503	59,481	973	61,422	-	12,168	4,650	-
(ii)	497,234	22,379	635	71,058	-	9,137	7,157	-
(iii)	44,821	39,894	1,296	9,677	226	5,525	14,117	-
(iv)	11,794	10,732	613	1,230	161	3,036	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 and nine months' average rates for profit and loss as of December 31, 2008. The Economy Bank NV has two consolidated subsidiaries named Stichting Effecten Dienstverlening and Kronenburg Vastgoed B.V.
- (ii) Represents financial figures based on BRSA regulations as of December 31, 2008.
- (iii) Represents consolidated financial figures of TEB Yatırım and TEB Portföy based on Capital Markets Board regulations as of December 31, 2008.
- (iv) Represents financial figures based on Capital Markets Board regulations as of December 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 Faktoring A.Ş 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 YEAR ENDED DECEMBER 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.Ş.	40,190	40,190
Factoring Companies	/	TEB Faktoring A.Ş.	24,037	22,324
Other Financial Subsidiaries	/	TEB Yatırım Menkul Değerler A.Ş.	26,382	26,382
		TEB Portföy Yönetimi A.Ş.	2,058	2,058
Total			153,921	152,208

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

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

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

11. Information on derivative financial assets for hedging purposes:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Fair value hedge (*)	99,967	2,214	-	-
Cash flow hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
Total	99,967	2,214	-	-

(*) TRY 45,757 is related to hedged item loans, while TRY 56,424 is related to hedging instrument swaps.

12. Information on tangible assets :

	Opening Balance December 31, 2007				Other	Ending Balance December 31, 2008
	Additions	Disposals				
Cost:						
Land and buildings	9,637	-	-	-	-	9,637
Leased tangible assets	79,807	1,890	(24,116)	-	-	57,581
Vehicles	322	236	(40)	-	-	518
Other	193,942	66,308	(3,933)	-	-	256,317
Total Cost	283,708	68,434	(28,089)	-	-	324,053
	Opening Balance December 31, 2007				Period Charge	Ending Balance December 31, 2008
Accumulated Depreciation:						
Land and buildings	(3,137)	(200)	-	-	-	(3,337)
Leased tangible assets	(34,634)	(6,311)	836	-	-	(40,109)
Vehicles	(136)	(64)	31	-	-	(169)
Other (*)	(81,502)	(32,849)	2,580	(1,544)	(1,544)	(113,315)
Total Accumulated Depreciation	(119,409)	(39,424)	3,447	(1,544)	(1,544)	(156,930)
Net Book Value	164,299	29,010	(24,642)	(1,544)	(1,544)	167,123

(*) "Other" consists of TRY 1,544 impairment loss provision booked for assets to be disposed.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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)

- a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: Provision for impairment loss amounting to TRY 1,544 is booked for real estates to be disposed with respect to appraisals performed as of December 31, 2008 (2007: None).
- b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.
- c) 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 Yatırımlar A.Ş., 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 December 31, 2008
Cost:					
Other intangible assets	21,330	8,703	(872)	-	29,161
Total Cost	21,330	8,703	(872)	-	29,161
	Opening Balance December 31, 2007	Period Charge	Disposals	Other	Ending Balance December 31, 2008
Accumulated Amortization:					
Other intangible assets	(14,648)	(4,898)	242	-	(19,304)
Total Accumulated Amortization	(14,648)	(4,898)	242	-	(19,304)
Net Book Value	6,682	3,805	(630)	-	9,857

- 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 (2007 – None).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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 December 31, 2008, deferred tax asset computed on the temporary differences is TRY 12,973 (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	(30,429)	34,810
Deferred tax (charge)/benefit (Net)	(30,429)	34,810
Deferred tax accounted for under equity	(727)	(3,056)
Deferred Tax Asset	12,973	44,129

16. Information on assets held for sale and discontinued operations: None (2007: None).

17. Information on other assets:

- a) Breakdown of other assets

	Current Period	Prior Period
Clearing Account	113,780	195,113
Collateral Given for Derivative Financial Assets	57,242	8,863
Transaction Cost Related to Financial Liabilities	6,774	5,485
Prepaid Rent Expenses	5,118	3,935
Prepaid Insurance Premiums	132	120
Advances Given	6	250
Other Prepaid Expenses	19,115	12,965
Receivables from Credit Card Payments	96,173	43,356
Temporary EFT Account	15,851	2,617
Other	7,979	5,643
Total	322,170	278,347

- 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 YEAR ENDED DECEMBER 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 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	129,855	-	791,513	2,499,108	20,807	33,839	187	399	3,475,708
Foreign currency deposits	676,896	-	1,699,056	1,080,922	105,211	29,995	3,865	80	3,596,025
Residents in Turkey	628,688	-	1,646,870	1,041,666	98,033	22,288	1,458	80	3,439,083
Residents abroad	48,208	-	52,186	39,256	7,178	7,707	2,407	-	156,942
Public sector deposits	76,405	-	7,143	1,157	-	-	-	-	84,705
Commercial deposits	451,838	-	763,541	344,410	26,154	98,316	-	-	1,684,259
Other institutions deposits	8,648	-	10,938	137,532	75	854	-	-	158,047
Precious metals deposits	8,077	-	3,628	2,237	128	721	-	-	14,791
Interbank deposits	49,472	-	187,625	15,632	3,361	-	2,122	-	258,212
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	3,012	-	-	-	2,122	-	5,134
Foreign Banks	17,507	-	184,613	15,632	3,361	-	-	-	221,113
Special finance houses	31,965	-	-	-	-	-	-	-	31,965
Other	-	-	-	-	-	-	-	-	-
Total	1,401,191	-	3,463,444	4,080,998	155,736	163,725	6,174	479	9,271,747

a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	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	1,263,272	683,211	2,179,589	1,286,305
Foreign currency saving deposits	366,622	367,602	1,587,049	1,175,941
Other deposits in the form of saving deposits	1,496	842	11,571	3,690
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	1,631,390	1,051,655	3,778,209	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 YEAR ENDED DECEMBER 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	58,824		14,249	
Deposits of ultimate shareholders and their close families	177,868		655,656	
Deposits of chairman and members of the Board of Directors and their close families	11,360		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	27,087	36,285	31,987	2,100
Swap Transactions	65,365	4,164	216,513	1,387
Futures Transactions	-	38,655	-	-
Options	5,595	-	2,134	52
Other	-	-	-	187
Total	98,047	79,104	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	64,371	109,173	53,730	95,187
From Foreign Banks, Institutions and Funds	1,628,592	642,467	454,657	998,904
Total	1,692,963	751,640	508,387	1,094,091

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	1,320,054	545,087	450,177	917,988
Medium and long-term	372,909	206,553	58,210	176,103
Total	1,692,963	751,640	508,387	1,094,091

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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 December 31, 2008, the Bank has a syndication loan of EUR 142,000,000 and USD 60,000,000, with a maturity of November 26, 2009, under foreign borrowings obtained on December 4, 2008.

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	201,621	-	904,293	-
Financial institutions and organizations	126,644	-	896,082	-
Other institutions and organizations	69,106	-	424	-
Real persons	5,871	-	7,787	-
From foreign transactions	123	-	38	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	123	-	38	-
Total	201,744	-	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 (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 Yatırımlar A.Ş., 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	99	87	12,547	10,256
Between 1-4 Years	42	30	12,359	7,514
More than 4 Years	-	-	17,095	14,265
Total	141	117	42,001	32,035

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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 December 31, 2008, operational lease expenses amounting to TRY 65,351 (2007 – TRY 45,986) have been recorded in the profit and loss accounts. The lease periods vary between 1 and 10 years and lease agreements are cancelable subject to a certain period of notice.

e) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

6. Information on derivative financial liabilities for hedging purposes:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Fair value hedge (*)	67,611	-	-	-
Cash flow hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
Total	67,611	-	-	-

(*) Comprised of swaps for hedging purposes.

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	52,247	44,713
Provisions for Second Group Loans and Receivables	14,558	-
Provisions for Non-Cash Loans	7,893	6,710
Other	-	1,942
Total	74,698	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 16,269 (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 1,611 (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 December 31, 2008, the Bank provided a reserve of TRY 7,784 (2007 - TRY 7,096) for the unused vacations. This balance is classified under other provisions in the financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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)

d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	10,588	7,033
Service cost	2,361	958
Interest cost	1,125	706
Actuarial gain / (loss)	(149)	2,957
Benefits paid	(792)	(1,066)
Total	13,133	10,588

e) Information on other provisions:

e.1) Provisions for possible losses: None (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	7,784	7,096
Provision for promotion of credit cards and banking services	3,648	2,030
Other (*)	36,715	552
Total	48,147	9,678

(*) Included in other, TRY 20,393 is the current period accrual of provision related to the current period for bonuses to be paid to its personnel, and TRY 14,711 is the provision for possible tax disputes that may occur in the future, as per the principle of prudence.

f) Liabilities on pension rights:

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

f.2) Liabilities resulting from all kinds of pension funds, foundations etc. which provide post retirement benefits for the employees: None (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	17,633	9,825
Property Tax	884	671
Banking Insurance Transaction Tax (BITT)	15,664	10,057
Foreign Exchange Transaction Tax	8	1,008
Value Added Tax Payable	667	453
Other (*)	6,925	4,966
Total	41,781	26,980

(*) Others include income taxes deducted from wages amounting to TRY 5,963 (2007 – TRY 4,264) and stamp taxes payable amounting to TRY 433 (2007 - TRY 437).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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	2,474	1,799
Social Security Premiums-Employer	2,632	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	173	126
Unemployment Insurance-Employer	344	252
Other	-	-
Total	5,623	4,710

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

9. Information on liabilities regarding assets held for sale and discontinued operations: None (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%.

Each of the four 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 YEAR ENDED DECEMBER 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	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	495,055	-	387,880
Total	-	495,055	-	387,880

11. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock	1,100,000	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	1,100,000	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:

At the meeting held on September 2, 2008, the Board of Directors decided to increase the paid-in capital of the Bank to TRY 1,100,000 by injecting TRY 345,000 cash from the shareholders within the registered capital ceiling, and in exchange distribute shares as per their proportionate shareholding. The increase was registered with Istanbul Trade Registry Office on October 6, 2008.

Date of Increase	Amount of Increase	Cash	Profit Reserves	Capital Reserves
September 26, 2008	345,000	345,000	-	-

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.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

II. Explanations Related to the Liabilities (continued)

11. Information on Shareholders' Equity: (continued)

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

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

- g) Information on preferred shares:

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

- h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	8,274	(2,392)	1,640	574
Foreign Exchange Difference	-	-	-	-
Total	8,274	(2,392)	1,640	574

	Current Period	Prior Period
Foreign currency marketable securities value increase fund	(2,392)	574
Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities held to maturity related to the above amount	-	-
Total	(2,392)	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 YEAR ENDED DECEMBER 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.

Due to the time lag between the application date for the capital increase 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 offset 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 YEAR ENDED DECEMBER 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:

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

	Current Period	Prior Period
At January 1	2,214	(10,011)
Net unrealized gains on available for sale investments	(2,820)	20,373
Realized gains on available for sale investments recycled to income statement on disposal	-	-
Realized losses on available for sale investments recycled to income statement on disposal and impairment	7,215	(5,092)
Tax effect of net gains on available for sale investments	(727)	(3,056)
Unrealized gains / (losses) on cash flow hedges	-	-
Gains / (losses) on cash flow hedges recycled to income statement	-	-
Tax effect of gains on cash flow hedges	-	-
At period end	5,882	2,214

12. Information on minority shares: None (2007 – None).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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 759,651 and TRY 821,870; payment commitments for checks are TRY 560,682 and TRY 456,009 as of December 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 December 31, 2008 total guarantees and commitments consist of letters of guarantee amounting to TRY 2,517,674 (2007 - TRY 2,135,589) acceptances amounting to TRY 51,320 (2007 - TRY 64,002) and letters of credit amounting to TRY 530,963 (2007 -TRY 651,342).

b.2) Guarantees, surety ships, and similar transactions: The Bank has other guarantees and surety ships amounting to TRY 217,433 as of December 31, 2008 (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	270,536	210,454
With maturity of 1 year or less than 1 year	66,824	31,780
With maturity of more than 1 year	203,712	178,674
Other non-cash loans	3,046,854	2,839,533
Total	3,317,390	3,049,987

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	19,275	1.43	13,767	0.70	16,138	1.26	12,407	0.70
Farming and raising livestock	15,739	1.16	7,073	0.36	12,882	1.00	12,075	0.68
Forestry	3,046	0.23	6,694	0.34	2,792	0.22	332	0.02
Fishery	490	0.04	-	-	464	0.04	-	-
Manufacturing	702,891	52.11	1,101,905	55.97	667,856	52.01	1,018,205	57.66
Mining	45,075	3.34	26,225	1.33	50,595	3.94	25,615	1.45
Production	639,680	47.43	1,049,346	53.30	600,432	46.76	970,190	54.94
Electric, gas and water	18,136	1.34	26,334	1.34	16,829	1.31	22,400	1.27
Construction	251,617	18.66	299,778	15.23	226,578	17.64	254,189	14.40
Services	358,133	26.55	237,741	12.08	353,838	27.55	224,401	12.71
Wholesale and retail trade	185,268	13.73	83,713	4.26	174,009	13.55	69,435	3.93
Hotel, food and beverage services	7,076	0.52	2,864	0.15	8,543	0.66	5,511	0.31
Transportation and telecommunication	46,903	3.48	73,506	3.73	47,226	3.68	56,208	3.18
Financial institutions	36,919	2.74	33,599	1.71	34,397	2.68	47,319	2.68
Real estate and renting services	25,518	1.89	21,086	1.07	23,356	1.82	28,441	1.61
Self-employment services	31,177	2.31	9,334	0.47	36,704	2.86	10,424	0.60
Education services	614	0.05	572	0.03	1,362	0.10	10	-
Health and social services	24,658	1.83	13,067	0.66	28,241	2.20	7,053	0.40
Other	16,854	1.25	315,429	16.02	19,778	1.54	256,597	14.53
Total	1,348,770	100.00	1,968,620	100.00	1,284,188	100.00	1,765,799	100.00

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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	1,224,028	1,245,226	38,468	9,952
Bank acceptances	-	50,548	-	772
Letters of credit	238	528,639	-	2,086
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	85,193	128,982	843	2,415
Total	1,309,459	1,953,395	39,311	15,225

The Bank provided reserve of TRY 1,611 for non-cash loans not yet indemnified amounting to TRY 9,711.

2. Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I):	6,069,845	4,906,284	-	-
Forward transactions	2,735,646	1,918,415	-	-
Swap transactions	2,437,148	2,039,862	-	-
Futures transactions	208,133	144,668	-	-
Option transactions	688,918	803,339	-	-
Interest related derivative transactions (II) :	102,076	18,334	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	102,076	18,334	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	-	7,988	-	-
Other trading derivative transactions (IV)	594,995	218,483	-	-
A.Total trading derivative transactions (I+II+III+IV)	6,766,916	5,151,089	-	-
Types of hedging transactions				
Fair value hedges	-	-	1,002,465	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	1,002,465	-
Total Derivative Transactions (A+B)	6,766,916	5,151,089	1,002,465	-

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 YEAR ENDED DECEMBER 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 July 1, 2008, the Bank has started to apply fair value hedge accounting in order to avoid the effects of interest rate changes in the market by matching TRY 1,002,465 of its swap portfolio with its loan portfolio.

As of December 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	261,915	224,012	889,289	152,046	162,923	178,007	-	-
USD	555,403	623,661	149,442	974,483	83,155	86,107	208,133	-
EURO	506,633	488,422	125,112	108,260	99,690	79,036	-	-
OTHER	42,103	33,497	85,710	54,882	-	-	-	-
Total	1,366,054	1,369,592	1,249,553	1,289,671	345,768	343,150	208,133	-
Prior Period								
TRY	386,476	455,415	50,725	943,946	216,944	209,769	2	55
USD	328,723	394,389	795,655	107,105	150,313	153,458	144,609	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	956,753	938,741	1,119,455	405,969	405,358	144,611	57

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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 December 31, 2008 there are no contingent assets that need to be explained (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 December 31, 2008 there are no contingent liabilities that need to be explained (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 December 31, 2008 the total number of certificates is 67,512,114 thousand (2007 – 24,174,130 thousand) and the total fair value is TRY 4,771,823 (2007 – TRY 3,062,083).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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 ratings performed by Moody's Investor Services and Fitch Ratings are shown below:

Moody's Investor Services: December 2008

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

Fitch Ratings: June 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 YEAR ENDED DECEMBER 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	961,595	111,006	699,942	75,382
Medium and long term loans	355,976	43,007	247,747	36,023
Interest on non-performing loans	5,348	-	1,732	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	1,322,919	154,013	949,421	111,405

(*) Includes fees and commissions obtained from cash loans amounting to TRY 38,626 (2007: TRY 27,448).

b) Information on interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	2,371	-	3,496
Domestic banks	3,264	433	5,581	400
Foreign banks	3,138	31,810	4,302	31,275
Branches and head office abroad	-	-	-	-
Total	6,402	34,614	9,883	35,171

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	26,637	1,149	22,351	391
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	229,286	9,920	227,413	17,520
Held-to-maturity securities	34,251	-	-	-
Total	290,174	11,069	249,764	17,911

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	1,201	45

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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	9,417	6,180	9,755	6,806
Foreign banks	158,407	36,816	101,954	23,608
Branches and head office abroad	-	-	-	-
Other financial institutions	-	33,713	-	25,387
Total	167,824	76,709	111,709	55,801

(*) Includes fees and commission expenses of cash loans amounting to TRY 1,882 (2007 : TRY 1,648).

b) Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest expenses to associates and subsidiaries	830	1,292

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

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

Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TRY								
Bank deposits	-	18,743	646	-	-	122	-	19,511
Saving deposits	7	155,616	314,372	1,519	1,908	54	1	473,477
Public sector deposits	-	705	4,865	2	-	-	-	5,572
Commercial deposits	8	125,150	80,517	650	6,296	-	-	212,621
Other deposits	-	6,763	18,307	16	1,262	-	-	26,348
7 days call accounts	-	-	-	-	-	-	-	-
Total	15	306,977	418,707	2,187	9,466	176	1	737,529
FC								
Foreign currency deposits	205	86,139	48,885	4,640	1,051	220	-	141,140
Bank deposits	-	1,093	1,056	61	-	-	-	2,210
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	6	-	17	2	4	16	-	45
Total	211	87,232	49,958	4,703	1,055	236	-	143,395
Grand Total	226	394,209	468,665	6,890	10,521	412	1	880,924

3. Information on dividend income:

	Current Period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	477	4
Other	18,771	14,752
Total	19,248	14,756

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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	3,659,161	2,027,111
Gains on capital market operations	756,126	414,031
Gains on derivative financial instruments(**)	733,650	396,063
Other	22,476	17,968
Foreign exchange gains(*)	2,903,035	1,613,080
Losses (-)	3,630,244	2,068,573
Losses on capital market operations	731,847	576,020
Losses on derivative financial instruments(**)	682,469	550,273
Other	49,378	25,747
Foreign exchange losses(*)	2,898,397	1,492,553

(*) As of December 31, 2008, the foreign exchange gains on the foreign currency indexed loans are TRY 279,225 (2007 - TRY 3,209). As of December 31, 2008 the foreign exchange losses on the foreign currency indexed loans are TRY 11,124 (2007 - TRY 88,917).

(**) Gain on hedging transactions is TRY 63,695, while loss on hedging transactions is TRY 20,742 (2007 - None).

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	100,386	43,304
III. Group Loans and Receivables	3,678	2,802
IV. Group Loans and Receivables	8,376	10,349
V. Group Loans and Receivables	88,332	30,153
General provision expenses	15,119	23,194
Provision expenses for possible losses	-	-
Marketable securities impairment losses	13,419	1,755
Financial assets at fair value through profit and loss	39	190
Investment securities available for sale	13,380	1,565
Impairment provision expense	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investments held to maturity	-	-
Other	-	-
Total	128,924	68,253

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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	350,471	241,012
Reserve for employee termination benefits	3,337	4,621
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	39,424	17,207
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	4,898	12,886
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1,544	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	221,084	153,883
Rent expenses	65,351	45,986
Maintenance expenses	6,124	4,176
Advertisement expenses	23,998	26,355
Other expenses	125,611	77,366
Loss on sales of assets	483	43
Other (*)	79,774	30,929
Total	701,015	460,581

(*) Included in other, the premiums paid to Saving Deposit Insurance Fund is TRY 8,909 (2007 – TRY 6,152), provision for bonuses for the current period to be paid to personnel is TRY 20,393, and provision for possible tax disputes that may occur in the future, as per the principle of prudence, is TRY 14,711.

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

Profit before tax of the Bank has increased by 19% for the period ended December 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 26%, 51% and 57%, respectively.

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

- As of December 31, 2008, current tax charge is TRY 2,637 (2007 – TRY 70,511), and deferred tax charge is TRY 30,429 (2007 – TRY 34,810 deferred tax benefit).
- Deferred tax charge on temporary differences is TRY 30,429 (2007 – TRY 34,810 deferred tax benefit).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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)

c) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	197,264	165,987
Additions	39,863	29,712
Disallowables	3,695	4,508
General loan loss provision	20,931	19,341
Provision for possible tax disputes	14,711	-
Other	526	5,863
Deductions	(71,798)	(17,194)
Dividend income	(18,659)	(14,662)
Recovered tax related to previous years due to inflation accounting	(41,207)	-
Income from branches abroad	(10,776)	-
Other	(1,156)	(2,532)
Taxable Profit / (Loss)	165,329	178,505
Corporate tax rate	20%	20%
Tax calculated	33,066	35,701

As of December 31, 2008, current tax charge is TRY 2,637 (2007 – TRY 70,511 current tax charge) and deferred tax charge on temporary differences is TRY 30,429 (2007 – TRY 34,810). Net tax charge recognized in the financial statements is TRY 33,066 (2007 – TRY 35,701).

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

The net profit of the Bank increased for the period ended December 31, 2008 by 26% 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 (2007 – None).
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (2007 – None).
- Profit or loss attributable to minority shares: None (2007 – None).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 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	134,100	58,983
Import letters of credit commissions	4,275	6,316
Inquiry and company search fees and commissions	17,435	19,361
Fund management commissions	23,514	19,602
Settlement expense provision, eft, swift, agency commissions	10,973	10,646
Insurance commissions	10,032	7,627
Transfer commissions	5,322	3,783
Commissions and fees earned from correspondent banks	5,695	3,675
Other	52,102	19,197
Total	263,448	149,190
<u>Other fees and commissions given</u>		
Credit cards commissions and fees	93,647	42,436
Commissions and fees paid to correspondent banks	2,105	1,852
Settlement and swift commissions	3,335	2,731
Other	8,611	6,365
Total	107,698	53,384

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

SECTION FIVE

V. Explanations Related to Statement of Shareholders' Equity Movement

- a) Increase resulting from revaluation of financial assets available for sale is TRY 3,668 (2007 – TRY 12,225 increase).

Gain or loss arising from measurement of financial assets available-for-sale included in shareholders' equity in the current period, excluding those related to hedging: Indicated above.

The amount recycled from equity to net income/loss account if the loss or gain related with measurement at fair value is recorded to equity for the financial assets available-for-sale (excluding the assets related to hedging): TRY 7,215 income (2007 – TRY 5,092 loss).

- b) Increase in cash flow risk hedging items: None.
- b.1) Reconciliation of beginning and ending balances: None.
- b.2) Amount recorded in the current period if a gain or loss from a cash flow hedging derivative or non-derivative financial asset is accounted for under shareholders' equity: None.
- c) The reconciliation related with foreign exchange amounts in the beginning and end of the period: None.
- d) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None,
- e) Dividends per share proposed subsequent to the balance sheet date: Profit appropriation will be resolved in the General Assembly meeting which has not been yet held as of the date of the accompanying financial statements are authorized for issue.
- f) Proposals to General Assembly for the payment dates of dividends and if it will not be appropriated the reasons for this: The Board of Directors has not decided for profit appropriation as of the date of the financial statements are authorized for issue.
- g) Amounts transferred to legal reserves: Amount transferred to legal reserves is TRY 6,515 in 2008 (2007 – TRY 5,285).
- h) Information on shares issued:

TRY 2,041 has been collected from the sale of the share certificates with nominal value of TRY 1,619 on the Istanbul Stock Exchange (ISE) – arising from the capital increase of the Bank in 2008, corresponding to the shares of shareholders who have not used their pre-emptive rights. The Bank has recorded the difference of TRY 422 in the “Share Premiums” account (2007 – TRY 144).

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

VI. Explanations Related To Statement of Cash Flows

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:

“Other items” amounting to TRY 826,762 (2007 – TRY 165,603) in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid and other expenses except for personnel expenses, leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

“Net increase/decrease in other liabilities” amounting to TRY 35,612 (2007 – TRY 319,797) in “Changes in operating assets and liabilities” consists of changes in sundry creditors, other liabilities and interbank money market borrowings. “Net increase/decrease in other assets” with a total amount of TRY 62,979 (2007 – TRY 295,315) consists of changes in sundry debtors and other assets.

2. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flows statement:

Beginning of the period	Current Period	Prior Period
Cash	1,592,937	684,268
Cash in TRY/Foreign Currency	191,082	125,470
Central Bank – Unrestricted amount	1,399,404	554,922
Other	2,451	3,876
Cash equivalents	519,783	434,398
Banks	329,783	434,398
Money market placements	190,000	-
Total cash and cash equivalents	2,112,720	1,118,666

End of the period	Current Period	Prior Period
Cash	1,796,738	1,592,937
Cash in TRY/Foreign Currency	251,766	191,082
Central Bank – Unrestricted amount	1,527,735	1,399,404
Other	17,237	2,451
Cash equivalents	1,265,058	519,783
Banks	508,751	329,783
Money market placements	756,307	190,000
Total cash and cash equivalents	3,061,796	2,112,720

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

VII. 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	6,285	3,771	82,234	14,059	66,936	6,794
Interest and commission income	1,201	122	7,496	2	5,551	2,888

Included in the balances above, the Bank has placements in foreign bank accounts amounting to TRY 45 from subsidiaries and associates, TRY 81,281 under direct and indirect corporate and real person shareholders and TRY 63,790 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	45	81	5,060	2	10,314	63

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	22,816	3,147	189,247	587,446	272,485	31,506
Interest on deposits	830	1,292	43,905	53,587	11,677	3,331

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	141,755	11,232	2,401,449	1,363,285	419,698	75,136
Total income/loss	(776)	(1,060)	5,316	(12,654)	37,913	(40)
Hedging transactions purposes						
Beginning of period	-	-	-	-	-	-
End of period	-	-	322,681	-	-	-
Total income/loss	-	-	(1,165)	-	-	-

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

- d) As of December 2008, the total amount of remuneration and fees provided for the senior management of the Bank is TRY 16,447 (2007 – TRY 13,178).

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	155,455	1.82
Non-cash loans	24,624	0.74
Deposits	484,548	5.23
Derivative financial instruments	2,962,902	43.79
Derivative financial instruments for hedging purposes	322,681	32.19

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

- c) In cases whereby separate disclosure is not 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.Ş. As of December 31, 2008 the total leasing obligations related to these agreements amounted to TRY 117. Additionally, the Bank provides agency services for TEB Yatırım Menkul Değerler A.Ş. and TEB Sigorta A.Ş via its branches.

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 1.52 %. Details of these loans are explained in the Section V, Note VII- 1a.

As of December 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 YEAR ENDED DECEMBER 31, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations on the Operations of the Bank:

None.

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

I. Explanations on the Independent Auditor's Report:

The unconsolidated financial statements of the Bank were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and the independent auditor's report dated February 9, 2009 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors:

None.