

**TURK EKONOMI BANKASI  
ANONIM SIRKETI  
AND ITS FINANCIAL SUBSIDIARIES**

**INDEPENDENT AUDITOR'S  
REPORT,  
CONSOLIDATED FINANCIAL  
STATEMENTS AND NOTES  
FOR THE YEAR ENDED  
DECEMBER 31, 2007**

*Translated into English from the*

*Original Turkish Report*

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

**TURK EKONOM BANKASI ANONIM SIRKETI  
AND ITS FINANCIAL SUBSIDIARIES**

INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR JANUARY 1, 2007 – DECEMBER 31, 2007

We have audited the accompanying consolidated balance sheet of Türk Ekonomi Bankasi A.S. and its financial subsidiaries ("the Group") as at December 31, 2007, and the related consolidated 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.

**Auditors' 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 Auditors' Opinion**

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2007 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 Articles 37 and 38 of the Banking Act No: 5411.

**Additional paragraph for English translation:**

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

DRT BAGIMSIZ DENETIM VE SERBEST MUHASEBECI MALI MÜSAVIRLIK A.S.

Member of **DELOITTE TOUCHE TOHMATSU**

Hasan Kiliç  
Partner

Istanbul, February 13, 2008

**THE CONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMI BANKASI A.S.  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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The consolidated 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 PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP WHICH IS UNDER CONSOLIDATION
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND FOOTNOTES
- INDEPENDENT AUDITORS' REPORT

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

**Subsidiaries**

1. The Economy Bank N.V.
2. Stichting Custody Services TEB
3. Kronenburg Vastgoed B.V.
4. TEB Finansal Kiralama A.S.
5. TEB Factoring A.S.
6. TEB Yatırım Menkul Değerler A.S.
7. TEB Portföy Yönetimi A.S.

The consolidated 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 13, 2008

Patrick					
Yavuz Canevi	Rene Pitton	Ismail Yanik	Varol Civil	Assistant General	B. Ilgaz Dogan
President of the	Head of Audit	Vice Chairman	General Manager	Manager Responsible	Manager
Board of	Committee	of the Audit		of Financial	Responsible of
Directors		Committee		Reporting	Financial Reporting

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

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

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**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**  
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

**SECTION ONE**

**GENERAL INFORMATION**

**I. The Parent Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue**

Türk Ekonomi Bankasi Anonim Sirketi ("the Bank"), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankasi T.A.S., was acquired by the Çolakoglu Group in 1982. Its name was changed as Türk Ekonomi Bankasi A.S. and its headquarters moved to Istanbul.

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

As of December 31, 2007 and December 31, 2006 the shareholders' structure and their respective ownerships are summarized as follows:

Name of shareholders	Current Period		Previous Period	
	Paid in capital	%	Paid in capital	%
TEB Mali Yatirimlar A.S.	636,119	84.25	64,454	84.25
Publicly Traded	118,018	15.63	11,956	15.63
Other Shareholders	863	0.12	90	0.12
	<b>755,000</b>	<b>100.00</b>	<b>76,500</b>	<b>100.00</b>

As of December 31, 2007 Parent Bank's paid-in-capital consists of 755,000,000 shares of TRY 1.00 nominal each.

At the meeting of the General Assembly on March 27, 2007, after completing all of the legal procedures, it was decided to increase the paid-in capital of the Parent Bank to TRY 100,000 by TRY 23,500 within the registered capital ceiling and decided to incorporate TRY 11,750 of TRY 23,500 increase from the extraordinary reserves, and the remaining TRY 11,750 from the inflation accounting differences on share capital and in exchange distribute the investors as bonus shares as per their proportionate shares, and the process concerning the capital increase has been completed as of June 7, 2007.

At the meeting held on August 28, 2007, the Board of Directors decided to increase the paid-in capital of the Parent 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, by injecting TRY 210,000 from the shareholders' in cash and in exchange distribute shares as per their proportionate shareholding, incorporating TRY 240,000 from the inflation accounting differences on share capital and TRY 205,000 from the extraordinary reserves and in exchange distribute bonus shares to the shareholders as per their proportionate shareholding. The Extraordinary General Assembly of the Parent Bank resolved to increase the capital ceiling TRY 100,000 to TRY 900,000 on September 5, 2007. The increase was registered with Istanbul Trade Registry Office on September 6, 2007. The capital increase procedures were completed as of November 21, 2007.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

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

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

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

(\* Patrick Rene Pitton has joined the Board of Directors as of October 11, 2007. Alain Pierre Andre Bailly resigned as of July 31, 2007.

(\*\*) Emine Sevinç Özsen, Assistant General Manager responsible from financial reporting resigned as of November 21, 2007.

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

**IV. Information about the persons and institutions that have qualified shares in the Parent Bank:**

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

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

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

The Parent Bank's operating areas include, retail, commercial and corporate banking, fund management operations and project financing. Besides the ordinary banking operations, the Parent Bank is handling agency functions through its branches on behalf of TEB Sigorta A.S. and TEB Yatirim Menkul Degerler A.S. As of December 31, 2007 the Parent Bank has 269 local branches and 4 foreign branches (2006 - 169 local branches, 1 foreign branch).

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2007 AND 2006**  
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

**I- CONSOLIDATED BALANCE SHEET – ASSETS**

		Audited Current Period 31.12.2007			Audited Prior Period 31.12.2006			
	Note Ref.	TRY	FC	Total	TRY	FC	Total	
<b>I.</b>	<b>CASH AND BALANCES WITH THE CENTRAL BANK</b>	(1)	575,459	1,366,222	1,941,681	251,973	713,513	965,486
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	(2)	207,442	37,140	244,582	101,888	11,319	113,207
2.1	Trading financial assets		168,179	31,370	199,549	84,205	6,723	90,928
2.1.1	Public sector debt securities		168,179	30,707	198,886	80,266	522	80,788
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Other marketable securities		-	663	663	3,939	6,201	10,140
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		39,263	5,770	45,033	17,683	4,596	22,279
<b>III.</b>	<b>BANKS</b>	(3)	61,976	746,225	808,201	4,428	1,059,737	1,064,165
<b>IV.</b>	<b>MONEY MARKET PLACEMENTS</b>		199,585	-	199,585	1,194	-	1,194
4.1	Interbank money market placements		190,083	-	190,083	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		9,502	-	9,502	1,194	-	1,194
<b>V.</b>	<b>FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(4)	1,431,817	189,452	1,621,269	1,289,983	265,427	1,555,410
5.1	Share certificates		9	54	63	9	59	68
5.2	Public sector debt securities		1,426,796	187,378	1,614,174	1,289,974	265,368	1,555,342
5.3	Other marketable securities		5,012	2,020	7,032	-	-	-
<b>VI.</b>	<b>LOANS</b>	(5)	5,316,319	2,321,366	7,637,685	3,538,736	2,203,525	5,742,261
6.1	Loans		5,268,018	2,321,366	7,589,384	3,524,192	2,203,525	5,727,717
6.1.1	Loans to the Risk Group of the Bank		2,633	22,827	25,460	9,184	5,070	14,254
6.1.2	Other		5,265,385	2,298,539	7,563,924	3,515,008	2,198,455	5,713,463
6.2	Non-performing loans		121,508	-	121,508	44,792	-	44,792
6.3	Specific provisions (-)		(73,207)	-	(73,207)	(30,248)	-	(30,248)
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>	(18)	345,762	134,280	480,042	209,281	91,580	300,861
<b>VIII.</b>	<b>HELD TO MATURITY INVESTMENTS (Net)</b>	(6)	1,626	6,114	7,740	1,655	9,402	11,057
8.1	Public sector debt securities		1,626	6,114	7,740	1,655	9,402	11,057
8.2	Other marketable securities		-	-	-	-	-	-
<b>IX.</b>	<b>INVESTMENTS IN ASSOCIATES (Net)</b>	(7)	12	-	12	12	-	12
9.1	Accounted for under equity method		-	-	-	-	-	-
9.2	Unconsolidated associates		12	-	12	12	-	12
9.2.1	Financial investments		12	-	12	12	-	12
9.2.2	Non-financial investments		-	-	-	-	-	-
<b>X.</b>	<b>INVESTMENTS IN SUBSIDIARIES (Net)</b>	(8)	-	-	-	-	-	-
10.1	Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
<b>XI.</b>	<b>ENTITIES UNDER COMMON CONTROL (Net)</b>	(9)	-	-	-	-	-	-
11.1	Consolidated under equity method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial subsidiaries		-	-	-	-	-	-
11.2.2	Non-financial subsidiaries		-	-	-	-	-	-
<b>XII.</b>	<b>LEASE RECEIVABLES (Net)</b>	(10)	81,006	327,739	408,745	51,216	276,466	327,682
12.1	Finance lease receivables		103,230	371,699	474,929	63,703	310,822	374,525
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		(22,224)	(43,960)	(66,184)	(12,487)	(34,356)	(46,843)
<b>XIII.</b>	<b>DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	(11)	-	-	-	-	-	-
13.1	Fair value hedge		-	-	-	-	-	-
13.2	Cash flow hedge		-	-	-	-	-	-
13.3	Hedge of net investment risks in foreign operations		-	-	-	-	-	-
<b>XIV.</b>	<b>TANGIBLE ASSETS (Net)</b>	(12)	122,775	6,601	129,376	57,335	7,363	64,698
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>	(13)	69,585	167	69,752	41,351	183	41,534
15.1	Goodwill		1,205	-	1,205	1,205	-	1,205
15.2	Other		68,380	167	68,547	40,146	183	40,329
<b>XVI.</b>	<b>INVESTMENT PROPERTY (Net)</b>	(14)	-	-	-	-	-	-
<b>XVII.</b>	<b>TAX ASSET</b>	(15)	46,272	-	46,272	14,506	200	14,706
16.1	Current tax asset		-	-	-	-	200	200
16.2	Deferred tax asset		46,272	-	46,272	14,506	-	14,506
<b>XVIII.</b>	<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(16)	-	-	-	-	-	-
18.1	Held for sale		-	-	-	-	-	-
18.2	Discontinued operations		-	-	-	-	-	-
<b>XIX.</b>	<b>OTHER ASSETS</b>	(17)	315,262	42,184	357,446	55,993	28,035	84,028
<b>TOTAL ASSETS</b>			<b>8,774,898</b>	<b>5,177,490</b>	<b>13,952,388</b>	<b>5,619,551</b>	<b>4,666,750</b>	<b>10,286,301</b>

The accompanying notes are an integral part of these financial statements

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2007 AND 2006**  
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

**I- CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY**

	Note Ref.	Audited Current Period 31.12.2007			Audited Prior Period 31.12.2006		
		TRY	FC	Total	TRY	FC	Total
<b>I. DEPOSITS</b>	(1)	<b>3,702,201</b>	<b>4,481,979</b>	<b>8,184,180</b>	<b>2,489,200</b>	<b>4,236,505</b>	<b>6,725,705</b>
1.1 Deposits from the Risk Group of the Bank		66,144	1,205,284	1,271,428	18,322	1,176,352	1,194,674
1.2 Other		3,636,057	3,276,695	6,912,752	2,470,878	3,060,153	5,531,031
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)	<b>256,801</b>	<b>5,714</b>	<b>262,515</b>	<b>67,380</b>	<b>1,738</b>	<b>69,118</b>
<b>III. FUNDS BORROWED</b>	(3)	<b>751,206</b>	<b>1,619,798</b>	<b>2,371,004</b>	<b>387,291</b>	<b>1,009,132</b>	<b>1,396,423</b>
<b>IV. MONEY MARKET BALANCES</b>		<b>916,914</b>	<b>5,005</b>	<b>921,919</b>	<b>794,689</b>	-	<b>794,689</b>
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		12,583	-	12,583	23,685	-	23,685
4.3 Funds provided under repurchase agreements		904,331	5,005	909,336	771,004	-	771,004
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. SUNDRY CREDITORS</b>		<b>175,148</b>	<b>26,963</b>	<b>202,111</b>	<b>74,038</b>	<b>60,275</b>	<b>134,313</b>
<b>VIII. OTHER LIABILITIES</b>	(4)	<b>340,171</b>	<b>742</b>	<b>340,913</b>	<b>39,301</b>	<b>2,365</b>	<b>41,666</b>
<b>IX. FACTORING PAYABLES</b>		<b>111,850</b>	<b>57,755</b>	<b>169,605</b>	<b>67,213</b>	<b>43,859</b>	<b>111,072</b>
<b>X. FINANCE LEASE PAYABLES (Net)</b>	(5)	-	-	-	-	-	-
10.1 Finance lease payables		-	-	-	-	-	-
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses ( - )		-	-	-	-	-	-
<b>XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	(6)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(7)	<b>70,966</b>	<b>13,553</b>	<b>84,519</b>	<b>41,136</b>	<b>12,362</b>	<b>53,498</b>
12.1 General loan loss provisions		43,074	13,553	56,627	22,616	12,362	34,978
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		11,187	-	11,187	7,516	-	7,516
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		16,705	-	16,705	11,004	-	11,004
<b>XIII. TAX LIABILITY</b>	(8)	<b>45,980</b>	<b>653</b>	<b>46,633</b>	<b>43,617</b>	-	<b>43,617</b>
13.1 Current tax liability		45,968	653	46,621	43,617	-	43,617
13.2 Deferred tax liability		12	-	12	-	-	-
<b>XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	(9)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(10)	-	<b>387,880</b>	<b>387,880</b>	-	<b>299,912</b>	<b>299,912</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(11)	<b>911,589</b>	<b>69,520</b>	<b>981,109</b>	<b>553,204</b>	<b>63,084</b>	<b>616,288</b>
16.1 Paid-in capital		755,000	-	755,000	76,500	-	76,500
16.2 Supplementary capital		4,585	545	5,130	241,993	2,220	244,213
16.2.1 Share premium		1,805	-	1,805	1,661	-	1,661
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		1,854	545	2,399	(12,344)	2,220	(10,124)
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 discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		926	-	926	252,676	-	252,676
16.3 Profit reserves		18,411	55,498	73,909	121,098	51,156	172,254
16.3.1 Legal reserves		36,423	-	36,423	28,756	-	28,756
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		5,070	56,035	61,105	111,333	50,868	162,201
16.3.4 Other profit reserves		(23,082)	(537)	(23,619)	(18,991)	288	(18,703)
16.4 Profit or loss		133,593	13,477	147,070	113,613	9,708	123,321
16.4.1 Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2 Current year income/ (loss)		133,593	13,477	147,070	113,613	9,708	123,321
16.5 Minority shares	(12)	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,282,826</b>	<b>6,669,562</b>	<b>13,952,388</b>	<b>4,557,069</b>	<b>5,729,232</b>	<b>10,286,301</b>

The accompanying notes are an integral part of these financial statements

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND**  
**COMMITMENTS AS OF DECEMBER 31, 2007 AND 2006**

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

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

	Note Ref.	Audited Current Period 31.12.2007			Audited Prior Period 31.12.2006		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>		<b>7,143,664</b>	<b>5,573,805</b>	<b>12,717,469</b>	<b>2,879,707</b>	<b>4,329,843</b>	<b>7,209,550</b>
<b>I. GUARANTEES</b>	(1), (3)	<b>1,328,524</b>	<b>1,970,853</b>	<b>3,299,377</b>	<b>941,311</b>	<b>1,993,013</b>	<b>2,934,324</b>
1.1. Letters of guarantee		1,248,728	930,186	2,178,914	894,223	873,447	1,767,670
1.1.1. Guarantees subject to State Tender Law		52,073	151,982	204,055	43,310	139,001	182,311
1.1.2. Guarantees given for foreign trade operations		134,331	30,671	165,002	134,124	52,513	186,637
1.1.3. Other letters of guarantee		1,062,324	747,533	1,809,857	716,789	681,933	1,398,722
1.2. Bank loans		-	64,002	64,002	-	50,146	50,146
1.2.1. Import letter of acceptance		-	60,117	60,117	-	50,146	50,146
1.2.2. Other bank acceptances		-	3,885	3,885	-	-	-
1.3. Letters of credit		156	856,225	856,381	88	911,619	911,707
1.3.1. Documentary letters of credit		156	759,493	759,649	88	827,300	827,388
1.3.2. Other letters of credit		-	96,732	96,732	-	84,319	84,319
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		74,968	72,696	147,664	44,489	87,852	132,341
1.9. Other collaterals		4,672	47,744	52,416	2,511	69,949	72,460
<b>II. COMMITMENTS</b>	(1), (3)	<b>3,427,065</b>	<b>483,228</b>	<b>3,910,293</b>	<b>710,473</b>	<b>167,993</b>	<b>878,466</b>
2.1. Irrevocable commitments		1,597,724	474,461	2,072,185	710,473	156,062	866,535
2.1.1. Forward asset purchase commitments		127,401	473,622	601,023	-	155,207	155,207
2.1.2. Forward deposit purchase and sales commitments		-	-	-	4,000	-	4,000
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		178,808	-	178,808	170,914	-	170,914
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		456,009	-	456,009	259,573	-	259,573
2.1.8. Tax and fund liabilities from export commitments		10,887	-	10,887	10,094	-	10,094
2.1.9. Commitments for credit card expenditure limits		821,870	839	822,709	259,759	855	260,614
2.1.10. Commitments for promotions related with credit cards and banking activities		2,525	-	2,525	4,112	-	4,112
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		224	-	224	2,021	-	2,021
2.2. Revocable commitments		1,829,341	8,767	1,838,108	-	11,931	11,931
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		1,829,341	8,767	1,838,108	-	11,931	11,931
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	<b>2,388,075</b>	<b>3,119,724</b>	<b>5,507,799</b>	<b>1,227,923</b>	<b>2,168,837</b>	<b>3,396,760</b>
3.1. Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1. Fair value hedge		-	-	-	-	-	-
3.1.2. Cash flow hedge		-	-	-	-	-	-
3.1.3. Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2. Held for trading transactions		2,388,075	3,119,724	5,507,799	1,227,923	2,168,837	3,396,760
3.2.1. Forward foreign currency buy/sell transactions		845,781	1,177,620	2,023,401	282,584	501,086	783,670
3.2.1.1. Forward foreign currency transactions-buy		389,552	624,658	1,014,210	185,026	208,155	393,181
3.2.1.2. Forward foreign currency transactions-sell		456,229	552,962	1,009,191	97,558	292,931	390,489
3.2.2. Swap transactions related to f.c. and interest rates		1,115,524	1,194,396	2,309,920	737,689	895,815	1,633,504
3.2.2.1. Foreign currency swap-buy		45,387	1,007,144	1,052,531	21,826	767,077	788,903
3.2.2.2. Foreign currency swap-sell		1,061,169	181,538	1,242,707	703,630	124,052	827,682
3.2.2.3. Interest rate swaps-buy		5,338	2,874	8,212	7,488	2,716	10,204
3.2.2.4. Interest rate swaps-sell		3,630	2,840	6,470	4,745	1,970	6,715
3.2.3. Foreign currency, interest rate and securities options		426,713	384,614	811,327	207,650	520,541	728,191
3.2.3.1. Foreign currency options-buy		212,950	189,025	401,975	106,152	258,161	364,313
3.2.3.2. Foreign currency options-sell		205,775	195,589	401,364	101,498	262,380	363,878
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		57	144,611	144,668	-	53,299	53,299
3.2.4.1. Foreign currency futures buy		2	144,609	144,611	-	53,299	53,299
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		-	218,483	218,483	-	198,096	198,096
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>40,504,173</b>	<b>5,657,567</b>	<b>46,161,740</b>	<b>26,069,562</b>	<b>1,955,231</b>	<b>28,024,793</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>30,169,884</b>	<b>588,150</b>	<b>30,758,034</b>	<b>22,970,831</b>	<b>638,470</b>	<b>23,609,301</b>
4.1. Assets under management		269,227	-	269,227	204,851	-	204,851
4.2. Investment securities held in custody		26,482,639	137,745	26,620,384	20,092,784	194,716	20,287,500
4.3. Checks received for collection		2,981,304	250,953	3,232,257	2,362,043	227,038	2,589,081
4.4. Commercial notes received for collection		436,615	146,582	583,197	311,042	146,164	457,206
4.5. Other assets received for collection		-	52,870	52,870	-	70,552	70,552
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		99	-	99	111	-	111
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>10,332,796</b>	<b>5,068,697</b>	<b>15,401,493</b>	<b>3,098,639</b>	<b>1,315,948</b>	<b>4,414,587</b>
5.1. Marketable securities		151,726	11,211	162,937	249,914	80,605	330,519
5.2. Guarantee notes		5,208,626	3,743,050	8,951,676	3,699	2,297	5,996
5.3. Commodity		7,781	68,835	76,616	-	111,588	111,588
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		3,881,832	852,104	4,733,936	2,070,546	744,792	2,815,338
5.6. Other pledged items		1,082,831	393,497	1,476,328	774,480	376,666	1,151,146
5.7. Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>1,493</b>	<b>720</b>	<b>2,213</b>	<b>92</b>	<b>813</b>	<b>905</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>47,647,837</b>	<b>11,231,372</b>	<b>58,879,209</b>	<b>28,949,269</b>	<b>6,285,074</b>	<b>35,234,343</b>

The accompanying notes are an integral of these financial statements.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED**  
**DECEMBER 31, 2007 AND 2006**

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

**III. CONSOLIDATED STATEMENT OF INCOME**

		Note	Audited Current Period 01.01-31.12.2007	Audited Prior Period 01.01-31.12.2006
		Ref	Total	Total
<b>I</b>	<b>INTEREST INCOME</b>	(1)	<b>1,644,180</b>	<b>981,022</b>
1.1	Interest on loans		1,127,162	633,287
1.2	Interest received from reserve deposits		36,976	20,127
1.3	Interest received from banks		72,932	68,428
1.4	Interest received from money market placements		44,109	28,717
1.5	Interest received from marketable securities portfolio		273,660	168,586
1.5.1	Held-for-trading financial assets		23,517	9,718
1.5.2	Financial assets at fair value through profit and loss		219	-
1.5.3	Available-for-sale financial assets		249,165	157,698
1.5.4	Investments held-to-maturity		759	1,170
1.6	Finance lease Income		38,358	31,638
1.7	Other interest income		50,983	30,239
<b>II</b>	<b>INTEREST EXPENSE</b>	(2)	<b>1,022,803</b>	<b>613,943</b>
2.1	Interest on deposits		700,005	413,826
2.2	Interest on funds borrowed		220,510	114,725
2.3	Interest on money market borrowings		102,196	85,144
2.4	Interest on securities issued		-	-
2.5	Other interest expense		92	248
<b>III</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>621,377</b>	<b>367,079</b>
<b>IV</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>144,966</b>	<b>92,616</b>
4.1	Fees and commissions received		203,186	116,845
4.1.1	Non-cash loans		36,925	28,992
4.1.2	Other		166,261	87,853
4.2	Fees and commissions paid		58,220	24,229
4.2.1	Non-cash loans		233	76
4.2.2	Other		57,987	24,153
<b>V</b>	<b>DIVIDEND INCOME</b>	(3)	<b>7</b>	<b>4</b>
<b>VI</b>	<b>NET TRADING INCOME</b>	(4)	<b>(21,015)</b>	<b>38,252</b>
6.1	Securities trading gains/ (losses)		(142,630)	25,336
6.2	Foreign exchange gains/ (losses)		121,615	12,916
<b>VII</b>	<b>OTHER OPERATING INCOME</b>	(5)	<b>35,095</b>	<b>23,225</b>
<b>VIII</b>	<b>NET OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>780,430</b>	<b>521,176</b>
<b>IX</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	(6)	<b>71,818</b>	<b>34,962</b>
<b>X</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(7)	<b>515,518</b>	<b>325,055</b>
<b>XI</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>193,094</b>	<b>161,159</b>
<b>XII</b>	<b>AMOUNT IN EXCESS RECORDED AS GAINAFTER MERGER</b>		-	-
<b>XIII</b>	<b>GAIN / (LOSS) ON EQUITY METHOD</b>		-	-
<b>XIV</b>	<b>GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XV</b>	<b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	(8)	<b>193,094</b>	<b>161,159</b>
<b>XVI</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	(9)	<b>(46,024)</b>	<b>(37,838)</b>
16.1	Provision for current income taxes		(80,915)	(35,659)
16.2	Provision for deferred taxes		34,891	(2,179)
<b>XVII</b>	<b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>		<b>147,070</b>	<b>123,321</b>
<b>XVIII</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-
18.1	Income on assets held for sale		-	-
18.2	Income on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
18.3	Income on other discontinued operations		-	-
<b>XIX</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1	Loss from assets held for sale		-	-
19.2	Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
19.3	Loss from other discontinued operations		-	-
<b>XX</b>	<b>PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>	(8)	-	-
<b>XXI</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	(9)	-	-
21.1	Provision for current income taxes		-	-
21.2	Provision for deferred taxes		-	-
<b>XXII</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	(10)	-	-
<b>XXIII</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>	(11)	<b>147,070</b>	<b>123,321</b>
23.1	Group's profit/loss		147,070	123,321
23.2	Minority shares		-	-
	Earnings per share		0.2535	0.2267

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENTS OF PROFIT LOSS ACCOUNTED UNDER EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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

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

	<b>Audited Current Period 01.01-31.12.2007</b>	<b>Audited Prior Period 01.01-31.12.2006</b>
I. Additions to marketable securities revaluation differences for available for sale financial assets	20,723	(24,421)
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	(3,137)	6,593
<b>X. Total Net Profit/Loss accounted under equity (I+II+...+IX)</b>	<b>17,586</b>	<b>(17,828)</b>
<b>XI. Profit/Loss</b>	<b>(5,063)</b>	<b>(1,650)</b>
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	(5,063)	(1,650)
1.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3 Transfer of hedge of net investments in foreign operations to Income Statement	-	-
1.4 Other	-	-
<b>XII. Total Profit/Loss accounted for the Period (X±XI)</b>	<b>12,523</b>	<b>(19,478)</b>

The Group has ceased the hedge of the net investment risk of its subsidiary The Economy Bank NV (“TEB NV”), operating in Netherlands with capital of EUR 30 million, as of October 31, 2007. The valuation differences of the net investment amounting to TRY 4,770 (2006- TRY 7,919) and the valuation differences in the hedging instrument amounting to TRY 4,770 (2006- TRY 7,919) until October 31, 2007 have been accounted for under “Other Reserves”.

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





**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED**  
**DECEMBER 31, 2007 AND 2006**

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

**VI. CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note Ref	Audited Current Period 01.01-31.12.2007	Audited Prior Period 01.01-31.12.2006
<b>A CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1 <b>Operating profit before changes in operating assets and liabilities</b>		<b>575,852</b>	<b>63,801</b>
1.1.1 Interest received		1,580,817	877,014
1.1.2 Interest paid		(803,331)	(604,502)
1.1.3 Dividend received		7	4
1.1.4 Fees and commissions received		203,186	135,317
1.1.5 Other income		156,709	106,504
1.1.6 Collections from previously written off loans		41,790	3,665
1.1.7 Payments to personnel and service suppliers		(276,877)	(175,871)
1.1.8 Taxes paid		(68,796)	(12,219)
1.1.9 Others	(1)	(257,653)	(266,111)
1.2 <b>Changes in operating assets and liabilities</b>		<b>440,343</b>	<b>442,873</b>
1.2.1 Net (increase) decrease in financial assets held for trading		(108,604)	44,549
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		(3,767)	70,938
1.2.4 Net (increase) decrease in loans		(1,905,943)	(2,236,100)
1.2.5 Net (increase) decrease in other assets		(588,161)	(327,257)
1.2.6 Net increase (decrease) in bank deposits		496,640	58,743
1.2.7 Net increase (decrease) in other deposits		1,081,783	2,367,576
1.2.8 Net increase (decrease) in funds borrowed		965,246	386,458
1.2.9 Net increase (decrease) in matured payables		-	2,536
1.2.10 Net increase (decrease) in other liabilities	(1)	503,149	75,430
<b>I Net cash provided from banking operations</b>		<b>1,016,195</b>	<b>506,674</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II Net cash provided from investing activities</b>		<b>(141,066)</b>	<b>(469,557)</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)		-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)		-	1,535
2.3 Fixed assets purchases		(46,784)	(48,071)
2.4 Fixed assets sales		739	36
2.5 Cash paid for purchase of financial assets available for sale		(872,532)	(1,549,407)
2.6 Cash obtained from sale of financial assets available for sale		817,872	1,126,250
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		2,484	754
2.9 Others	(1)	(42,845)	(654)
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III Net cash provided from financing activities</b>		<b>294,059</b>	<b>219,530</b>
3.1 Cash obtained from funds borrowed and securities issued		83,915	210,172
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		210,000	18,700
3.4 Dividends paid		-	(18,742)
3.5 Payments for finance leases		-	-
3.6 Other	(1)	144	9,400
<b>IV Effect of change in foreign exchange rate on cash and cash equivalents</b>	(1)	<b>(319,341)</b>	<b>67,465</b>
<b>V Net increase / (decrease) in cash and cash equivalents</b>		<b>849,847</b>	<b>324,112</b>
<b>VI Cash and cash equivalents at beginning of the period</b>		<b>1,745,220</b>	<b>1,421,108</b>
<b>VII Cash and cash equivalents at end of the period</b>		<b>2,595,067</b>	<b>1,745,220</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**PROFIT DISTRIBUTION TABLE FOR THE YEARS ENDED**  
**DECEMBER 31, 2007 AND 2006**

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

**VII. CONSOLIDATED PROFIT DISTRIBUTION TABLE**

	(*) Audited Current Period 31.12.2007	Audited Prior Period 31.12.2006
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	-	-
1.2 TAXES AND DUTIES PAYABLE (-)	-	-
1.2.1 Corporate tax (Income tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	-	-
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>		
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	-	-
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	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
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 (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES ( % )	-	-
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>		
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 ( % )	-	-

(\*) Based on the local regulations, no profit is distributed from the consolidated income.

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**SECTION THREE**  
**ACCOUNTING PRINCIPLES**

**I- Basis of Presentation**

Parent Bank prepares its financial statements and notes according to Communique on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS), other communiques, pronouncements and explanations about accounting and financial reporting issued by Banking Regulation and Supervision Agency (BRSA), Turkish Commercial Code and Tax Legislation.

*Accounting Policies Used*

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

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

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

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

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

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

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

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

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

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

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

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

**Explanations on Consolidation Method and Scope**

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

Commercial Name	Head Office
Economy Bank	Netherlands
Stichting	Netherlands
Kronenburg	Netherlands
TEB Leasing	Turkey
TEB Factoring	Turkey
TEB Yatırım	Turkey
TEB Portföy	Turkey

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

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the principle of materiality. The financial statements of the subsidiaries are prepared as of December 31, 2007 and December 31, 2006.

The transactions and balances between the consolidated entities belonging to the financial group and the Parent Bank are eliminated.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
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(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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

**Explanations on Foreign Currency Transactions**

Gains or losses arising from foreign currency transactions are reflected to the income statement as they are realized during the year. Foreign currency assets and liabilities at each period-end are translated into Turkish lira at the period-end foreign exchange buying rates announced by the Parent Bank and the resulting foreign exchange gains or losses are recorded in the income statement as foreign exchange gain or loss. The USD exchange rate used for translating foreign currency transactions into New Turkish Lira and reflecting these to consolidated financial statements as of December 31, 2007, is TRY 1.1593, in full TRY (2006 - TRY 1.4056, in full TRY).

There are no capitalized foreign exchange differences.

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

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

The foreign currency net investment in consolidated foreign subsidiaries are translated into New Turkish Lira using the exchange rate prevailing at the balance sheet date for their assets and liabilities and twelve months average exchange rate for their income statement items. The currency translation loss derived from the consolidated subsidiaries' inflation and devaluation differences amounting to TRY 23,619 (2006 - TRY 18,703 YTL currency translation loss) has been recorded in "Other Profit Reserves" under shareholders' equity.

**IV- Explanations on Forward and Option Contracts and Derivative Instruments**

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

**V- Interest Income and Expenses**

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

**VI- Fees and Commission Income and Expenses**

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

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

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

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

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

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

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".

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**VII- 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 caused by a change in the fair value is recorded in "Marketable Securities Value Increase Fund" under the equity. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices. In the absence of prices formed in an active market fair values of these securities are determined using the Official Gazette prices or other valuation methods stated in TAS.

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

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

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

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

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

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
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**VII- Explanations and Disclosures on Financial Assets (continued)**

*Loans and Provisions for Impairment (continued)*

With the amendment in the Uniform Chart of Accounts as of January 26, 2007, net foreign exchange gain of the foreign currency indexed loans are presented under foreign exchange gains/losses. Statement of income for the year ended December 31, 2006 is reclassified to reflect the effect of this change.

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 Parent Bank's management for compensating the probable losses of the current loan portfolio, by evaluating the quality of loan portfolio, risk factors and considering the economical conditions, other facts and related regulations.

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

The collections made related to loans for which provision is made in the current period are reversed from the "Provision for Loans and Other Receivables" account in the income statement. The collections made related to loans written off or provisioned in prior years are recorded to "Collections Related to the Prior Period Expenses" under "Other Operating Income" account and related interest income is credited to the "Interest Received from Non-performing Loans" account.

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

**VIII- Explanations on Impairment of Financial Assets**

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

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

**IX- Offsetting of Financial Assets and Liabilities**

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

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**X- Explanations on Sales and Repurchase Agreements and Lending of Securities**

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

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

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

As of December 31, 2007, the Group has reverse repurchase agreements amounting TRY 9,502 (2006 – TRY 1,194).

As of December 31, 2007 , the Group does not have any marketable securities lending transaction (2006 - None).

**XI- 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 Group does not have any assets held for sale.

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

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

The positive difference of TRY 1,205 (2006 - TRY 1,205), between the acquisition cost and share in equity of acquired subsidiaries is reflected under the intangible fixed assets as goodwill in the accompanying consolidated financial statements.

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

The other intangible assets of the Parent 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 Parent Bank by the Parent Bank’s personnel and the related expenses are not capitalized. Software is purchased only in emergency cases and for special projects. Leasehold improvements are depreciated over the lease period by straight-line method.

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
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**XIII- Explanations on Tangible Fixed Assets**

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

Other tangible fixed assets are accounted for at their restated costs until December 31, 2004; afterwards 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, and depreciated on a straight-line method. Depreciation of assets held less than one year as of the balance sheet date is accounted for as a proportion of the estimated yearly depreciation with the period between the balance sheet date and the acquisition date of the asset. The depreciation method has not been changed in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

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

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

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

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

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

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

Parent Bank employs independent appraisers in determining the current fair values of the real estates at year ends. There is no impairment as of December 31, 2007. (2006 – None)

**XIV- Explanations on Leasing Transactions**

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

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

The gross lease receivables including interest and principal amounts regarding the Group's financial leasing activities conducted by TEB Leasing as "Lessor" are stated under the receivables from the financial leasing activities. The difference between the total of rent payments and the cost of the related fixed assets are reflected to the "unearned income" account. The interest income is calculated and recorded to create a constant rate of return over the lessor's net investment on the leased item.

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

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**XV- Explanations on Provisions and Contingent Liabilities**

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

**XVI- Explanations on Liabilities Regarding Employee Benefits**

*Defined Benefit Plans*

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

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

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Group uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually. The carrying value of employee termination benefit provisions as of December 31, 2007 is TRY 11,187 (2006 - TRY 7,516).

*Defined Contribution Plans*

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

**XVII- Explanations on Taxation**

*Corporate tax*

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

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

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

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**XVII- Explanations on Taxation (continued)**

*Corporate tax (continued)*

Tax provision related with items that are credited or charged directly to equity are charged or credited to equity. As of December 31, 2007 TRY 600 (2006 - TRY 2,531) 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 Group calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

As of December 31, 2007 and December 31, 2006, in accordance with TAS No: 12 "Turkish Accounting Standard on Income Taxes" and the changes in the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004, the Bank calculated deferred tax asset on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are shown in the accompanying financial statements on a net basis.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax benefit of TRY 34,891 is stated under the tax provision in the income statement (2006 - TRY 2,179 deferred tax charge). The deferred tax of TRY 600 (2006-TRY 2,531) resulting from differences related to items that are credited or charged directly to equity is netted with these accounts.

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

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**XVIII- Additional Explanations on Borrowings**

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

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

There are no debt securities issued by the Parent Bank.

The Group has not issued convertible bonds.

**XIX- Explanations on Share Certificates**

Based on the resolution of the Board of Directors no. 3840/28 on March 31, 2006, the Parent Bank has increased its paid in capital of TRY 57,800 within the registered capital ceiling of TRY 100,000 by TRY 18,700, to TRY 76,500. TRY 18,700 capital increase has been decided to be used as pre-emptive rights to the shareholders and the unused pre-emptive rights to be traded on the Stock Exchange, and the whole amount to be paid in cash. As of June 30, 2006 the amount of unused preemptive rights is TRY 138. The increase of TRY 18,700 was registered with Istanbul Trade Registry Office on September 20, 2006 and capital increase procedures were completed.

Based on the meeting of the General Assembly on March 27, 2007, after completing all of the legal procedures , it was decided to increase the paid-in capital of the Bank to TRY 100,000 by TRY 23,500 within the registered capital ceiling and decided to incorporate TRY 11,750 of TRY 23,500 increase from the extraordinary reserves, and the remaining TRY 11,750 from the inflation accounting differences on share capital and in exchange distribute the investors as bonus shares as per their proportionate shares, and the capital increase procedures were completed as of June 7, 2007.

At the meeting held on August 28, 2007, the Board of Directors decided to increase the paid-in capital of the Parent 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, by injecting TRY 210,000 from the shareholders' in cash and in exchange distribute shares as per their proportionate shareholding, incorporating TRY 240,000 from the inflation accounting differences on share capital and TRY 205,000 from the extraordinary reserves and in exchange distribute bonus shares to the shareholders as per their proportionate shareholding. The Extraordinary General Assembly of the Parent Bank resolved to increase the capital ceiling TRY 100,000 to TRY 900,000 on September 5, 2007. The increase was registered with Istanbul Trade Registry Office on September 6, 2007. The capital increase procedures were completed as of November 21, 2007.

**XX- Explanations on Acceptances**

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

**XXI- Explanations on Government Incentives**

There are no government incentives utilized by the Group.

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**XXII- Explanations on Segment Reporting**

The Group mainly operates in retail and corporate banking segments.

<b>Current Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
Net interest income	35,982	396,582	189,556	(743)	621,377
Net fees and commissions income and other operating income	23,553	112,446	45,452	(1,390)	180,061
Trading profit / loss	15,451	23,213	(54,803)	(4,876)	(21,015)
Dividend income	-	-	19,126	(19,119)	7
Impairment provision for loans and other receivables (-)	9,515	58,154	4,149	-	71,818
Other operating expenses (-)	69,443	153,632	292,053	390	515,518
<b>Profit before tax</b>	<b>(3,972)</b>	<b>320,455</b>	<b>(96,871)</b>	<b>(26,518)</b>	<b>193,094</b>
Taxation	-	-	(46,024)	-	(46,024)
<b>Net profit for the period</b>	<b>(3,972)</b>	<b>320,455</b>	<b>(142,895)</b>	<b>(26,518)</b>	<b>147,070</b>

<b>Prior Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
Net interest income	11,636	223,714	131,729	-	367,079
Net fees and commissions income and other operating income	17,407	37,176	62,476	(1,218)	115,841
Trading profit / loss	15,502	17,897	5,123	(270)	38,252
Dividend income	-	-	22,668	(22,664)	4
Impairment provision for loans and other receivables (-)	3,396	25,160	6,406	-	34,962
Other operating expenses (-)	44,598	102,446	179,459	(1,448)	325,055
<b>Profit before tax</b>	<b>(3,449)</b>	<b>151,181</b>	<b>36,131</b>	<b>(22,704)</b>	<b>161,159</b>
Taxation	-	-	(37,838)	-	(37,838)
<b>Net profit for the period</b>	<b>(3,449)</b>	<b>151,181</b>	<b>(1,707)</b>	<b>(22,704)</b>	<b>123,321</b>

**XXIII- Explanations on Other Matters**

*Investments in Subsidiaries*

The Group has ceased the hedge of the net investment risk of its subsidiary The Economy Bank NV (“TEB NV”), operating in Netherlands with capital of EUR 30 million as of October 31, 2007. The valuation differences of the net investment risk and the changes in the hedging instrument until October 31, 2007 have been accounted for under “Other Reserves”. According to the circular 2007/2 of the Banking Regulation and Supervision Agency dated July 4, 2007 the foreign currency investments are not retranslated at the foreign exchange rates prevailing on the balance sheet date. Instead, these investments are accounted for at their TRY restated cost until December 31, 2004. The EUR 30 million deposit position previously designated for the hedge of the net investment risk was changed in order to prevent the possible effect due to changes in foreign exchange rates. Since this position for the hedge accounting was closed, the hedge of net investment in foreign operations was ceased as of October 31, 2007.

*Explanation for convenience translation to English*

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

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**SECTION FOUR**

**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP**

**I- Explanations Related to the Consolidated Capital Adequacy Standard Ratio**

The method used for risk measurement in determining consolidated capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks”, which was published on November 1, 2006 in the Official Gazette numbered 26333 and the Communiqué on “The Amendment in Measurement and Assessment of Capital Adequacy of Banks” published on October 10, 2007 in the Official Gazette numbered 26669. The Group’s consolidated capital adequacy ratio is in accordance with the related communiqué is 13.30% (2006 - 13.00%).

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

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

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

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

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

**Information related to the consolidated capital adequacy ratio:**

	Consolidated				Parent Bank			
	Risk Weight				Risk Weight			
	0%	20%	50%	100%	0%	20%	50%	100%
<b>Risk Weighted Assets, Liabilities and Non-Cash Loans</b>								
Balance Sheet items (Net)								
Cash	193,540	-	-	-	193,533	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-	-
Due From Central Bank of Turkey	1,399,403	-	-	-	1,399,403	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	108,301	684,717	-	7,668	-	325,610	-	7,173
Interbank Money Market Placements	190,000	-	-	-	190,000	-	-	-
Receivables From Reverse Repo Transactions	9,508	5,014	-	-	-	-	-	-
Reserve Deposits	336,301	-	-	-	336,301	-	-	-
Loans	258,865	268,716	1,658,266	6,025,969	198,174	77,009	1,633,306	4,819,079
Non-performing loans (Net)	-	-	-	48,301	-	-	-	48,301
Financial Lease Receivables	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1,509,569	7,038	-	63	1,492,079	-	-	63
Held to Maturity Investments	7,464	-	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	-	-	-	-
Sundry Debtors	85	12,959	-	70,374	-	8,863	-	43,853
Interest and Income Accruals	118,483	2,958	19,598	78,345	114,333	2,042	19,598	71,987
Subsidiaries, Associates and Entities Under Common Control (Joint vent.) (Net)	-	-	-	12	-	-	-	152,208
Tangible Assets	-	-	-	129,376	-	-	-	104,120
Other Assets	239,901	2,617	-	52,174	239,565	2,618	-	2,050
Off-Balance Sheet Items								
Guarantees and Commitments	961,684	946,657	380,630	987,687	961,333	901,129	284,741	991,774
Derivative Financial Instruments	-	92,558	-	17,333	-	89,234	-	16,811
Non Risk Weighted Accounts	-	-	-	-	-	-	-	-
<b>Total Value at Risk</b>	<b>5,333,104</b>	<b>2,023,234</b>	<b>2,058,494</b>	<b>7,417,302</b>	<b>5,124,721</b>	<b>1,406,505</b>	<b>1,937,645</b>	<b>6,257,419</b>
<b>Total Risk Weighted Assets</b>	<b>-</b>	<b>404,647</b>	<b>1,029,247</b>	<b>7,417,302</b>	<b>-</b>	<b>281,301</b>	<b>968,823</b>	<b>6,257,419</b>

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

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	8,851,19€	6,695,374	7,507,543	5,560,811
Amount Subject to Market Risk (ASMR)	287,038	193,613	218,488	191,138
Amount Subject to Operational Risk (ASOR) (*) (**)	731,111	-	621,911	-
Shareholders' Equity	1,313,00€	895,688	1,242,316	820,725
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	13.30	13.00	14.88	14.27

**TRWA:** Total Risk Weighted Assets

**ASMR:** Amount Subject to Market Risk

**ASOR:** Amount Subject to Operational Risk

(\*) Since it is effective after June 30, 2007, no comparative data is available.

(\*\*) Operational risk has been calculated by using the Basic Indicator Approach.

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

**Information related to the components of shareholders' equity:**

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
<b>CORE CAPITAL</b>				
Paid-in capital	755,000	76,500	755,000	76,500
Nominal capital	755,000	76,500	755,000	76,500
Capital commitments (-)	-	-	-	-
Paid-in capital restatement difference	926	252,676	926	252,676
Share premium	1,805	1,661	1,736	1,592
Cancellation profits	-	-	-	-
Legal reserves	36,423	28,756	20,235	14,950
First legal reserve (Turkish Commercial Code 466/1)	27,970	20,303	14,699	9,414
Second legal reserve (Turkish Commercial Code 466/2)	8,453	8,453	5,536	5,536
Other legal reserve per special legislation	-	-	-	-
Statutory reserves	-	-	-	-
Extraordinary reserves	37,486	143,498	(66)	110,560
Reserves allocated by the General Assembly	37,486	143,498	(66)	110,560
Retained earnings	-	-	-	-
Accumulated losses	-	-	-	-
Foreign currency share capital exchange difference	-	-	-	-
Restatement differences of legal, statutory and extraordinary reserves	-	-	-	-
Profit	147,070	123,321	130,286	105,700
Current period net profit	147,070	123,321	130,286	105,700
Prior years' profits	-	-	-	-
Provision for possible losses up to 15% 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	115,927	-	115,927	-
Minority Shares	-	-	-	-
Losses (-) (that cannot be covered by reserves)	-	-	-	-
Net current period loss	-	-	-	-
Prior years' losses	-	-	-	-
Leasehold improvements (-)	60,408	33,520	60,210	33,069
Prepaid expenses (-)	22,859	12,157	22,504	11,307
Intangible assets (-)	8,139	6,808	6,651	5,866
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-	-	-
Goodwill(Net) (-)	1,205	1,205	-	-
<b>Total Core Capital</b>	<b>1,094,637</b>	<b>626,412</b>	<b>1,024,044</b>	<b>561,978</b>
<b>SUPPLEMENTARY CAPITAL</b>				
General Loan Loss Reserves	56,627	32,505	53,365	32,505
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	253,276	295,029	253,276	280,989
45% of Marketable securities value increase fund	1,080	(4,556)	996	(4,505)
Associates and subsidiaries	-	-	-	-
Available for sale securities	1,080	(4,556)	996	(4,505)
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-	-	-
<b>Total Supplementary Capital</b>	<b>310,983</b>	<b>322,978</b>	<b>307,637</b>	<b>308,989</b>
<b>TIER III CAPITAL</b>				
<b>CAPITAL</b>	<b>1,405,620</b>	<b>949,390</b>	<b>1,331,681</b>	<b>870,967</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>92,611</b>	<b>53,702</b>	<b>89,365</b>	<b>50,242</b>
Shareholdings in unconsolidated banks and financial institutions	-	12	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt and Primary and Secondary loans borrowed from them	-	-	-	-
Shareholdings in the banks and financial institutions which are accounted for under the equity pick up method but the assets and liabilities are not consolidated.	-	-	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-	-	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	-	-	-	-
Other	-	-	-	-
<b>Total Shareholder's Equity</b>	<b>1,313,009</b>	<b>895,688</b>	<b>1,242,316</b>	<b>820,725</b>

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

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

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

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

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

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

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

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

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

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

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

As of December 31, 2007, the receivables of the Group from its top 100 cash loan customers amount to TRY 1,204,333 (2006 – TRY 1,743,758) with a share of 15.87% in the total cash loans (2006 – 30.44%).

As of December 31, 2007, the receivables of the Group from its top 100 non-cash loan customers amount to TRY 1,739,689 (2006 – TRY 1,189,315) with a share of 52.73% in the total non-cash loans (2006 – 40.53%).

The share of cash and non-cash receivables of the Group from its top 100 customers in total balance sheet and off-balance sheet assets is 22.33% as of December 31, 2007 (2006 – 28.70%).

As of December 31, 2007, the general loan loss provision related with the credit risk taken by the parent Bank is TRY 56,627 (2006 – TRY 34,978).

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

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

	Loans to Real Person and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities(*)		Other Loans(**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Loans according to borrowers</b>	<b>7,306,892</b>	<b>5,387,809</b>	<b>330,793</b>	<b>354,452</b>	<b>1,828,558</b>	<b>1,657,395</b>	<b>1,706,502</b>	<b>1,693,914</b>
Private Sector	6,066,654	4,644,069	100,423	106,004	-	-	864,353	602,895
Public Sector	-	-	360	-	1,820,800	1,656,846	-	-
Banks	-	-	230,010	248,448	7,695	481	842,149	1,091,019
Retail	1,240,238	743,740	-	-	-	-	-	-
Share Certificates	-	-	-	-	63	68	-	-
<b>Information according to geographical concentration</b>	<b>7,306,892</b>	<b>5,387,809</b>	<b>330,793</b>	<b>354,452</b>	<b>1,828,558</b>	<b>1,657,395</b>	<b>1,706,502</b>	<b>1,693,914</b>
Domestic	6,926,780	5,025,230	266,747	257,061	1,820,863	1,656,914	776,244	572,554
European Union Countries	184,173	173,403	18,377	38,543	7,695	481	762,261	674,423
OECD Countries(***)	94,487	47,239	4,562	1,639	-	-	2,615	71,086
Off-shore Banking Regions	70,347	79,015	4,330	29,563	-	-	6,972	47
USA, Canada	15,465	10,131	-	2,981	-	-	157,350	375,720
Other Countries	15,640	52,791	36,777	24,665	-	-	1,060	84
<b>Total</b>	<b>7,306,892</b>	<b>5,387,809</b>	<b>330,793</b>	<b>354,452</b>	<b>1,828,558</b>	<b>1,657,395</b>	<b>1,706,502</b>	<b>1,693,914</b>

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

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

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

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

**Information according to geographical concentration :**

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income
<b>Current Period</b>					
Domestic	12,520,282	9,169,561	3,096,742	-	136,160
European Union Countries	1,014,846	1,921,832	78,701	-	10,910
OECD Countries (*)	101,666	406,628	242	-	-
Off-shore Banking Regions	86,606	829,678	57,113	-	-
USA, Canada	174,802	380,787	5,705	-	-
Other Countries	54,174	262,793	60,874	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	12	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
<b>Total</b>	<b>13,952,376</b>	<b>12,971,279</b>	<b>3,299,377</b>	<b>12</b>	<b>147,070</b>
<b>Prior Period</b>					
Domestic	8,678,070	7,066,909	2,638,987	-	115,086
European Union Countries	913,177	1,103,854	92,742	-	8,235
OECD Countries (*)	120,272	56,223	19,587	-	-
Off-shore Banking Regions	107,557	1,068,508	56,508	-	-
USA, Canada	389,698	284,152	56,550	-	-
Other Countries	77,515	90,367	69,950	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	12	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
<b>Total</b>	<b>10,286,289</b>	<b>9,670,013</b>	<b>2,934,324</b>	<b>12</b>	<b>123,321</b>

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

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

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

**Sector concentrations for cash loans :**

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	165,039	3.13	136,205	5.87	85,594	2.43	138,926	6.30
Farming and Raising Livestock	135,781	2.58	117,685	5.07	64,711	1.84	126,513	5.73
Forestry, Wood and Paper	19,671	0.37	15,621	0.67	15,526	0.44	11,793	0.54
Fishery	9,587	0.18	2,899	0.13	5,357	0.15	620	0.03
Manufacturing	2,229,887	42.33	1,340,998	57.77	1,645,503	46.69	1,160,989	52.69
Mining and Quarry	142,312	2.70	60,916	2.62	87,861	2.49	75,843	3.44
Production	2,077,818	39.44	1,264,009	54.45	1,552,354	44.05	1,085,146	49.25
Electricity, Gas and Water	9,757	0.19	16,073	0.70	5,288	0.15	-	-
Construction	341,769	6.49	206,356	8.89	212,887	6.04	64,619	2.93
Services	1,182,259	22.44	626,324	26.98	774,000	21.96	608,104	27.60
Wholesale and Retail Trade	435,380	8.26	102,117	4.40	261,939	7.43	69,827	3.17
Hotel, Tourism, Food and Beverage Services	92,275	1.75	47,656	2.05	43,500	1.23	63,147	2.87
Transportation and Communication	213,924	4.06	102,157	4.40	138,565	3.93	114,947	5.22
Financial Institutions	222,685	4.23	295,582	12.73	196,365	5.57	294,412	13.35
Real Estate and Renting Services	80,508	1.53	7,825	0.34	43,923	1.25	59,678	2.71
SelfEmployment Services	61,625	1.17	1,371	0.06	36,952	1.05	6,093	0.28
Education Services	8,626	0.16	-	-	5,918	0.17	-	-
Health and Social Services	67,236	1.28	69,616	3.00	46,838	1.33	-	-
Other	1,349,064	25.61	11,483	0.49	806,208	22.88	230,887	10.48
<b>Total</b>	<b>5,268,018</b>	<b>100.00</b>	<b>2,321,366</b>	<b>100.00</b>	<b>3,524,192</b>	<b>100.00</b>	<b>2,203,525</b>	<b>100.00</b>

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	1,748,141	836,064
Banks	808,201	1,064,165
Other money markets	199,585	1,194
Trading financial assets	199,549	90,928
Derivative financial instruments	45,033	22,279
Financial assets available-for-sale	1,621,269	1,555,410
Held-to-maturity investments	7,740	11,057
Loans	8,526,472	6,370,804
<b>Total</b>	<b>13,155,990</b>	<b>9,951,901</b>
Contingent liabilities	3,299,377	2,934,324
Commitments	3,910,293	878,466
<b>Total</b>	<b>7,209,670</b>	<b>3,812,790</b>
<b>Total credit risk exposure</b>	<b>20,365,660</b>	<b>13,764,691</b>

(\*) Loans include TRY 480,042 (2006: TRY 300,861 ) factoring receivables and TRY 408,745 (2006: TRY 327,682) lease receivables.

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

Credit quality per class of financial assets as of December 31, 2007 and 2006 are as follows:

<b>Current Pe riod</b>	<b>Neither past due nor impaired</b>	<b>Past due or individually impaired</b>	<b>Total</b>
Loans and advances to customers	7,532,140	105,545	7,637,685
Corporate lending	4,748,324	29,310	4,777,634
Small business lending	1,572,267	23,866	1,596,133
Consumer lending	974,176	19,058	993,234
Credit cards	237,373	33,311	270,684
Other	-	-	-
<b>Total</b>	<b>7,532,140</b>	<b>105,545</b>	<b>7,637,685</b>

<b>Prior period</b>	<b>Neither past due nor impaired</b>	<b>Past due or individually impaired</b>	<b>Total</b>
Loans and advances to customers	5,714,362	27,899	5,742,261
Corporate lending	4,066,425	9,627	4,076,052
Small business lending	910,771	4,866	915,637
Consumer lending	692,657	6,804	699,461
Credit cards	44,509	6,602	51,111
Other	-	-	-
<b>Total</b>	<b>5,714,362</b>	<b>27,899</b>	<b>5,742,261</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Loans and advances to customers	1,319	4,845
Corporate lending	1,319	4,845
Small business lending	-	-
Consumer lending	-	-
Other	-	-
<b>Total</b>	<b>1,319</b>	<b>4,845</b>

**Credit Rating System**

The credit risk is assessed through the internal rating system of the group, by classifying loans from highest grade to lowest grade according to the probability of default. As of 2007 consumer loans small business loans and loans of group companies below a certain limit are excluded from the internal rating system of the parent bank. Additional scoring methodologies are applied for these loans.

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**III. Explanations Related to the Consolidated Market Risk**

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

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

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

a) Information Related to Market Risk

	Consolidated	Parent Bank
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	9,900	9,088
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-	-
III) Capital Requirement to be Employed For Currency Risk - Standard Method	12,532	7,860
(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	531	531
(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)	22,963	17,479
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	287,038	218,488

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	13,417	16,137	9,900	10,052	13,513	7,180
Common Stock Risk	312	417	210	26	46	3
Currency Risk	6,324	12,532	838	2,121	4,457	1,003
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	349	584	28	91	190	-
<b>Total Value Subject to Risk</b>	<b>254,057</b>	<b>287,038</b>	<b>224,700</b>	<b>153,619</b>	<b>193,613</b>	<b>132,400</b>

**Other price risks**

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

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

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

**V. Explanations Related to the Consolidated 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 Group are taken into consideration and value at risk is calculated by using the standard method.

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

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

The Treasury Department of the Parent Bank is responsible for the management of 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 Parent Bank's Asset-Liability Committee on a weekly basis.

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

As of December 31, 2007, the Group's net long position is TRY 151,889 (2006 - TRY 49,603 net long) resulting from short position on the balance sheet amounting to TRY 738,944 (2006 - TRY 506,552 short) and long position on the off-balance sheet amounting to TRY 890,833 (2006 - TRY 556,155 long).

The announced current foreign exchange buying rates of the Parent Bank at December 31, 2007 and the previous five working days in full TRY are as follows:

	<b>24.12.2007</b>	<b>25.12.2007</b>	<b>26.12.2007</b>	<b>27.12.2007</b>	<b>28.12.2007</b>	<b>31.12.2007</b>
<b>USD</b>	1.17990	1.17460	1.17150	1.17080	1.16470	1.15930
<b>CHF</b>	1.01920	1.01430	1.01350	1.01610	1.02730	1.02840
<b>GBP</b>	2.33670	2.32270	2.32060	2.32880	2.32590	2.32150
<b>JPY</b>	1.03160	1.02690	1.02420	1.02160	1.02790	1.03310
<b>EURO</b>	1.69860	1.69170	1.69120	1.69760	1.71020	1.70600

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before December 31, 2007 are as follows:

	<b>Monthly Average Foreign Exchange Rate</b>
<b>USD</b>	1.17297
<b>CHF</b>	1.02764
<b>GBP</b>	2.37014
<b>JPY</b>	1.04143
<b>EURO</b>	1.70812

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

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

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>YEN</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	657,852	702,298	111	5,961	1,366,222
Banks	191,895	537,204	619	16,507	746,225
Financial Assets at Fair Value Through Profit and Loss (*****)	13,484	19,815	-	-	33,299
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	54	189,398	-	-	189,452
Loans (**)	1,135,404	1,624,901	42,820	189,109	2,992,234
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-	-
Held-To-Maturity Investments	-	6,114	-	-	6,114
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	6,601	-	-	-	6,601
Intangible Assets	167	-	-	-	167
Other Assets (***)	367,497	106,793	-	29,687	503,977
<b>Total Assets</b>	<b>2,372,954</b>	<b>3,186,523</b>	<b>43,550</b>	<b>241,264</b>	<b>5,844,291</b>
<b>Liabilities</b>					
Bank Deposits	94,876	104,545	56	16,414	215,891
Foreign Currency Deposits (*)	1,131,022	3,059,587	7,645	67,834	4,266,088
Money Market Borrowings	-	5,005	-	-	5,005
Funds Provided From Other Financial Institutions	1,088,642	898,554	-	20,482	2,007,678
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	18,034	8,714	150	65	26,963
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	39,661	8,633	-	13,316	61,610
<b>Total Liabilities</b>	<b>2,372,235</b>	<b>4,085,038</b>	<b>7,851</b>	<b>118,111</b>	<b>6,583,235</b>
<b>Net Balance Sheet Position</b>	719	(898,515)	35,699	123,153	(738,944)
<b>Net Off-Balance Sheet Position</b>	95,375	935,884	(35,615)	(104,811)	890,833
Financial Derivative Assets (****)	404,922	1,693,388	22,934	120,808	2,242,052
Financial Derivative Liabilities (****)	309,547	757,504	58,549	225,619	1,351,219
Non-Cash Loans (*****)	632,683	1,282,731	12,512	42,927	1,970,853
<b>Prior Period</b>					
Total Assets	1,908,061	3,058,391	16,052	163,747	5,146,251
Total Liabilities	1,867,610	3,632,133	7,464	145,596	5,652,803
Net Balance Sheet Position	40,451	(573,742)	8,588	18,151	(506,552)
Net Off-Balance Sheet Position	28,568	553,955	(9,069)	(17,299)	556,155
Financial Derivative Assets	255,137	1,110,934	4,835	68,449	1,439,355
Financial Derivative Liabilities	226,569	556,979	13,904	85,748	883,200
Non-Cash Loans (*****)	698,630	1,215,380	8,132	70,871	1,993,013

(\*) Gold account deposits amounting to TRY 4,718 (2006 - TRY 15,247) are included in the foreign currency deposits.

(\*\*) Foreign currency indexed loans amounting to TRY 670,868(2006 - TRY 481,055) are included in the loan portfolio.

(\*\*\*) TRY 226 (2006 - TRY 364) prepaid expenses is deducted from other assets, and TRY 3,254 (2006 - TRY 983) expense accruals from derivative financial instruments, and TRY 13,553 (2006 - TRY 12,362) provision for general loan losses are deducted from other liabilities.

(\*\*\*\*) Forward asset purchase-sale commitments of TRY 236,642 (2006 - TRY 76,854) are added to derivative financial assets and TRY 236,905 (2006 - TRY 76,864) has been added to derivative financial liabilities

(\*\*\*\*\*) TRY 3,841 (2006 - TRY 1,190) 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.

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**V. Explanations Related to Consolidated Currency Risk (continued)**

**Foreign currency sensitivity:**

The Group is mainly exposed to EUR and USD currencies.

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

	Change in currency rate in %	Effect on profit or loss		Effect on equity	
		Current Period	Prior Period	Current Period	Prior Period
USD	10	(3,737)	1,979	(57)	(222)
EUR	10	(9,609)	(6,902)	(5,547)	(5,116)

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

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**V. Explanations Related to Currency Risk (continued)**

**Forward foreign exchange contracts:**

The following table details the forward foreign currency contracts outstanding as at balance sheet date:

Outstanding contracts	Average Exchange Rate		Purchase Contracts Original Amount		Sales Contracts Original Amount		Fair Value Rate	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<u>USD purchaseEUR sale</u>								
Less than 3 months	1.447	1.290	34,100	4,696	23,914	3,672	(1,239)	(203)
Between 3-6 months	1.445	1.313	2,123	1,050	1,511	800	(121)	(10)
Between 6 months-1 year	1.446	1.342	4,836	670	3,399	500	(202)	8
<u>USD purchaseTRY sale</u>								
Less than 3 months	1.197	1.446	113,476	17,130	134,217	24,950	(2,397)	(768)
Between 3-6 months	1.377	1.624	64,960	2,100	93,897	3,457	(13,578)	(336)
Between 6 months-1 year	1.411	-	53,150	-	75,873	-	(9,217)	-
<u>EUR purchaseUSD sale</u>								
Less than 3 months	1.451	1.319	40,280	34,782	57,704	35,796	1,869	472
Between 3-6 months	1.450	1.324	3,853	6,561	5,551	4,925	134	(17)
Between 6 months-1 year	1.429	1.337	3,897	6,000	5,547	11,282	223	(65)
<u>EUR purchaseTRY sale</u>								
Less than 3 months	1.834	2.011	65,762	31,370	119,051	67,140	(4,918)	(7,874)
Between 3-6 months	1.922	2.014	6,111	40	11,562	81	(697)	(3)
Between 6 months-1 year	1.987	-	10,250	-	20,238	-	(1,175)	-
<u>TRY purchaseUSD sale</u>								
Less than 3 months	1.209	1.472	119,091	109,359	94,845	78,225	8,366	6,245
Between 3-6 months	1.335	1.544	123,634	10,956	87,714	7,795	15,407	1,059
Between 6 months-1 year	1.373	1.678	124,162	703	91,470	500	10,090	48
More than 1 year	-	1.657	-	7,028	-	5,000	-	145
<u>TRY purchaseEUR sale</u>								
Less than 3 months	1.752	1.943	11,865	31,402	6,709	17,095	270	927
Between 3-6 months	1.861	1.995	3,046	10,988	1,650	5,935	94	224
Between 6 months-1 year	1.918	-	5,754	-	3,000	-	146	-

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**VI. Explanations Related to Consolidated 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 Group. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budgeted targets.

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

Since the Group does not permit maturity mismatches or imposes limits on the 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
<b>Current Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1,276,764	-	-	-	-	664,917	1,941,681
Banks	507,798	-	3,298	-	-	297,105	808,201
Financial Assets at Fair Value Through Profit and Loss	6,661	47,571	29,428	94,865	22,305	43,752	244,582
Money Market Placements	199,585	-	-	-	-	-	199,585
Available-For-Sale Financial Assets	295,149	692,365	371,737	247,996	13,959	63	1,621,269
Loans	3,922,272	630,764	1,212,205	1,581,019	185,552	57,572	7,589,384
Factoring Receivables	190,850	227,142	58,876	-	-	3,174	480,042
Financial Lease Receivables	22,839	32,880	123,271	216,499	1,431	11,825	408,745
Held-To-Maturity Investments	3,199	1,626	1,211	1,704	-	-	7,740
Other Assets	30,252	-	-	-	-	620,907	651,159
<b>Total Assets</b>	<b>6,455,369</b>	<b>1,632,348</b>	<b>1,800,026</b>	<b>2,142,083</b>	<b>223,247</b>	<b>1,699,315</b>	<b>13,952,388</b>
<b>Liabilities</b>							
Bank Deposits	339,956	28,179	73	-	-	152,830	521,038
Other Deposits	5,654,755	464,379	118,408	6,706	-	1,418,894	7,663,142
Money Market Borrowings	921,919	-	-	-	-	-	921,919
Sundry Creditors	-	-	-	-	23,925	178,186	202,111
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	1,352,884	273,993	713,068	160,133	258,806	-	2,758,884
Factoring Payables	152,511	17,094	-	-	-	-	169,605
Other Liabilities	788	675	7,791	25,831	57,912	1,622,692	1,715,689
<b>Total Liabilities</b>	<b>8,422,813</b>	<b>784,320</b>	<b>839,340</b>	<b>192,670</b>	<b>340,643</b>	<b>3,372,602</b>	<b>13,952,388</b>
Balance Sheet Long Position	-	848,028	960,686	1,949,413	-	-	3,758,127
Balance Sheet Short Position	(1,967,444)	-	-	-	(117,396)	(1,673,287)	(3,758,127)
Off-Balance Sheet Long Position	-	228	574	7,410	-	-	8,212
Off-Balance Sheet Short Position	-	(267)	(661)	(5,542)	-	-	(6,470)
<b>Total Position</b>	<b>(1,967,444)</b>	<b>847,989</b>	<b>960,599</b>	<b>1,951,281</b>	<b>(117,396)</b>	<b>(1,673,287)</b>	<b>1,742</b>

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**VI- Explanations Related to Consolidated Interest Rate Risk (continued)**

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

The other assets line at the non-interest bearing column consists of tangible assets amounting to TRY 129,376; intangible assets amounting to TRY 69,752, TRY 46,272 tax asset, and the other liabilities line includes the shareholders' equity of TRY 981,109.

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

	EURO %	USD %	YEN %	TRY %
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	1.83	2.37	-	14.80
Banks	4.10	4.90	-	16.05
Financial Assets At Fair Value Through Profit And Loss	6.40	9.12	-	11.98
Money Market Placements	-	-	-	17.17
Available-For-Sale Financial Assets	-	5.75	-	16.93
Loans	6.34	6.83	3.67	20.25
Leasing Receivables	8.70	9.58	-	25.92
Factoring Receivables	5.97	5.05	-	21.55
Held-To-Maturity Investments	-	11.15	-	20.78
<b>Liabilities</b>				
Bank Deposits	3.64	4.61	-	14.52
Other Deposits	4.11	4.80	-	16.12
Money Market Borrowings	-	-	-	16.54
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	5.08	6.23	1.49	17.60

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**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):**

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
<b>Prior Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	645,715	-	-	-	-	319,771	965,486
Due From Other Banks	659,262	-	3,290	-	-	401,613	1,064,165
Financial Assets at Fair Value Through Profit and Loss	45,855	13,281	11,150	39,567	177	3,177	113,207
Money Market Placements	1,194	-	-	-	-	-	1,194
Available-For-Sale Financial Assets	292,283	663,403	164,145	418,432	17,079	68	1,555,410
Loans	2,856,121	557,846	1,006,281	1,006,973	261,820	38,676	5,727,717
Factoring Receivables	166,908	69,476	64,477	-	-	-	300,861
Financial Lease Receivables	20,436	27,924	107,763	167,810	-	3,749	327,682
Held-To-Maturity Investments	4,054	3,298	3,705	-	-	-	11,057
Other Assets	29,732	-	-	-	-	189,790	219,522
<b>Total Assets</b>	<b>4,721,560</b>	<b>1,335,228</b>	<b>1,360,811</b>	<b>1,632,782</b>	<b>279,076</b>	<b>956,844</b>	<b>10,286,301</b>
<b>Liabilities</b>							
Bank Deposits	135,528	4,334	-	-	-	48,338	188,200
Other Deposits	5,575,247	681,345	150,705	2,320	-	127,888	6,537,505
Money Market Borrowings	794,689	-	-	-	-	-	794,689
Sundry Creditors	175	-	-	-	-	134,138	134,313
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	383,785	203,933	937,057	165,510	-	6,050	1,696,335
Factoring Payables	87,002	17,086	6,984	-	-	-	111,072
Other Liabilities	52,871	11,238	19,098	23,602	6,017	711,361	824,187
<b>Total Liabilities</b>	<b>7,029,297</b>	<b>917,936</b>	<b>1,113,844</b>	<b>191,432</b>	<b>6,017</b>	<b>1,027,775</b>	<b>10,286,301</b>
Balance Sheet Long Position	-	417,292	246,967	1,441,350	273,059	-	2,378,668
Balance Sheet Short Position	(2,307,737)	-	-	-	-	(70,931)	(2,378,668)
Off-Balance Sheet Long Position	10,204	-	-	-	-	-	10,204
Off-Balance Sheet Short Position	(6,715)	-	-	-	-	-	(6,715)
<b>Total Position</b>	<b>(2,304,248)</b>	<b>417,292</b>	<b>246,967</b>	<b>1,441,350</b>	<b>273,059</b>	<b>(70,931)</b>	<b>3,489</b>

The other assets line at the non-interest bearing column consists of tangible assets amounting to TRY 64,698; intangible assets amounting to TRY 41,534, TRY 14,706 tax asset and the other liabilities line includes the shareholders' equity of TRY 616,288.

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**VI- Explanations Related to Interest Rate Risk (continued)**

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

	EURO	USD	YEN	YTL
	%	%	%	%
<b>Prior Period</b>				
<b>Assets</b>				
Cash (Cash In Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	1.73	2.52	-	13.12
Banks	3.45	5.23	-	18.21
Financial Assets At Fair Value Through Profit And Loss	5.45	9.08	-	21.15
Money Market Placements	-	-	-	18.13
Available-For-Sale Financial Assets	-	6.78	-	19.90
Loans	9.63	10.20	-	23.19
Leasing Receivables	5.72	7.71	-	22.53
Factoring Receivables	5.62	6.94	3.88	21.36
Held-To-Maturity Investments	-	10.96	-	23.06
<b>Liabilities</b>				
Bank Deposits	3.12	4.86	-	15.57
Other Deposits	3.02	5.09	-	16.28
Money Market Borrowings	-	-	-	17.36
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4.89	6.48	-	18.19

**Interest rate sensitivity:**

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

- Profit for the year would change by TRY 6,643 (2006 - TRY 5,467). The amounts constitute 1.07% of the net interest income for the year 2007 and 1.49% for the year 2006.

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

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**VI- Explanations Related to Interest Rate Risk (continued)**

**Interest rate swap contracts:**

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at balance sheet date:

	Currency		Average Contracted Fixed Interest Rate (%)		Notional Principal Amount (Original Currency)		Fair Value (TRY)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Outstanding floating for fixed contracts</b>								
Less than 1 year	USD	-	3.50	-	960,000	-	3	-
1-2 years	USD	USD	3.73	3.50	2,512,500	1,750,000	5	8
2-5 years	EUR	USD	4.04	3.73	13,125,000	3,517,500	(6)	7
	USD	USD	4.12	4.12	10,000,000	10,000,000	59	97
	YTL	YTL	11.00	11.00	10,000,000	10,000,000	4	5
Over 5 years	-	-	-	-	-	-	-	-

**Interest rate swap contracts:**

	Currency		Average Contracted Fixed Interest Rate (%)		Notional Principal Amount (Original Currency)		Fair Value (TRY)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Outstanding fixed for floating contracts</b>								
Less than 1 year	-	-	-	-	-	-	-	-
1 – 2 years	-	-	-	-	-	-	-	-
2 – 5 years	-	-	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-	-	-

**VII- Explanations Related to Consolidated Liquidity Risk**

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

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

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

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

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

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**VII- Explanations Related to Consolidated Liquidity Risk (continued)**

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

	Current Period	Prior Period
	%	%
Average during the period	28	29
Highest	34	30
Lowest	20	20

**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
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	664,917	1,276,764	-	-	-	-	-	1,941,681
Banks	297,105	507,798	-	3,298	-	-	-	808,201
Financial Assets at Fair Value Through Profit and Loss	663	9,622	9,292	61,551	135,520	27,934	-	244,582
Money Market Placements	-	199,585	-	-	-	-	-	199,585
Available-For-Sale Financial Assets	63	-	107,863	431,285	1,068,099	13,959	-	1,621,269
Loans	57,572	3,909,589	617,312	1,205,539	1,613,820	185,552	-	7,589,384
Factoring Receivables	3,174	190,850	227,142	58,876	-	-	-	480,042
Financial Lease Receivables	11,825	22,839	32,880	123,271	216,499	1,431	-	408,745
Held-To-Maturity Investments	-	3,200	-	1,211	3,329	-	-	7,740
Other Assets	113	286,766	30	328	-	2,079	361,843	651,159
<b>Total Assets</b>	<b>1,035,432</b>	<b>6,407,013</b>	<b>994,519</b>	<b>1,885,359</b>	<b>3,037,267</b>	<b>230,955</b>	<b>361,843</b>	<b>13,952,388</b>
<b>Liabilities</b>								
Bank Deposits	152,830	339,956	28,179	73	-	-	-	521,038
Other Deposits	1,418,894	5,652,065	455,491	115,817	20,875	-	-	7,663,142
Funds Provided From Other Financial Institutions	-	1,087,311	197,383	636,212	354,692	483,286	-	2,758,884
Money Market Borrowings	-	921,919	-	-	-	-	-	921,919
Marketable Securities Issued	-	-	-	-	-	-	-	-
Factoring Payables	-	152,511	17,094	-	-	-	-	169,605
Sundry Creditors	176,541	1,416	-	-	-	23,925	229	202,111
Other Liabilities	1,439	440,016	28,564	88,860	72,881	17,713	1,066,216	1,715,689
<b>Total Liabilities</b>	<b>1,749,704</b>	<b>8,595,194</b>	<b>726,711</b>	<b>840,962</b>	<b>448,448</b>	<b>524,924</b>	<b>1,066,445</b>	<b>13,952,388</b>
<b>Liquidity Gap</b>	<b>(714,272)</b>	<b>(2,188,181)</b>	<b>267,808</b>	<b>1,044,397</b>	<b>2,588,819</b>	<b>(293,969)</b>	<b>(704,602)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	765,396	3,854,601	821,411	1,657,316	2,748,007	279,076	160,494	10,286,301
Total Liabilities	1,249,185	5,958,252	958,372	850,508	292,180	334,926	642,878	10,286,301
<b>Liquidity Gap</b>	<b>(483,789)</b>	<b>(2,103,651)</b>	<b>(136,961)</b>	<b>806,808</b>	<b>2,455,827</b>	<b>(55,850)</b>	<b>(482,384)</b>	<b>-</b>

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

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**VII- Explanations Related to Consolidated Liquidity Risk (continued)**

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
<b>As of December 31, 2007</b>								
Money market borrowings	-	924,234	-	-	-	-	(2,315)	921,919
Other deposits	1,242,391	5,853,024	457,660	122,702	22,011	-	(34,646)	7,663,142
Bank deposits	147,409	346,054	28,505	176	-	-	(1,106)	521,038
Funds provided from other financial institutions	-	1,087,900	284,211	749,983	422,254	583,783	(369,247)	2,758,884
<b>Total</b>	<b>1,389,800</b>	<b>8,211,212</b>	<b>770,376</b>	<b>872,861</b>	<b>444,265</b>	<b>583,783</b>	<b>(407,314 )</b>	<b>11,864,983</b>
<b>As of December 31, 2006</b>								
Money market borrowings	-	796,271	-	-	-	-	(1,582)	794,689
Other deposits	947,788	4,877,355	554,040	150,349	40,376	-	(32,403)	6,537,505
Bank deposits	46,912	137,129	4,402	-	-	-	(243)	188,200
Funds provided from other financial institutions	-	307,942	228,168	714,590	286,330	438,709	(279,404 )	1,696,335
<b>Total</b>	<b>994,700</b>	<b>6,118,697</b>	<b>786,610</b>	<b>864,939</b>	<b>326,706</b>	<b>438,709</b>	<b>313,632</b>	<b>9,216,729</b>

**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
<b>As of December 31, 2007</b>						
Net Settled						
Foreign exchange forward contracts	-	-	-	-	-	-
Currency swaps	2	-	-	-	-	2
Interest rate swaps	-	-	-	-	-	-
Gross settled						
Foreign exchange forward contracts	321,952	220,215	465,673	1,351	-	1,009,191
Currency swaps	90,841	68,641	831,830	400,594	77,665	1,469,571
Interest rate swaps	213	544	1,766	3,947	-	6,470
<b>Total</b>	<b>413,008</b>	<b>289,400</b>	<b>1,299,269</b>	<b>405,892</b>	<b>77,665</b>	<b>2,485,234</b>
<b>As of December 31, 2006</b>						
Net Settled						
Foreign exchange forward contracts	-	-	-	-	-	-
Currency swaps	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Gross settled						
Foreign exchange forward contracts	154,368	173,670	55,423	7,028	-	390,489
Currency swaps	127,784	17,764	267,645	585,191	85,430	1,083,814
Interest rate swaps	295	276	1,336	4,808	-	6,715
<b>Total</b>	<b>282,447</b>	<b>191,710</b>	<b>324,404</b>	<b>597,027</b>	<b>85,430</b>	<b>1,481,018</b>

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**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 cannot be shown with their fair value in the financial statements of the Group.

Current period investment securities for investment purposes is comprised of interest-bearing assets held-to-maturity and interest-bearing assets available-for-sale. The fair value of the held to maturity financial 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
<b>Financial Assets</b>	<b>10,274,480</b>	<b>8,374,087</b>	<b>10,079,484</b>	<b>8,291,551</b>
Money Market Placements	199,585	1,194	199,585	1,203
Banks	808,201	1,064,165	808,215	1,064,107
Available-For-Sale Financial Assets	1,621,269	1,555,410	1,621,269	1,555,410
Held-To-Maturity Investments	7,740	11,057	7,595	10,626
Loans	7,637,685	5,742,261	7,442,820	5,660,205
<b>Financial Liabilities</b>	<b>12,067,094</b>	<b>9,351,042</b>	<b>12,059,127</b>	<b>9,367,437</b>
Bank Deposits	521,038	188,200	521,059	188,480
Other Deposits	7,663,142	6,537,505	7,655,281	6,553,620
Funds Borrowed From Other Financial Institutions (*)	3,680,803	2,491,024	3,680,676	2,491,024
Marketable Securities Issued	-	-	-	-
Sundry Creditors	202,111	134,313	202,111	134,313

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

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 banks, the prevailing interest rates as of the balance sheet date were used.
- iv- The fair value of the held to maturity financial assets is determined by quoted market prices as of the balance sheet date.

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

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
<b>Financial Assets</b>				
Money Market Placements	-	199,585	-	-
Banks	-	808,215	-	-
Available-for-sale financial assets	1,621,269	-	-	-
Held-to-maturity investments	7,595	-	-	-
Loans	-	7,442,820	-	-
<b>Financial Liabilities</b>				
Bank deposits	-	521,059	-	-
Other deposits	-	7,655,281	-	-
Funds borrowed from other financial institutions(*)	-	3,680,676	-	-
Marketable securities issued	-	-	-	-
Sundry creditors	-	202,111	-	-

Prior Period	Quoted	Valuation techniques – market observable	Valuation techniques – non market observable	Fair value not available
<b>Financial Assets</b>				
Money Market Placements	-	1,203	-	-
Banks	-	1,064,107	-	-
Available-for-sale financial assets	1,555,410	-	-	-
Held-to-maturity investments	10,626	-	-	-
Loans	-	5,660,205	-	-
<b>Financial Liabilities</b>				
Bank deposits	-	188,480	-	-
Other deposits	-	6,553,620	-	-
Funds borrowed from other financial institutions(*)	-	2,491,024	-	-
Marketable securities issued	-	-	-	-
Sundry creditors	-	134,313	-	-

**IX. Explanations Related To Transactions Made on Behalf of Others and Fudiciary Transactions**

The Group performs buying transactions on behalf of customers, and gives custody, administration and consultancy services.

The Group does not deal with fudiciary transactions.

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations Related to the Consolidated Assets**

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	93,307	97,782	50,159	75,324
Balances with the Central Bank of Turkey	482,152	1,265,989	200,718	635,346
Other	-	2,451	1,096	2,843
<b>Total</b>	<b>575,459</b>	<b>1,366,222</b>	<b>251,973</b>	<b>713,513</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposit (*)	482,152	336,907	200,718	281,142
Unrestricted time deposit	-	929,082	-	354,204
Restricted time deposit	-	-	-	-
<b>Total</b>	<b>482,152</b>	<b>1,265,989</b>	<b>200,718</b>	<b>635,346</b>

(\*) TRY 336,907 (2006 – TRY 281,142) foreign currency and TRY 1,163 domestic currency unrestricted demand deposit balance comprises of reserve deposits. Unrestricted demand deposit balance also includes average reserve deposit held in Central Bank. The interest rates applied for reserve deposits are 11.81% for TRY deposits and 1.80% - 1.95% for foreign currency deposits (2006 – TRY 13.12% and 1.73% -2.52% 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:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	-	-	542	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>542</b>	<b>-</b>

a.2) Financial assets at fair value through profit and loss subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	-	-	4,223	-
Treasury bills	-	-	642	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,865</b>	<b>-</b>

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 199,549 (2006 – TRY 85,521).

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	34,392	2,981	8,720	1,162
Swap Transactions	2,569	2,749	8,250	3,233
Futures Transactions	-	-	-	-
Options	2,302	40	713	148
Other	-	-	-	53
<b>Total</b>	<b>39,263</b>	<b>5,770</b>	<b>17,683</b>	<b>4,596</b>

3. a) Information on banks

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	11,960	263	4,428	30,825
Foreign	50,016	745,962	-	1,028,912
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>61,976</b>	<b>746,225</b>	<b>4,428</b>	<b>1,059,737</b>

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	497,706	568,959	130,275	13,016
USA and Canada	157,350	375,720	-	-
OECD Countries*	2,615	71,086	-	-
Off-shore banking regions	6,972	47	-	-
Other	1,060	84	-	-
<b>Total</b>	<b>665,703</b>	<b>1,015,896</b>	<b>130,275</b>	<b>13,016</b>

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	40,175	134,762	-	188,531
Other	-	-	-	-
<b>Total</b>	<b>40,175</b>	<b>134,762</b>	<b>-</b>	<b>188,531</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	993,849	-	881,030	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>993,849</b>	<b>-</b>	<b>881,030</b>	<b>-</b>

Net book value of unrestricted financial assets available-for-sale is TRY 452,483 (2006 – TRY 485,849).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	1,628,950	1,568,698
Quoted on a stock exchange	1,454,094	1,380,167
Not quoted	174,856	188,531
Share certificates	63	68
Quoted on a stock exchange	-	-
Not quoted	63	68
Impairment provision(-)	(7,744)	(13,356)
<b>Total</b>	<b>1,621,269</b>	<b>1,555,410</b>

All unquoted available for sale equities are recorded at fair value except for the Bank's investment of TRY 63 which is recorded at cost since its fair value cannot be reliably estimated. (2006 – TRY 68)

**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	20,862	25,144	1,384	2,768
Corporate shareholders	20,862	25,144	1,384	2,768
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	4,095	-	4,563	-
<b>Total</b>	<b>24,957</b>	<b>25,144</b>	<b>5,947</b>	<b>2,768</b>

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**I. Explanations Related to the Consolidated 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	7,588,065	-	-	1,319
Discount notes	121,012	-	-	-
Export loans	974,239	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	266,746	-	-	-
Foreign loans	444,161	-	-	-
Consumer loans	981,190	-	-	-
Credit cards	264,400	-	-	-
Precious metal loans	150,971	-	-	-
Other	4,385,346	-	-	1,319
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>7,588,065</b>	<b>-</b>	<b>-</b>	<b>1,319</b>

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	5,139,854	-	-	-
Non-specialized loans	5,139,854	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans and other receivables	2,448,211	-	-	1,319
Non-specialized loans	2,448,211	-	-	1,319
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>7,588,065</b>	<b>-</b>	<b>-</b>	<b>1,319</b>

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

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

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

	Short Term	Medium and Long Term	Total
<b>Consumer Loans-TRY</b>	<b>54,327</b>	<b>808,768</b>	<b>863,095</b>
Housing Loans	1,159	388,095	389,254
Car Loans	4,571	170,374	174,945
General Purpose Loans	44,892	239,573	284,465
Other	3,705	10,726	14,431
<b>Consumer Loans-Indexed to FC</b>	<b>5,475</b>	<b>74,244</b>	<b>79,719</b>
Housing Loans	254	40,808	41,062
Car Loans	503	28,820	29,323
General Purpose Loans	4,718	4,616	9,334
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>7,294</b>	<b>487</b>	<b>7,781</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	7,294	487	7,781
<b>Individual Credit Cards-TRY</b>	<b>253,690</b>	-	<b>253,690</b>
With Installments	67,375	-	67,375
Without Installments	186,315	-	186,315
<b>Individual Credit Cards-FC</b>	<b>2,058</b>	-	<b>2,058</b>
With Installments	-	-	-
Without Installments	2,058	-	2,058
<b>Personnel Loans-TRY</b>	<b>1,009</b>	<b>2,360</b>	<b>3,369</b>
Housing Loans	-	116	116
Car Loans	-	28	28
General Purpose Loans	1,009	2,216	3,225
Other	-	-	-
<b>Personnel Loans-Indexed to FC</b>	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TRY</b>	<b>183</b>	-	<b>183</b>
With Installments	29	-	29
Without Installments	154	-	154
<b>Personnel Credit Cards-FC</b>	<b>1</b>	-	<b>1</b>
With Installments	-	-	-
Without Installments	1	-	1
<b>Overdraft Accounts-TRY(Real Persons) (*)</b>	<b>27,226</b>	-	<b>27,226</b>
<b>Overdraft Accounts-FC(Real Persons)</b>	-	-	-
<b>Total</b>	<b>351,263</b>	<b>885,859</b>	<b>1,237,122</b>

(\*) Overdraft Accounts includes TRY 542 personnel loans.

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

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

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

	Short Term	Medium and Long Term	Total
<b>Commercial loans with installment facility-TRY</b>	73,688	624,944	698,632
Business Loans	170	26,411	26,581
Car Loans	11,860	221,777	233,637
General Purpose Loans	61,658	375,544	437,202
Other	-	1,212	1,212
<b>Commercial loans with installment facility - Indexed to FC</b>	15,041	150,276	165,317
Business Loans	-	1,427	1,427
Car Loans	3,230	84,360	87,590
General Purpose Loans	11,811	62,062	73,873
Other	-	2,427	2,427
<b>Commercial loans with installment facility –FC</b>	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards-TRY</b>	8,106	-	8,106
With Installments	-	-	-
Without Installments	8,106	-	8,106
<b>Corporate Credit Cards-FC</b>	362	-	362
With Installments	-	-	-
Without Installments	362	-	362
<b>Overdraft Accounts-TRY(Legal Entities)</b>	-	-	-
<b>Overdraft Accounts-FC(Legal Entities)</b>	-	-	-
<b>Total</b>	<b>97,197</b>	<b>775,220</b>	<b>872,419</b>

f) Loans according to borrowers:

	Current Period	Prior Period
Public	360	-
Private	7,589,024	5,727,717
<b>Total</b>	<b>7,589,384</b>	<b>5,727,717</b>

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	7,145,223	5,276,475
Foreign loans	444,161	451,242
<b>Total</b>	<b>7,589,384</b>	<b>5,727,717</b>

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	-	-
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	3,802	1,270
Loans and receivables with doubtful collectibility	12,030	1,778
Uncollectible loans and receivables	57,375	27,200
<b>Total</b>	<b>73,207</b>	<b>30,248</b>

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

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

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

j.1) Information on loans and other receivables included in non-performing loans which are restructured or rescheduled: None.

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	9,329	3,676	31,787
Additions (+)	110,723	6,593	1,775
Transfers from other categories of non-performing loans (+)	-	71,206	40,112
Transfers to other categories of non-performing loans (-)	71,206	40,112	-
Collections (-)	26,245	11,815	4,315
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	22,601	29,548	69,359
Specific provision (-)	3,802	12,030	57,375
<b>Net Balances on Balance Sheet</b>	<b>18,799</b>	<b>17,518</b>	<b>11,984</b>

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

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	22,601	29,548	69,359
Specific provision (-)	3,802	12,030	57,375
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>18,799</b>	<b>17,518</b>	<b>11,984</b>
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	9,329	3,676	31,787
Specific provision (-)	1,270	1,778	27,200
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>8,059</b>	<b>1,898</b>	<b>4,587</b>
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

k) Main principles of liquidating non performing loans and receivables:

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

l) Explanation related to write-off policy:

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

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

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

m) Other explanations and disclosures:

<b>Current Period</b>	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
Neither past due nor impaired	4,748,324	1,572,267	974,176	237,373	-	7,532,140
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
<b>Total gross</b>	<b>4,827,990</b>	<b>1,606,148</b>	<b>1,001,366</b>	<b>275,388</b>	<b>-</b>	<b>7,710,892</b>
Less: allowance for individually impaired loans	50,356	10,015	8,132	4,704	-	73,207
<b>Total allowance for impairment</b>	<b>50,356</b>	<b>10,015</b>	<b>8,132</b>	<b>4,704</b>	<b>-</b>	<b>73,207</b>
<b>Total net</b>	<b>4,777,634</b>	<b>1,596,133</b>	<b>993,234</b>	<b>270,684</b>	<b>-</b>	<b>7,637,685</b>
<b>Prior Period</b>	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
Neither past due nor impaired	4,066,425	910,771	692,657	44,509	-	5,714,362
Past due not impaired	2,551	1,568	3,465	5,771	-	13,355
Individually impaired	31,245	6,784	5,226	1,537	-	44,792
<b>Total gross</b>	<b>4,100,221</b>	<b>919,123</b>	<b>701,348</b>	<b>51,817</b>	<b>-</b>	<b>5,772,509</b>
Less: allowance for individually impaired loans	24,169	3,486	1,887	706	-	30,248
<b>Total allowance for impairment</b>	<b>24,169</b>	<b>3,486</b>	<b>1,887</b>	<b>706</b>	<b>-</b>	<b>30,248</b>
<b>Total net</b>	<b>4,076,052</b>	<b>915,637</b>	<b>699,461</b>	<b>51,111</b>	<b>-</b>	<b>5,742,261</b>

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

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

m) Other explanations and disclosures: (continued)

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

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

	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
At January 1, 2006	12,803	2,195	1,777	75	-	16,850
Charge for the year	13,843	1,291	1,418	631	-	17,183
Recoveries	(2,477)	-	(1,308)	-	-	(3,785)
Amounts written off	-	-	-	-	-	-
<b>At December 31, 2006</b>	<b>24,169</b>	<b>3,486</b>	<b>1,887</b>	<b>706</b>	<b>-</b>	<b>30,248</b>

The fair value of collateral, capped with the respective outstanding loan balance, that the parent Bank holds relating to loans individually determined to be impaired at December 31, 2007 is TRY 35,438 (2006: TRY 13,283).

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

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

m) Other explanations and disclosures: (continued)

Collaterals and credit enhancement obtained during the year:

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

<b>December 31, 2006</b>	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
Residential, commercial or industrial property	891	-	29	-	-	920
Financial assets	-	-	-	-	-	-
Other	16	-	-	-	-	16
<b>Total</b>	<b>907</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>936</b>

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

<b>December 31, 2007</b>	<b>Less than 30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>More than 91 days</b>	<b>Total</b>
Loans and Advances to customers					
Corporate lending	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	-	-	-	-	-
<b>Total</b>	<b>20,194</b>	<b>25,240</b>	<b>11,810</b>	<b>-</b>	<b>57,244</b>

<b>December 31, 2006</b>	<b>Less than 30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>More than 91 days</b>	<b>Total</b>
Loans and Advances to customers					
Corporate lending	1,866	517	168	-	2,551
Small business lending	664	701	203	-	1,568
Consumer lending	1,176	1,865	424	-	3,465
Credit cards	2,345	2,567	859	-	5,771
Other	-	-	-	-	-
<b>Total</b>	<b>6,051</b>	<b>5,650</b>	<b>1,654</b>	<b>-</b>	<b>13,355</b>

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

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

Of the total aggregate amount of gross past due but not yet impaired loans and advances to customers, the fair value of collaterals, capped with the respective outstanding loan balance, that the Bank held as at December 31, 2007 was TRY 155,536 (2006: TRY 91,163).

Loans and advances amounting to TRY 2,869,116 have floating interest rates (2006 – TRY 2,396,179) and the rest TRY 4,720,268 have fixed interest rates (2006 – TRY 3,331,538).

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

a.1) Information on held-to-maturity investments given as collateral or blocked: None (2006 – None).

a.2) Held-to-maturity investments subject to repurchase agreements: None (2006 – None).

b) Information on public sector debt investments held-to-maturity:

	Current Period	Prior Period
Government Bonds	6,114	9,402
Treasury Bills	1,626	1,655
Other public sector debt securities	-	-
<b>Total</b>	<b>7,740</b>	<b>11,057</b>

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	7,740	11,057
Quoted on a stock exchange	7,740	11,057
Not quoted on a stock exchange	-	-
Provision for impairment (-)	-	-
<b>Total</b>	<b>7,740</b>	<b>11,057</b>

d) Movement of held-to-maturity investments:

	Current Period	Prior Period
Beginning balance	11,057	11,809
Foreign currency differences on monetary assets	(1,806)	183
Purchases during year	-	-
Disposals through sales and redemptions	(1,511)	(935)
Impairment provision (-)	-	-
<b>Closing Balance</b>	<b>7,740</b>	<b>11,057</b>

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

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

a.1) Information on the unconsolidated associates:

Participations	Current Period	Prior Period
Other Financial Associates / Gelisen Isletmeler Piyasasi A.S.	12	12
<b>Total</b>	<b>12</b>	<b>12</b>

a.2) Gelisen Isletmeler Piyasasi A.S. commenced its operations as of December 30, 2005.

b.1) Information on the consolidated associates:

	Current Period	Prior Period
Balance at the Beginning of the Period	-	1,535
Movements During the Period	-	(1,535)
Purchases	-	-
Free Shares Obtained	-	-
Dividends from Current Year Income	-	-
Sales	-	(1,535)
Revaluation Decrease	-	-
Provision for Impairment	-	-
<b>Balance at the End of the Period</b>	<b>-</b>	<b>-</b>
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

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

- b.2) Valuation of consolidated associates: None (2006 – None).  
b.3) Consolidated associates which are quoted on the stock exchange: None (2006 – None).

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

a) Information on the unconsolidated subsidiaries: 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	100.00
TEB Finansal Kiralama A.S.	Istanbul/Turkey	100.00	100.00
TEB Factoring A.S.	Istanbul/Turkey	100.00	100.00
TEB Yatırım Menkul Değerler A.S.	Istanbul/Turkey	74.94	100.00
TEB Portföy Yönetimi A.S.	Istanbul/Turkey	46.77	100.00

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)	1,233,840	120,138	6,767	96,332	1,693	13,478	9,708	-
(ii)	586,319	62,711	90,755	42,602	1,612	(2,145)	(18,303)	-
(ii)	421,982	21,434	390	44,479	-	8,395	5,898	-
(iii)	67,418	41,792	1,408	12,035	856	14,117	9,837	-
(iv)	11,841	10,955	598	1,502	378	3,574	4,713	-

(\* ) Represents the amounts in the financial statements as of December 31, 2006.

- (i) Represents financial figures of foreign currency statutory financial statements translated at period end foreign exchange rates for balance sheet and monthly average rates for profit and loss as of December 31, 2007.  
(ii) Represents statutory financial figures based on Tax Procedural Law as of December 31, 2007.  
(iii) Represents consolidated financial figures of TEB Yatırım and TEB Portföy based on Capital Markets Board regulations as of December 31, 2007.  
(iv) Represents financial figures based on Capital Markets Board regulations as of December 31, 2007.

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

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

b.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	164,155	164,771
Movements during the period	(19)	(616)
Purchases	-	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (*)	-	(651)
Revaluation increase	(19)	35
Provision for impairment	-	-
<b>Balance at the end of the period</b>	<b>164,136</b>	<b>164,155</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(\*) The Board of Directors of Petek International Holdings B.V. passed a resolution on October 26, 2004 to liquidate the company.

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

		Current Period	Prior Period
Banks	/ The Economy Bank N.V.	61,254	61,254
Leasing Companies	/ TEB Finansal Kiralama A.S	40,190	40,190
Factoring Companies	/ TEB Factoring A.S.	22,324	22,324
Other Financial Subsidiaries	/ TEB Yatirim Menkul Degerler A.S.	34,770	34,770
	TEB Portföy Yönetimi A.S.	5,354	5,354
	Stichting Custody Services TEB	213	231
	Kronenburg Vastgoed B.V.	31	32
<b>Total</b>		<b>164,136</b>	<b>164,155</b>

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

b.4) Consolidated subsidiaries quoted in the stock exchange: None.

**9. Information on entities under common control: None.**

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

a) Maturity Analysis:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	176,626	178,992	181,606	155,942
Between 1 -4 years	217,092	219,433	191,806	170,659
Over 4 years	81,211	10,320	1,113	1,081
<b>Total</b>	<b>474,929</b>	<b>408,745</b>	<b>374,525</b>	<b>327,682</b>

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

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

b) Other explanations and disclosures :

<b>Current Period</b>	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
Neither past due nor impaired	391,598	-	-	-	-	391,598
Past due not impaired	4,970	352	-	-	-	5,322
Individually impaired	11,825	-	-	-	-	11,825
<b>Total gross</b>	<b>408,393</b>	<b>352</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>408,745</b>
Less: allowance for individually impaired loans	3,830	-	-	-	-	3,830
<b>Total allowance for impairment</b>	<b>3,830</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,830</b>
<b>Total net</b>	<b>404,563</b>	<b>352</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>404,915</b>

<b>Prior Period</b>	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
Neither past due nor impaired	319,292	-	-	-	-	319,292
Past due not impaired	3,512	253	-	-	-	3,765
Individually impaired	4,625	-	-	-	-	4,625
<b>Total gross</b>	<b>327,429</b>	<b>253</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>327,682</b>
Less: allowance for individually impaired loans	1,616	-	-	-	-	1,616
<b>Total allowance for impairment</b>	<b>1,616</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,616</b>
<b>Total net</b>	<b>325,813</b>	<b>253</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>326,066</b>

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

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

b) Other explanations and disclosures: (continued)

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

	Corporate	Small Business	Consumer	Credit Cards	Other	Total
At January 1, 2007	1,616	-	-	-	-	1,616
Charge for the year	3,321	-	-	-	-	3,321
Recoveries	(1,107)	-	-	-	-	(1,107)
Amounts written off	-	-	-	-	-	-
<b>At December 31, 2007</b>	<b>3,830</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,830</b>

  

	Corporate	Small Business	Consumer	Credit Cards	Other	Total
At January 1, 2006	916	-	-	-	-	916
Charge for the year	765	-	-	-	-	765
Recoveries	(65)	-	-	-	-	(65)
Amounts written off	-	-	-	-	-	-
<b>At December 31, 2006</b>	<b>1,616</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,616</b>

The fair value of collateral that TEB Finansal Kiralama A.S. holds relating to lease receivables individually determined to be impaired at December 31, 2007 is TRY 7,075 (2006: TRY 3,005).

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

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	2,389	909	1,673	-	4,971
Small business lending	230	121	-	-	351
Consumer lending	-	-	-	-	-
Credit cards	-	-	-	-	-
Other	-	-	-	-	-
<b>Total</b>	<b>2,619</b>	<b>1,030</b>	<b>1,673</b>	<b>-</b>	<b>5,322</b>

  

December 31, 2006	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and Advances to customers					
Corporate lending	245	1,065	2,201	-	3,511
Small business lending	151	103	-	-	254
Consumer lending	-	-	-	-	-
Credit cards	-	-	-	-	-
Other	-	-	-	-	-
<b>Total</b>	<b>396</b>	<b>1,168</b>	<b>2,201</b>	<b>-</b>	<b>3,765</b>

Of the total aggregate amount of gross past due but not yet impaired loans and advances to customers, the fair value of collaterals, capped with the respective outstanding loan balance, that TEB Finansal Kiralama A.S. held as at December 31, 2007 was TRY 29,339 (2006: TRY 6,461).

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

**11. Information on derivative financial assets for hedging purposes:** None

**12. Information on tangible assets:**

	Opening Balance December 31, 2006	Additions	Disposals	Other	Ending Balance December 31, 2007
Cost:					
Land and buildings	17,378	17,280	(223)	(591)	33,844
Leased tangible assets	46,208	36,678	(113)	-	82,773
Vehicles	586	95	(253)	45	473
Other	86,198	29,409	(362)	(210)	115,035
<b>Total Cost</b>	<b>150,370</b>	<b>83,462</b>	<b>(951)</b>	<b>(756)</b>	<b>232,125</b>
	Opening Balance December 31, 2006	Period Charge	Disposals	Other	Ending Balance December 31, 2007
Accumulated Depreciation:					
Land and buildings	(3,453)	(379)	5	46	(3,781)
Leased tangible assets	(33,594)	(4,119)	113	-	(37,600)
Vehicles	(409)	(77)	237	12	(237)
Other	(48,216)	(13,376)	334	127	(61,131)
<b>Total Accumulated Depreciation</b>	<b>(85,672)</b>	<b>(17,951)</b>	<b>689</b>	<b>185</b>	<b>(102,749)</b>
<b>Net Book Value</b>	<b>64,698</b>	<b>65,511</b>	<b>(262)</b>	<b>(571)</b>	<b>129,376</b>

- a) If impairment amount on individual asset recorded or reversed in the current period is material for the overall financial statements:
- a.1) Events and conditions for recording or reversing impairment: None.
- a.2) Amount of recorded or reversed impairment in the financial statements: None.
- b) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.
- c) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.
- d) A building will be constructed through financial leasing on the part of the land already acquired through financial leasing by the parent Bank on December 31, 2002. Part of the land previously acquired through leasing on which the building will be constructed has been transferred to building obtained through financial leasing account together with the cost of the building..

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

**13. Information on intangible assets:**

	Opening Balance December 31, 2006	Additions	Disposals	Other	Ending Balance December 31, 2007
Cost:					
Leasehold improvements	54,380	38,376	(3,573)	-	89,183
Other intangible assets	22,253	4,469	(29)	(89)	26,604
<b>Total Cost</b>	<b>76,633</b>	<b>42,845</b>	<b>(3,602)</b>	<b>(89)</b>	<b>115,787</b>
Accumulated Depreciation:					
Leasehold improvements	(21,024)	(9,812)	2,503	-	(28,333)
Other intangible assets	(14,075)	(3,722)	21	74	(17,702)
<b>Total Accumulated Depreciation</b>	<b>(35,099)</b>	<b>(13,534)</b>	<b>2,524</b>	<b>74</b>	<b>(46,035)</b>
<b>Net Book Value</b>	<b>41,534</b>	<b>29,311</b>	<b>(1,078)</b>	<b>(15)</b>	<b>69,752</b>

- a) Disclosures for book value, description and remaining depreciation time for a specific intangible fixed asset that is material to the financial statements: None.
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None.
- d) The book value of intangible fixed assets that are pledged or restricted for use: None.
- e) Amount of purchase commitments for intangible fixed assets: None.
- f) Information on revalued intangible assets according to their types: None.
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis: There is a positive goodwill of TRY 1,205 (2006 – TRY 1,205) arising from the purchase of TEB Portföy by TEB Yatırım on February 27, 2005.
- i) Movements on goodwill in the current period:

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

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

**14. Information on investment property:** None (2006 – None).

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

- a) As of December 31, 2007, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TRY 46,272 (2006 – TRY 14,506). There are no carried forward tax losses or 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
<b>At January 1</b>	<b>14,506</b>	<b>10,092</b>
Effect of change in tax rate	-	(1,074)
Deferred tax (charge)/benefit	34,903	(1,105)
<b>Deferred tax (charge)/benefit (Net)</b>	<b>34,903</b>	<b>(2,179)</b>
Deferred tax journalized in Shareholders' Equity	(3,137)	6,593
<b>Deferred Tax Asset</b>	<b>46,272</b>	<b>14,506</b>

	Cari Dönem	Önceki Dönem
<b>At January 1 (Deferred Tax Asset)</b>	-	-
Effect of change in tax rate	-	-
Deferred tax (charge)/benefit	(12)	-
<b>Deferred tax (charge)/benefit (Net)</b>	<b>(12)</b>	-
Deferred tax journalized in Shareholders' Equity	-	-
<b>Deferred Tax Liability</b>	<b>(12)</b>	-

**16. Information on assets held for sale and discontinued operations :** None (2006: None).

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

**17. Information on other assets:**

a) Breakdown of other assets:

	Cari Dönem	Önceki Dönem
Clearing Account (*)	195,113	-
Receivables From Securities Transactions	30,254	29,818
Leasing Contracts in Progress	37,279	6,769
Collateral Given for Derivative Financial Assets	8,863	7,965
Advances Given	3,678	9,186
Transaction Cost Related to Financial Liabilities	5,485	2,786
Prepaid Rents	4,103	3,401
Prepaid Insurance Premiums	158	188
Other Prepaid Expenses	13,575	11,286
Receivables from Credit Cards Payments	43,356	3,880
Other	15,582	8,749
<b>Total</b>	<b>357,446</b>	<b>84,028</b>

(\*) In prior periods, other banks' cheques sent to the other banks for clearing purposes, have been recorded in off-balance sheet from sending to collection; and after cash collection they were being taken out from these accounts and recorded to the customers' deposit accounts by the parent Bank. This period, upon the announcement that was sent to all banks by BRSA, they are recorded to related clearing accounts in the balance sheet after the approval of the related clearing office for such cheques.

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

**18. Information on factoring receivables:**

a) Maturity Analysis:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short term	286,584	109,343	209,281	91,580
Medium and Long Term	59,178	24,937	-	-
<b>Total</b>	<b>345,762</b>	<b>134,280</b>	<b>209,281</b>	<b>91,580</b>

b) Other explanations and disclosures :

Current Period	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Neither past due nor impaired	233,732	243,136	-	-	-	476,868
Past due not impaired	-	-	-	-	-	-
Individually impaired	1,555	1,619	-	-	-	3,174
<b>Total gross</b>	<b>235,287</b>	<b>244,755</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>480,042</b>
Less: allowance for individually impaired loans	1,225	1,189	-	-	-	2,414
<b>Total allowance for impairment</b>	<b>1,225</b>	<b>1,189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,414</b>
<b>Total net</b>	<b>234,062</b>	<b>243,566</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>477,628</b>

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

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

b) Other explanations and disclosures: (continued)

<b>Prior Period</b>	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
Neither past due nor impaired	147,742	151,142	-	-	-	298,884
Past due not impaired	-	-	-	-	-	-
Individually impaired	969	1,008	-	-	-	1,977
<b>Total gross</b>	<b>148,711</b>	<b>152,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,861</b>
Less: allowance for individually impaired loans	935	973	-	-	-	1,908
<b>Total allowance for impairment</b>	<b>935</b>	<b>973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,908</b>
<b>Total net</b>	<b>147,776</b>	<b>151,177</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>298,953</b>

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

	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
At January 1, 2007	935	973	-	-	-	1,908
Charge for the year	349	216	-	-	-	565
Recoveries	(59)	-	-	-	-	(59)
Amounts written off	-	-	-	-	-	-
<b>At December 31, 2007</b>	<b>1,225</b>	<b>1,189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,414</b>

	<b>Corporate</b>	<b>Small Business</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Other</b>	<b>Total</b>
At January 1, 2006	749	781	-	-	-	1,530
Charge for the year	339	217	-	-	-	556
Recoveries	(153)	(25)	-	-	-	(178)
Amounts written off	-	-	-	-	-	-
<b>At December 31, 2006</b>	<b>935</b>	<b>973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,908</b>

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**SECTION FIVE**

**II. Explanations Related to the Consolidated Liabilities**

**1. a) Information on maturity structure of deposits:**

a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	142,343	-	953,016	931,558	5,719	6,993	657	-	2,040,286
Foreign currency deposits	803,108	-	2,195,232	1,052,312	119,001	21,822	69,895	-	4,261,370
Residents in Turkey	636,116	-	1,688,532	860,793	115,997	17,964	20,245	-	3,339,647
Residents abroad	166,992	-	506,700	191,519	3,004	3,858	49,650	-	921,723
Public sector deposits	85,678	-	2,944	759	-	-	-	-	89,381
Commercial deposits	379,708	-	498,343	264,585	989	5,221	-	-	1,148,846
Other institutions deposits	5,079	-	59,310	53,465	331	356	-	-	118,541
Precious metals deposits	2,978	-	-	1,552	93	95	-	-	4,718
Interbank deposits	152,830	-	285,968	82,167	73	-	-	-	521,038
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	176	-	175,789	11,136	-	-	-	-	187,101
Foreign Banks	18,292	-	110,179	71,031	73	-	-	-	199,575
Special finance houses	134,362	-	-	-	-	-	-	-	134,362
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,571,724</b>	<b>-</b>	<b>3,994,813</b>	<b>2,386,398</b>	<b>126,206</b>	<b>34,487</b>	<b>70,552</b>	<b>-</b>	<b>8,184,180</b>

a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	95,995	-	562,625	969,109	5,135	4,374	243	-	1,637,481
Foreign currency deposits	718,973	-	2,204,429	862,073	136,787	112,097	41,012	-	4,075,371
Residents in Turkey	589,595	-	1,552,553	663,097	116,387	75,136	13,227	-	3,009,995
Residents abroad	129,378	-	651,876	198,976	20,400	36,961	27,785	-	1,065,376
Public sector deposits	725	-	2,794	-	-	-	-	-	3,519
Commercial deposits	248,736	-	371,789	118,242	791	148	-	-	739,706
Other institutions deposits	13,009	-	16,241	36,902	20	9	-	-	66,181
Precious metals deposits	14,930	-	-	115	57	145	-	-	15,247
Interbank deposits	48,338	-	112,965	25,862	1,035	-	-	-	188,200
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	440	-	58,854	1,011	1,035	-	-	-	61,340
Foreign Banks	13,136	-	54,111	24,851	-	-	-	-	92,098
Special finance houses	34,762	-	-	-	-	-	-	-	34,762
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,140,706</b>	<b>-</b>	<b>3,270,843</b>	<b>2,012,303</b>	<b>143,825</b>	<b>116,773</b>	<b>41,255</b>	<b>-</b>	<b>6,725,705</b>

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

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

i) Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

Saving Deposits	Under the guarantee of insurance		Exceeding the limit of insurance	
	Current Period(*)	Prior Period	Current Period(*)	Prior Period
Saving deposits	683,211	516,610	1,286,305	1,043,618
Foreign currency saving deposits	367,602	310,722	1,175,941	1,076,286
Other deposits in the form of saving deposits	842	1,113	3,690	5,008
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
<b>Total</b>	<b>1,051,655</b>	<b>828,445</b>	<b>2,465,936</b>	<b>2,124,912</b>

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

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**II. Explanations Related to the Consolidated 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) Deposit of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Deposits and accounts in branches abroad	14,249	-
Deposits of ultimate shareholders and their close families	655,656	450,351
Deposits of chairman and members of the Board of Directors and their close families	2,300	1,001
Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	31,987	2,258	9,013	497
Swap Transactions	222,680	3,217	58,079	847
Futures Transactions	-	-	-	-
Options	2,134	52	288	168
Other	-	187	-	226
<b>Total</b>	<b>256,801</b>	<b>5,714</b>	<b>67,380</b>	<b>1,738</b>

3. a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	296,549	163,031	86,953	109,213
From Foreign Banks, Institutions and Funds	454,657	1,456,767	300,338	899,919
<b>Total</b>	<b>751,206</b>	<b>1,619,798</b>	<b>387,291</b>	<b>1,009,132</b>

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

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	691,607	1,175,116	321,375	714,816
Medium and long-term	59,599	444,682	65,916	294,316
<b>Total</b>	<b>751,206</b>	<b>1,619,798</b>	<b>387,291</b>	<b>1,009,132</b>

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>From domestic transactions</b>	<b>904,293</b>	-	<b>770,983</b>	-
Financial institutions and organizations	896,082	-	765,830	-
Other institutions and organizations	424	-	584	-
Real persons	7,787	-	4,569	-
<b>From foreign transactions</b>	<b>38</b>	<b>5,005</b>	<b>21</b>	-
Financial institutions and organizations	-	5,005	-	-
Other institutions and organizations	-	-	-	-
Real persons	38	-	21	-
<b>Total</b>	<b>904,331</b>	<b>5,005</b>	<b>771,004</b>	-

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

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

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

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

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

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

The financial lease agreement of the parent Bank, dated December 31, 2002 for the acquisition of the land, has been modified in the current period due to the construction of a building through financial leasing on this land as explained in detail in the disclosure on tangible assets.

- c) Explanation on finance lease payables: None.

- d) Explanations regarding operational leases:

Except for the Head-Office-Istanbul and Izmir-Ege Kurumsal Branch buildings, all branch premises of the Parent Bank are leased under operational leases. During the period ended December 31, 2007, operational lease expenses amounting to TRY 45,986 (2006 – TRY 26,984) have been recorded in the profit and loss accounts. The lease periods vary between 1 and 10 years and lease agreements are cancelable subject to a certain period of notice.

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

**6. Information on derivative financial liabilities for hedging purposes: None.**

**7. Information on provisions:**

- a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	44,713	25,649
Provisions for Second Group Loans and Receivables	-	-
Provisions for Non-Cash Loans	6,710	3,958
Other	5,204	5,371
<b>Total</b>	<b>56,627</b>	<b>34,978</b>

- b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses on the foreign currency indexed loans amounting to TRY 49,294 (2006 - TRY 12,108) is netted off from loans on the balance sheet.

- c) The specific provisions provided for unindemnified non cash loans amount to TRY 552 (2006 - TRY 207).

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

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

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

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

As of December 31, 2007, TRY 11,187 (2006 - TRY 7,516) reserve for employee termination benefits was provided against a total undiscounted liability of TRY 27,406 (2006 - TRY 21,039). The ratio of provision of this benefit to undiscounted total liabilities is 41%. (2006 - 36%)

As of December 31, 2007, the Group provided a reserve of TRY 7,879 (2006- TRY 6,460) for the unused vacations. This balance is classified under other provisions in the financial statements.

d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	7,516	6,490
Arising during the year	5,113	1,971
Benefits paid	(1,442)	(945)
<b>Total</b>	<b>11,187</b>	<b>7,516</b>

e) Information on other provisions:

e.1) Provisions for possible losses: 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	7,879	6,460
Specific provision for factoring and leasing receivables	6,244	3,524
Provision for promotion of credit cards and banking services	2,030	812
Other	552	208
<b>Total</b>	<b>16,705</b>	<b>11,004</b>

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

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

f) Liabilities on pension rights: None.

f.1) Liabilities for pension funds established in accordance with "Social Security Institution": None.

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

**8. Explanations on taxes payable:**

a) Information on current tax liability:

a.1) Corporate taxes:

	Current Period	Prior Period
Provision for Corporate Taxes	11,387	20,082

a.2) Information on taxes payable:

	Current Period	Prior Period
Taxation on Securities	9,825	5,909
Property Tax	671	517
Banking Insurance Transaction Tax (BITT)	10,503	6,517
Foreign Exchange Transaction Tax	1,008	1,071
Value Added Tax Payable	485	543
Other (*)	6,815	3,062
<b>Total</b>	<b>29,307</b>	<b>17,619</b>

(\*) Others include stamp taxes payable amounting to TRY 448 (2006 – TRY 300).

b) Information on premiums :

	Current Period	Prior Period
Social Security Premiums-Employee	1,927	2,193
Social Security Premiums-Employer	2,712	3,097
Bank Social Aid Pension Fund Premium -Employee	-	-
Bank Social Aid Pension Fund Premium -Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	136	155
Unemployment Insurance-Employer	268	309
Other	884	162
<b>Total</b>	<b>5,927</b>	<b>5,916</b>

c) Explanations on deferred tax liabilities, if any:

The deferred tax liability of the Group is TRY 12 as of December 31, 2007. The deferred tax liability movement is presented under "Explanations on Deferred Tax Asset".

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

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

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

The Parent Bank has signed an agreement with the International Finance Corporation (IFC) on July 17, 2002, for a subordinated loan of USD 15 million. The maturity of the loan is October 14, 2011 and interest rate is LIBOR+2.85%.

The Parent Bank has signed another agreement with the IFC on June 27, 2005, for a subordinated loan. The facility is a USD 50 million subordinated loan, with a maturity of June 29, 2015 and with an interest rate of LIBOR+3.18%.

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

The Bank has obtained a primary subordinated loan by issuing a bond amounting USD 100 million as of July 31, 2007. The investor of the said bond is IFC International Finance Corporation (IFC). The maturity of the borrowing is indefinite with six monthly 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 positively contribute to the Parent Bank's capital adequacy ratio as well as creating long term financing.

a) Information on subordinated loans :

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	387,880	-	299,912
<b>Total</b>	-	<b>387,880</b>	-	<b>299,912</b>

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

**Explanations on factoring payables:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Domestic	111,850	-	67,213	-
Short-term	111,850	-	67,213	-
Medium and longterm	-	-	-	-
Foreign	-	57,755	-	43,859
Short-term	-	57,755	-	43,859
Medium and longterm	-	-	-	-
<b>Total</b>	<b>111,850</b>	<b>57,755</b>	<b>67,213</b>	<b>43,859</b>

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

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock	755,000	76,500
Preferred stock	-	-

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

Capital System	Paid-in capital	Ceiling
Registered Capital System	755,000	900,000

c) Information on share capital increases and their sources; other information on increased capital shares in current period:

Based on the meeting of the General Assembly on March 27, 2007, after completing all of the legal procedures , it was decided to increase the paid-in capital of the Bank to TRY 100,000 by TRY 23,500 within the registered capital ceiling and decided to incorporate TRY 11,750 of TRY 23,500 increase from the extraordinary reserves, and the remaining TRY 11,750 from the inflation accounting differences on share capital and in exchange distribute the investors as bonus shares as per their proportionate shares, and the capital increase procedures were completed as of June 7 , 2007.

At the meeting held on August 28, 2007, the Board of Directors decided to increase the paid-in capital of the Parent 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, by injecting TRY 210,000 from the shareholders' in cash and in exchange distribute shares as per their proportionate shareholding, incorporating TRY 240,000 from the inflation accounting differences on share capital and TRY 205,000 from the extraordinary reserves and in exchange distribute bonus shares to the shareholders as per their proportionate shareholding. The Extraordinary General Assembly of the Parent Bank resolved to increase the capital ceiling TRY 100,000 to TRY 900,000 on September 5, 2007. The increase was registered with Istanbul Trade Registry Office on September 6, 2007. The capital increase procedures were completed as of November 21, 2007.

Date of increase	Amount of increase	Cash	Profit reserves	Capital reserves
November 21, 2007	655,000	210,000	205,000	240,000
June 7, 2007	23,500	-	11,750	11,750

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

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

- d) Information on share capital increases from revaluation funds: 251,750 YTL.
- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None
- f) Indicators of the Parent Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions due to the uncertainty of these indicators on the Parent Bank's equity:

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

- g) Information on preferred shares :

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

- 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	1,854	545	(12,344)	2,220
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>1,854</b>	<b>545</b>	<b>(12,344)</b>	<b>2,220</b>
			Current Period	Prior Period
Foreign currency marketable securities value increase fund			545	2,220
Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities held to maturity related to the above amount			-	-
<b>Total</b>			<b>545</b>	<b>2,220</b>

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

**Information on legal reserves :**

	Current Period	Prior Period
First legal reserves	27,970	20,303
Second legal reserves	8,453	8,453
Other legal reserves appropriated in accordance with special legislation	-	-
<b>Total</b>	<b>36,423</b>	<b>28,756</b>

**Information on extraordinary reserves :**

	Current Period	Prior Period
Reserves appropriated by the General Assembly	61,105	162,201
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
<b>Total</b>	<b>61,105</b>	<b>162,201</b>

**Other Information on Shareholders' Equity:**

The Group has ceased the hedge of the net investment risk of its subsidiary The Economy Bank NV ("TEB NV"), operating in Netherlands with capital of EUR 30 million, in compliance with the Turkish Accounting Principles as of October 31, 2007. The valuation differences of the net investment risk and the valuation differences in the hedging instrument until October 31, 2007 have been accounted for under "Other Reserves".

The movement of the other reserves is as follows:

	Current Period	Prior Period
At January 1	(10,124)	9,354
Net unrealised gains on available for sale investments	20,723	(24,421)
Realised gains on available for sale investments recycled to income statement on disposal	-	-
Realised losses on available for sale investments recycled to income statement on disposal and impairment	(5,063)	(1,650)
Tax effect of net gains on available for sale investments	(3,137)	6,593
Unrealised gains / (losses) on cash flow hedges	-	-
Gains / (losses) on cash flow hedges recycled to income statement	-	-
Tax effect of net gains on cash flow hedges	-	-
<b>At December 31</b>	<b>2,399</b>	<b>(10,124)</b>

**12. Information on minority shares: None.**

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**SECTION FIVE**

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

**1. Information on off-balance sheet liabilities:**

- a) Nature and amount of irrevocable loan commitments: Credit card expenditure limit commitments are TRY 822,709 and TRY 260,614; payment commitments for checks are TRY 456,009 and TRY 259,573 as of December 31, 2007 and December 31, 2006 respectively.

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

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

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

As of December 31, 2007 total guarantees and commitments consist of letters of guarantee amounting to TRY 2,178,914 (2006 - TRY 1,767,670), acceptances amounting to TRY 64,002 (2006 - TRY 50,146) and letters of credit amounting to TRY 856,381 (2006 -TRY 911,707).

- b.2) Guarantees, suretyships, and similar transactions: The Group has other guarantees and suretyships amounting to TRY 200,080 as of December 31, 2007 (2006 – TRY 204,801).

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

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	186,955	213,246
With maturity of 1 year or less than 1 year	8,281	43,639
With maturity of more than 1 year	178,674	169,607
Other non-cash loans	3,112,422	2,721,078
<b>Total</b>	<b>3,299,377</b>	<b>2,934,324</b>

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	16,138	1.21	16,537	0.84	13,872	1.47	17,990	0.90
Farming and raising livestock	12,882	0.97	15,316	0.78	10,702	1.14	15,767	0.79
Forestry	2,792	0.21	1,221	0.06	2,953	0.31	2,223	0.11
Fishery	464	0.03	-	-	217	0.02	-	-
Manufacturing	667,856	50.27	1,018,365	51.67	502,475	53.38	980,057	49.18
Mining	50,595	3.81	25,615	1.30	33,412	3.55	37,419	1.88
Production	600,432	45.20	970,190	49.23	465,769	49.48	920,364	46.18
Electric, gas and water	16,829	1.27	22,560	1.14	3,294	0.35	22,274	1.12
Construction	226,578	17.05	360,869	18.31	142,803	15.17	273,451	13.72
Services	351,092	26.43	285,703	14.50	244,592	25.99	387,019	19.42
Wholesale and retail trade	174,009	13.10	71,259	3.62	115,931	12.32	69,025	3.46
Hotel, food and beverage services	8,543	0.64	5,511	0.28	4,186	0.45	9,698	0.49
Transportation and telecommunication	47,226	3.55	56,208	2.85	33,878	3.60	55,870	2.80
Financial institutions	31,651	2.38	106,797	5.42	29,362	3.12	215,712	10.82
Real estate and renting services	23,356	1.76	28,441	1.44	12,224	1.30	29,839	1.50
Selfemployment services	36,704	2.76	10,424	0.53	28,644	3.04	2,122	0.11
Education services	1,362	0.10	10	-	841	0.09	-	-
Health and social services	28,241	2.13	7,053	0.36	19,526	2.07	4,753	0.24
Other	66,860	5.03	289,379	14.68	37,569	3.99	334,496	16.78
<b>Total</b>	<b>1,328,524</b>	<b>100.00</b>	<b>1,970,853</b>	<b>100.00</b>	<b>941,311</b>	<b>100.00</b>	<b>1,993,013</b>	<b>100.00</b>

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

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

Non-cash loans	I st Group		II nd Group	
	TRY	FC	TRY	FC
Letters of guarantee	1,248,728	930,186	-	-
Bank acceptances	-	64,002	-	-
Letters of credit	156	856,225	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	79,640	120,440	-	-
<b>Total</b>	<b>1,328,524</b>	<b>1,970,853</b>	-	-

The Parent Bank provided reserve of TRY 552 for non-cash loans not yet indemnified amounting to TRY 1,620.

**2. Information related to derivative financial instruments:**

	Derivative Transactions According to Purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
<b>Types of trading transactions</b>				
Foreign currency related derivative transactions (I)	5,266,64€	3,181,74€	-	-
Forward transactions	2,023,401	783,670	-	-
Swap transactions	2,295,23€	1,616,585	-	-
Futures transactions	144,66€	53,299	-	-
Option transactions	803,33€	728,191	-	-
Interest related derivative transactions (II)	14,682	16,919	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	14,682	16,919	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	7,988	-	-	-
Other trading derivative transactions (IV)	218,48€	198,09€	-	-
<b>A.Total trading derivative transactions (I+II+III+IV)</b>	<b>5,507,79€</b>	<b>3,396,76€</b>	-	-
<b>Types of hedging transactions</b>				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
<b>B.Total hedging related derivatives</b>	-	-	-	-
<b>Total Derivative Transactions (A+B)</b>	<b>5,507,79€</b>	<b>3,396,76€</b>	-	-

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

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

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

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

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

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Future Buy	Future Sell
Current Period								
TRY	389,552	456,225	50,725	1,064,795	212,950	205,775	2	55
USD	342,185	430,844	866,600	107,105	150,313	153,458	144,605	2
EURO	238,059	79,984	71,682	27,904	38,712	42,131	-	-
OTHER	44,414	42,134	71,736	49,369	-	-	-	-
<b>Total</b>	<b>1,014,210</b>	<b>1,009,191</b>	<b>1,060,743</b>	<b>1,249,177</b>	<b>401,975</b>	<b>401,364</b>	<b>144,611</b>	<b>57</b>
Prior Period								
TRY	184,672	97,912	29,314	708,375	106,152	101,498	-	-
USD	43,819	230,953	724,655	65,380	161,294	165,514	53,299	-
EURO	140,904	59,808	-	28,698	96,867	96,866	-	-
OTHER	23,786	1,816	45,138	31,944	-	-	-	-
<b>Total</b>	<b>393,181</b>	<b>390,485</b>	<b>799,107</b>	<b>834,397</b>	<b>364,313</b>	<b>363,878</b>	<b>53,299</b>	<b>-</b>

As of December 31, 2007, the Group has no cash flow hedges.

As of December 31, 2007, the Group has no hedge of net investment in foreign operations. The Group has ceased the hedge of investment in foreign operations as of October 31, 2007 and has accounted the foreign currency valuation difference of TRY 405 in the accompanying consolidated financial statements.

**3. Explanations on contingent liabilities and assets:**

- a.1) The Group's share in contingent liabilities arising from entities under common control together with other venturers: None.
- a.2) Share of entity under common control in its own contingent liabilities: None.
- a.3) The Group's contingent liabilities resulting from liabilities of other venturers in entity under common control: None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
  - b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes. As of December 31, 2007 there are no contingent assets that need to be explained. (2006 – 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, 2007 there are no contingent liabilities that need to be explained. (2006 – None.)

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

**4. Custodian and intermediary services:**

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

Investment securities held in custody include investment fund participation certificates which are accounted for by their number of certificates. As of balance sheet date the total number of certificates is 24,189,005 thousand (2006 - 18,779,675 thousand) and the total fair value is TRY 3,064,762 (2006 – TRY 2,480,927).

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

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

**Moody's Investor Services: December 2007**

<b>View</b>	Stable
<b>Bank Financial Strength</b>	D+
<b>Foreign Currency Deposits</b>	B1/NP

**Fitch Ratings: December 2007**

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

(\*) Ratings above are not performed based on the "Communiqué for Authorization and Activities of Rating Institutions"

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**SECTION FIVE**

**IV. Explanations Related to the Consolidated Income Statement**

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

Current Period	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	719,020	113,916	371,276	96,112
Medium and long term loans	247,783	44,712	131,056	34,059
Interest on non-performing loans	1,732	-	784	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>968,534</b>	<b>158,628</b>	<b>503,116</b>	<b>130,171</b>

(\*) Includes fees and commissions obtained from cash loans. Fees and commissions from cash loans are TRY 31,743 (2006: TRY 18,472).

**b) Information on interest received from banks:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	3,496	-	2,488
Domestic banks	5,970	506	8,843	2,152
Foreign banks	5,771	57,189	5,552	49,393
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>11,741</b>	<b>61,191</b>	<b>14,395</b>	<b>54,033</b>

**c) Interest received from marketable securities portfolio:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	22,577	940	9,310	408
Financial assets at fair value through profit and loss	-	219	-	-
Available-for-sale securities	231,551	17,614	137,151	20,547
Held-to-maturity securities	306	453	634	536
<b>Total</b>	<b>254,434</b>	<b>19,226</b>	<b>147,095</b>	<b>21,491</b>

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Banks</b>				
The Central Bank of Turkey	-	-	-	-
Domestic banks	34,455	16,683	9,962	20,226
Foreign banks	100,511	43,475	30,797	43,224
Branches and head office abroad	-	-	-	-
Other financial institutions	-	25,386	-	10,516
<b>Total</b>	<b>134,966</b>	<b>85,544</b>	<b>40,759</b>	<b>73,966</b>

(\*). Includes fees and commission expenses of cash loans. Fees and commissions expenses of cash loans are TRY 1,648 (2006: TRY 1,822).

**b) Information on interest expense to associates and subsidiaries: None**

**c) Distribution of interest expense 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		
<b>TRY</b>								
Bank deposits	21	9,888	1,125	183	-	-	-	11,217
Saving deposits	3,117	174,166	160,598	2,276	1,175	49	-	341,381
Public sector deposits	-	483	227	9,493	-	-	-	10,203
Commercial deposits	290	89,141	45,722	415	29	34	-	135,631
Other deposits	3	10,737	7,823	23	125	-	-	18,711
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,431</b>	<b>284,415</b>	<b>215,495</b>	<b>12,390</b>	<b>1,329</b>	<b>83</b>	<b>-</b>	<b>517,143</b>
<b>FC</b>								
Foreign currency deposits	3,215	95,034	70,644	5,424	1,511	4,378	-	180,206
Bank deposits	92	2,157	149	-	228	-	-	2,626
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	5	2	5	17	1	-	-	30
<b>Total</b>	<b>3,312</b>	<b>97,193</b>	<b>70,798</b>	<b>5,441</b>	<b>1,740</b>	<b>4,378</b>	<b>-</b>	<b>182,862</b>
<b>Grand Total</b>	<b>6,743</b>	<b>381,608</b>	<b>286,293</b>	<b>17,831</b>	<b>3,069</b>	<b>4,461</b>	<b>-</b>	<b>700,005</b>

**3. Information on dividend income :**

	Current Period	Prior Period
Trading securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	7	4
Other	-	-
<b>Total</b>	<b>7</b>	<b>4</b>

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

**4 Information on net trading income:**

	Current Period	Prior Period
<b>Income</b>	<b>2,078,148</b>	<b>1,442,651</b>
Gains on capital market operations	446,664	253,022
Gains on derivative financial instruments	396,112	202,449
Other	50,552	50,573
Foreign exchange gains (*)	1,631,484	1,189,629
<b>Losses (-)</b>	<b>2,099,163</b>	<b>1,404,399</b>
Losses on capital market operations	589,294	227,686
Losses on derivative financial instruments	561,510	207,579
Other	27,784	20,107
Foreign exchange losses (*)	1,509,869	1,176,713

(\*) As of December 31, 2007, the foreign exchange gain on the foreign currency indexed loans is TRY 3,209 (2006: TRY 58,012).  
As of December 31, 2007 the foreign exchange loss on the foreign currency indexed loans is TRY 88,917 (2006: TRY 16,042).

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

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

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	43,304	17,217
III. Group Loans and Receivables	2,802	1,288
IV. Group Loans and Receivables	10,349	1,563
V. Group Loans and Receivables	30,153	14,366
General provision expenses	23,982	14,421
Provision expenses for possible losses	-	-
Marketable securities impairment losses	1,755	2,068
Financial assets at fair value through profit and loss	190	1
Investment securities available for sale	1,565	2,067
Impairment provision expense	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investments held to maturity	-	-
Other	2,777	1,256
<b>Total</b>	<b>71,818</b>	<b>34,962</b>

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

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

	Current Period	Prior Period
Personnel expenses	276,877	175,871
Reserve for employee termination benefits	5,113	1,026
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	17,951	11,615
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	13,534	7,566
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	170,141	107,293
Rent expenses	47,525	27,672
Maintenance expenses	4,507	2,756
Advertisement expenses	27,364	20,867
Other expenses	90,745	55,998
Loss on sales of assets	43	292
Other(*)	31,859	21,392
<b>Total</b>	<b>515,518</b>	<b>325,055</b>

(\*) Included in other, the premiums paid to Saving Deposit Insurance Fund is TRY 6,152 (2006 – TRY 4,068).

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

Profit before tax of the Group has increased by 20% for the period ended December 31, 2007 as compared to the prior year. In comparison with prior year, the Group's net interest income, net fees and commissions income and provision and operating expenses increased by 69%, 57% and 63%, respectively.

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

- As of December 31, 2007, current tax charge is TRY 80,915 (2006 – TRY 35,659) and deferred tax benefit is TRY 34,891 (2006 – TRY 2,179 deferred tax charge).
- Deferred tax benefit on temporary differences is TRY 34,891 (2006 – TRY 2,179 deferred tax charge).
- Deferred tax benefit or charge for temporary differences reflected to the income statement, on carried forward tax losses or tax exemptions or deductions None.

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

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

d) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	193,094	161,159
Corporate tax rate	%20	%20
Tax calculated:	38,619	32,233
Tax effect of disallowables	69,567	23,550
Tax effect of income not taxable	(28,248)	(21,456)
Tax effect of change in tax rate	977	1,332
Deferred tax (benefit) / charge	(34,891)	2,179
<b>Total</b>	<b>46,024</b>	<b>37,838</b>

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

The Group increased its profit for the period ended December 31, 2007 by 19% as compared to the prior period 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.
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.
- Profit or loss attributable to minority shares: None.
- If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

	Current Period	Prior Period
<u>Other interest income</u>		
Factoring interest income	44,479	26,362
Other	6,504	3,877
<b>Total</b>	<b>50,983</b>	<b>30,239</b>

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

**11. The explanations on net income / loss for the period: (continued)**

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Brokerage commissions received	23,210	17,600
Credit cards commissions and fees	58,983	14,172
Import letters of credit commissions	6,316	6,065
Inquiry and company search fees and commissions	19,361	11,098
Settlement expense provision, eft, swift, agency commissions	11,204	8,340
Insurance commissions	7,627	4,232
Transfer commissions	5,284	3,832
Commissions and fees earned from correspondent banks	3,675	2,275
Consultancy fees	3,984	280
Other	26,617	19,959
<b>Total</b>	<b>166,261</b>	<b>87,853</b>

	Current Period	Prior Period
<u>Other fees and commissions given</u>		
Credit cards commissions and fees	42,436	13,794
Commissions and fees paid to correspondent banks	4,407	3,889
Settlement and swift commissions	3,208	2,437
Other	7,936	4,033
<b>Total</b>	<b>57,987</b>	<b>24,153</b>

- e) Nature and amount of changes in accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods: None.

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**SECTION FIVE**

**V. Explanations Related to Statement of Shareholders' Equity Movement**

- a) Increase resulting from revaluation of financial assets available for sale is TRY 12,523 (2006 – TRY 19,478 decrease).

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 5,063 (2006 – TRY 1,650).

- 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) The Group has ceased the hedge of the net investment risk of its subsidiary The Economy Bank NV (“TEB NV”), operating in Netherlands with capital of EUR 30 million, in compliance with the Turkish Accounting Principles as of October 31, 2007. The valuation differences of the net investment risk and the valuation differences in the hedging instrument until October 31, 2007 have been accounted for under “Other Reserves”.
- e) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.
- f) Dividends per share proposed subsequent to the balance sheet date: Profit appropriation will be resolved in the General Assembly meeting which has not been conducted as of the date of the accompanying financial statements are authorized for issue.
- g) 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.
- h) Amounts transferred to legal reserves: Amount transferred to legal reserves from retained earnings is TRY 7,667.
- i) Information on shares issued:

Share premium that consists of the difference between the sales value of nominal share certificates of the parent Bank of TRY 138 and TRY 67 on the Istanbul Stock Exchange (ISE) -from the capital increase dated June 30, 2006 and October 31, 2007 and that corresponds to the shares of shareholders who have not used their pre-emptive rights- and the nominal value of the said share certificates has been realized as TRY 1,592 and TRY 144, respectively. The Bank has recorded this amount at “Share Premiums” account.

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**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 257,653 (2006 – TRY 266,111) 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 expenses and taxes paid.

“Net increase/decrease in other liabilities” amounting to TRY 503,149 (2006 – TRY 75,430) 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” amounting to TRY 588,161 (2006 – TRY 327,257) 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 flow statement:

Beginning of the period	Current Period	Prior Period
<b>Cash</b>	<b>684,344</b>	<b>355,962</b>
Cash in TRY/Foreign Currency	125,483	85,914
Central Bank – Unrestricted amount	554,922	268,602
Other	3,939	1,446
<b>Cashequivalents</b>	<b>1,060,876</b>	<b>1,065,146</b>
Banks	1,060,876	908,496
Money market placements	-	156,650
<b>Total cash and cash equivalents</b>	<b>1,745,220</b>	<b>1,421,108</b>

End of the period	Current Period	Prior Period
<b>Cash</b>	<b>1,592,944</b>	<b>684,344</b>
Cash in TRY/Foreign Currency	191,089	125,483
Central Bank – Unrestricted amount	1,399,404	554,922
Other	2,451	3,939
<b>Cashequivalents</b>	<b>1,002,123</b>	<b>1,060,876</b>
Banks	802,621	1,060,876
Money market placements	199,502	-
<b>Total cash and cash equivalents</b>	<b>2,595,067</b>	<b>1,745,220</b>

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**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	-	-	4,081	2,768	15,091	53,964
Balance at end of period	-	-	26,294	25,144	7,060	7,074
Interest and commission income	-	-	5,310	2	14,289	63

Included in the balances above, the Parent Bank has placements in foreign bank accounts amounting to TRY 5,432 with respect to direct and indirect corporate and real person shareholders and TRY 2,458 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	-	-	-	16,179	29,353	78,444
Balance at end of period	-	-	4,081	2,768	15,091	53,964
Interest and commission income received	-	-	3,011	2	2,833	436

Included in the balances above, the Parent Bank has placements in foreign bank accounts amounting to TRY 2,697 with respect to direct and indirect corporate and real person shareholders and TRY 2,166 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	-	-	377,579	580,396	815,971	715,008
Balance at end of period	-	-	587,446	377,579	684,332	815,971
Interest on deposits	-	-	53,587	25,706	39,921	42,229

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	-	-	196,272	177,256	9,117	2,867
End of period	-	-	1,363,285	196,272	75,136	9,117
Total income/loss	-	-	(12,654)	13,255	(40)	23
Hedging transactions purposes						
Beginning of period	-	-	-	-	-	-
End of period	-	-	-	-	-	-

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

**2 Disclosures for related parties:**

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

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

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

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	33,354	0.44
Non-cash loans	32,218	0.98
Deposits	1,271,778	15.54
Derivative financial instruments	1,438,421	26.12

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

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

The Group enters into lease agreements with TEB Finansal Kiralama A.S. As of December 31, 2007 the total leasing obligations related to these agreements amounted to TRY 32,035. This amount is eliminated from the accompanying consolidated financial statements. Additionally, the Bank provides agency services for TEB Yatırım Menkul Değerler A.S. and TEB Sigorta A.S. via its branches.

Within the limits of the Banking Law, the Group renders cash and non-cash loans to its related parties and the ratio of these to the Group's total cash and non-cash loan portfolio is 0.6%. Details of these loans are explained in the Section V, Note VII- 1a.

As of December 31, 2007 the Parent Bank has no purchases and sale of real estate and other assets, transfer of information as a result of research and development and management contracts with the related parties.

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**VIII. Explanations on the Bank's domestic branches, agencies and branches abroad and off-shore branches**

**1. Explanations on parent Bank's domestic branches, agencies and branches abroad and off-shore branches:**

	Number	Employees			
Domestic branches	269	5,109			
Rep-offices abroad				Country	
Branches abroad	3	30		Cyprus	Total Assets 30,172 Capital 2,560
Off-shore branches	1	2		Bahrain	660,194 -

**2. Explanations on Branch and Agency Openings or Closings of the Parent Bank:**

The Bank opened 103 new branches in 2007.

**SECTION SIX**

**OTHER EXPLANATIONS**

**I. Other Explanations on the Operations of the Bank:**

In the Board of Directors meeting dated February 4, 2008, it has been decided that the issued capital of the Parent Bank shall be increased within the registered capital ceiling from TRY 755,000 to TRY 900,000 by an increase of TRY 145,000 in cash.

**SECTION SEVEN**

**INDEPENDENT AUDITORS' REPORT**

**I. Explanations on the Independent Auditor's Report:**

The consolidated financial statements of the Group were audited by DRT Bagimsiz Denetim ve Serbest Muhasebeci Mali Müsavirlik A.S. (Member of Deloitte Touche Tohmatsu) and the independent auditor's report dated February 13, 2008 is presented preceding the financial statements.

**II. Other Footnotes and Explanations Prepared by Independent Auditors: None.**