

**TURK EKONOMI BANKASI
ANONIM SIRKETI**

**INDEPENDENT ACCOUNTANTS'
LIMITED REVIEW REPORT,
UNCONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE PERIOD ENDED JUNE 30, 2006**

*Translated into English from the
Original Turkish Report*

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

TURK EKONOMI BANKASI ANONIM SIRKETI
INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT
FOR THE PERIOD JANUARY 1, 2006 – JUNE 30, 2006

- 1) We have performed a limited scope review of the accompanying balance sheet of Turk Ekonomi Bankasi A.S. ("The Bank") as at June 30, 2006 and the related statements of income, cash flows and changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. As independent accountants our responsibility is to issue a report based on the limited scope review performed on these financial statements. The financial statements of the Bank for the year ended December 31, 2005 have been audited by other auditors whose report, dated February 9, 2006, expressed an unqualified opinion.
- 2) We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No: 5411 and the provisional article 1 of this Banking Act. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. Since a review is principally limited to reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information, it is substantially less in scope than an audit and therefore provides a lesser assurance. We have not performed a full scope audit and accordingly we do not express an audit opinion.
- 3) Based on our limited scope review, we are not aware of any material modifications that should be made to the financial position, the results of its operations and its cash flows, of the Bank for the period ended June 30, 2006 for them to be in conformity with the prevailing accounting principles and standards set out as per the Article no. 37 of the Banking Act No: 5411 and the provisional article 1 of this Banking Act.
- 4) 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, principally with respect to the accounting for the effects of hyperinflation and presentation. 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.

DENETİM SERBEST MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU

Hasan Kilic
Partner

Istanbul, July 28, 2006

THE UNCONSOLIDATED FINANCIAL REPORT OF TURK EKONOMI BANKASI A.S. FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2006

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The Reporting Package designed by the Banking Regulation and Supervision Agency in line with “Regulation on Accounting Practice numbered 17, Financial Statements for the three months to be Announced to the Public and the Accompanying Policies and Disclosures” consists of the sections listed below:

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

The unconsolidated interim financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **thousands of New Turkish Lira**, have been independently reviewed and presented below in accordance with the Regulation on Accounting Practice, related communiqués and the Banks’ records.

Yavuz Canevi Head of Board of Directors	Alain Pierre André Bailly Head of Audit Commitee	Ismail Yanik Vice Chairman of the Audit Commitee	Varol Civil General Manager	E. Sevinc Ozsen Assistant General Manager Responsible of Financial Reporting	B. Ilgaz Dogan Manager Responsible of Financial Reporting
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Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname/ Title: Guzin Ustun / Investor Relations Director

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TURK EKONOMI BANKASI ANONIM SIRKETI
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2006

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

SECTION ONE

GENERAL INFORMATION

I- Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue

Turk 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 Colakoglu Group in 1982. Its name was changed as Turk Ekonomi Bankasi A.S. and its headquarters moved to Istanbul.

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

As of June 30, 2006 and December 31, 2005 the shareholders' structure and their respective percentages of ownership are summarized as follows:

Name of shareholders	Current Period		Previous Period	
	Paid in capital	%	Paid in capital	%
TEB Mali Yatirimlar A.S.	64,454	84.40	48,699	84.25
Publicly Traded	11,818	15.48	8,766	15.17
Other Shareholders	90	0.12	335	0.58
	76,362	100.00	57,800	100.00

Based on the resolution of Board of Directors no. 3840/28 on March 31, 2006, the Bank 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 that constitutes the 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 accordingly the whole amount to be paid in cash. The unused preemptive rights amounted to TRY 138 as of June 30, 2006.

As of June 30, 2006 Bank's paid-in-capital consists of 76,362 million shares at the historical value of TRY 0.001 nominal.

In accordance with the notification made on February 10, 2005 by TEB Mali Yatirimlar A.S., the ultimate shareholder of the Group, the Bank was announced that TEB Mali Yatirimlar A.S. has transferred its shares representing 50% of its capital to BNP Paribas on February 10, 2005, based on the share purchase agreement signed with BNP Paribas on November 22, 2004.

TURK EKONOMI BANKASI ANONIM SIRKETI
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2006

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

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

<u>Title</u>	<u>Name</u>
Chairman of the Board of Directors	: Yavuz Canevi
Members of the Board of Directors	: Dr.Akin Akbaygil Alain Pierre André Bailly (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	: Emine Sevinc Ozsen Izzet Cemal Kismir Levent Celebioglu Nilsen Atintas Nuri Tuncali Saniye Telci Turgut Boz Turgut Guney Umit Leblebici Unsal Aysun
Auditors	: Ayse Asardag Cihat Madanoglu

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

IV- The Bank's Service Activities and Operating Areas

The Bank's operating areas include, retail, commercial and corporate banking, fund management operations and project financing. Besides the daily banking operations, Bank is handling insurance agency functions by its branches on behalf of TEB Sigorta A.S. As of June 30, 2006 Bank has 129 local branches and 1 foreign branch (December 31, 2005: 112 local branches, 1 foreign branch).

V- Other Explanations

Commercial name of the Bank	: Turk Ekonomi Bankasi Anonim Sirketi
Address of the head office	: Meclis-i Mebusan Caddesi No: 35 Findikli 34427 - ISTANBUL
Telephone number	: (0212) 251 21 21
Facsimile number	: (0212) 249 65 68
Web page	: www.teb.com.tr
E-mail address	: investorrelations@teb.com.tr
Reporting period	: January 1 – June 30, 2006
Reporting monetary unit	: Thousands of New Turkish Lira

TURK EKONOMI BANKASI ANONIM SIRKETI
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2006

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

VI- Explanations on The Interim Financial Statements

- a) There are no transactions realized in the interim period that display a seasonal or a periodical nature.
- b) There are no non-recurring transactions or fundamental accounting errors.
- c) There are no items that affect assets, liabilities, equity, net income and cash flows, and that falls outside the scope of the ordinary operations in terms of their nature, amounts and constitution.
- d) Prior period interim financial statements, do not contain any changes with respect to the estimated values related with the current period. There are no items in the prior period financial statements that are recorded with their estimated value.
- e) There are no convertible bonds or any other debt securities issued during the current period.
- f) In the General Assembly meeting of the Bank, dated March 23, 2006, it was decided to distribute the profit on the financial statements dated December 31, 2005. The amounts that will be distributed to the shareholders who are subject to and not subject to withholding tax are TRY 0.3242670 and TRY 0.2918403 (Nominal full TRY) respectively. Dividends amounting to TRY 18,742 were paid to the shareholders commencing on April 6, 2006.
- g) There are no subsequent events that occurred after the preparation date of the interim financial statements which have a material impact on the interim financial statements.
- h) There are no transactions that may result in a structural change for the Bank such as restructuring, mergers and acquisitions, or discontinued operations.
- i) There are no subsequent changes in the commitments and contingencies of the Bank that have arisen after the year-end balance sheet date.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheets
- II. Statements of Off Balance Sheet Contingencies and Commitment
- III. Income Statement
- IV. Statements of Changes in Shareholders' Equity
- V. Statements of Cash Flow

TURK EKONOMI BANKASI ANONIM SIRKETI
UNCONSOLIDATED BALANCE SHEET AS OF
JUNE 30, 2006

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

I- BALANCE SHEET – ASSETS

	Note Ref. (Section 5)	Reviewed			Audited		
		Current Period			Prior Period		
		30.06.2006			31.12.2005		
		TRY	FC	Total	TRY	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY		353,351	613,114	966,465	118,067	235,419	353,486
1.1 Cash		37,784	-	37,784	25,854	-	25,854
1.2 Foreign currency		-	98,295	98,295	-	60,028	60,028
1.3 Balances with the Central Bank of Turkey	I-1	315,073	508,866	823,939	92,213	173,945	266,158
1.4 Other		494	5,953	6,447	-	1,446	1,446
II. TRADING SECURITIES (Net)		4,086	1,068	5,154	89,100	725	89,825
2.1 Public sector debt securities	I-2	4,086	292	4,378	89,100	127	89,227
2.1.1 Government bonds	I-2	2,952	245	3,197	88,042	126	88,168
2.1.2 Treasury bills	I-2	1,134	-	1,134	1,058	-	1,058
2.1.3 Other public sector debt securities	I-2	-	47	47	-	1	1
2.2 Share certificates		-	-	-	-	-	-
2.3 Other marketable securities		-	776	776	-	598	598
III. BANKS AND OTHER FINANCIAL INSTITUTIONS		58,018	161,468	219,486	224,613	84,437	309,050
3.1 Due from banks		58,018	161,468	219,486	224,613	84,437	309,050
3.1.1 Domestic banks		58,018	75,609	133,627	81,013	29,749	110,762
3.1.2 Foreign banks		-	85,859	85,859	143,600	54,688	198,288
3.1.3 Branches and head office abroad		-	-	-	-	-	-
3.2 Other financial institutions		-	-	-	-	-	-
IV. MONEY MARKET PLACEMENTS		198,300	-	198,300	150,000	-	150,000
4.1 Interbank money market placements		198,300	-	198,300	150,000	-	150,000
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. SECURITIES AVAILABLE FOR SALE (Net)		835,511	296,439	1,131,950	811,281	235,456	1,046,737
5.1 Share certificates	I-3	9	63	72	9	-	9
5.2 Other marketable securities	I-3	835,502	296,376	1,131,878	811,272	235,456	1,046,728
VI. LOANS		2,340,503	1,573,941	3,914,444	1,747,430	1,191,214	2,938,644
6.1 Short term	I-4	1,424,063	1,132,532	2,556,595	1,161,731	821,577	1,983,308
6.2 Medium and long term	I-4	904,359	441,409	1,345,768	568,869	369,637	938,506
6.3 Loans under follow-up	I-4	34,743	-	34,743	33,679	-	33,679
6.4 Specific provisions (-)	I-4	(22,662)	-	(22,662)	(16,849)	-	(16,849)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. SECURITIES HELD TO MATURITY (Net)		-	-	-	100	-	100
8.1 Public sector debt securities	I-5	-	-	-	100	-	100
8.1.1 Government bonds	I-5	-	-	-	100	-	100
8.1.2 Treasury bills	I-5	-	-	-	-	-	-
8.1.3 Other public sector debt securities	I-5	-	-	-	-	-	-
8.2 Other marketable securities	I-5	-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)		-	-	-	-	-	-
9.1 Financial associates	I-6	-	-	-	-	-	-
9.2 Non-Financial associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)		90,954	59,889	150,843	90,954	48,276	139,230
10.1 Financial subsidiaries	I-7	90,954	59,889	150,843	90,954	48,276	139,230
10.2 Non-Financial subsidiaries		-	-	-	-	-	-
XI. OTHER INVESTMENTS (Net)		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)		-	-	-	-	-	-
12.1 Gross finance lease receivables	I-9	-	-	-	-	-	-
12.2 Unearned income (-)	I-9	-	-	-	-	-	-
XIII. RESERVE DEPOSITS		-	274,098	274,098	-	211,383	211,383
XIV. SUNDRY DEBTORS		3,415	3,194	6,609	759	1,020	1,779
XV. ACCRUED INTEREST AND INCOME RECEIVABLES		151,615	35,913	187,528	47,120	25,940	73,060
15.1 Loans	I-10	83,935	21,002	104,937	14,250	16,231	30,481
15.2 Marketable securities	I-10	3,304	6,152	9,456	25,710	6,059	31,769
15.3 Other	I-10	64,376	8,759	73,135	7,160	3,650	10,810
XVI. PROPERTY AND EQUIPMENT (Net)		56,675	-	56,675	54,015	-	54,015
16.1 Book value		143,926	-	143,926	134,388	-	134,388
16.2 Accumulated depreciation (-)		(87,251)	-	(87,251)	(80,373)	-	(80,373)
XVII. INTANGIBLE ASSETS (Net)		3,331	-	3,331	3,952	-	3,952
17.1 Goodwill		-	-	-	-	-	-
17.2 Other		13,287	-	13,287	12,890	-	12,890
17.3 Accumulated amortization (-)		(9,956)	-	(9,956)	(8,938)	-	(8,938)
XVIII. DEFERRED TAX ASSET	I-11	5,032	-	5,032	5,957	-	5,957
XIX. OTHER ASSETS	I-12	23,804	881	24,685	43,958	690	44,648
TOTAL ASSETS		4,124,595	3,020,005	7,144,600	3,387,306	2,034,560	5,421,866

The accompanying notes are an integral part of these balance sheets.

TURK EKONOMI BANKASI ANONIM SIRKETI
UNCONSOLIDATED BALANCE SHEET AS OF
JUNE 30, 2006

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

I- BALANCE SHEET - LIABILITIES

	Note Ref. (Section 5)	Reviewed			Audited		
		Current Period			Prior Period		
		30.06.2006			31.12.2005		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS		1,704,079	3,032,380	4,736,459	1,107,346	2,134,851	3,242,197
1.1 Bank deposits	II-1	79,311	58,185	137,496	70,129	31,274	101,403
1.2 Saving deposits	II-1	965,291	-	965,291	434,955	-	434,955
1.3 Public sector deposits	II-1	3,559	-	3,559	684	-	684
1.4 Commercial deposits	II-1	575,337	-	575,337	571,392	-	571,392
1.5 Other institutions deposits	II-1	80,581	-	80,581	30,186	-	30,186
1.6 Foreign currency deposits	II-1	-	2,959,503	2,959,503	-	2,102,248	2,102,248
1.7 Precious metals deposit accounts	II-1	-	14,692	14,692	-	1,329	1,329
II. MONEY MARKET BORROWINGS		446,768	-	446,768	754,462	-	754,462
2.1 Interbank money market borrowings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market borrowings		-	-	-	-	-	-
2.3 Funds provided under repurchase agreements	II-2	446,768	-	446,768	754,462	-	754,462
III. FUNDS BORROWED		274,059	690,409	964,468	190,611	462,240	652,851
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed	II-3	274,059	690,409	964,468	190,611	462,240	652,851
3.2.1 Domestic banks and institutions	II-3	49,059	114,956	164,015	40,711	79,071	119,782
3.2.2 Foreign banks, institutions and funds	II-3	225,000	575,453	800,453	149,900	383,169	533,069
IV. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills	II-4	-	-	-	-	-	-
4.2 Asset backed securities	II-4	-	-	-	-	-	-
4.3 Bonds	II-4	-	-	-	-	-	-
V. FUNDS	II-5	-	-	-	-	-	-
VI. SUNDRY CREDITORS	II-6	42,343	8,789	51,132	46,804	2,284	49,088
VII. OTHER LIABILITIES	II-7	64,522	2,251	66,773	38,083	4,485	42,568
VIII. TAXES AND OTHER DUTIES PAYABLE		16,261	-	16,261	14,920	-	14,920
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)		-	6,554	6,554	-	3,714	3,714
10.1 Finance Lease Payables	II-8	-	9,713	9,713	-	6,328	6,328
10.2 Deferred finance lease expenses (-)	II-8	-	(3,159)	(3,159)	-	(2,614)	(2,614)
XI. ACCRUED INTEREST AND EXPENSES PAYABLE		34,819	19,952	54,771	29,168	13,103	42,271
11.1 Deposits	II-9	8,665	5,311	13,976	6,352	3,531	9,883
11.2 Borrowings	II-9	4,713	8,653	13,366	4,949	5,735	10,684
11.3 Repurchase agreements	II-9	243	-	243	630	-	630
11.4 Other	II-9	21,198	5,988	27,186	17,237	3,837	21,074
XII. PROVISIONS		16,364	9,785	26,149	63,767	-	63,767
12.1 General loan loss provisions	II-10	13,051	9,785	22,836	18,300	-	18,300
12.2 Reserve for employee termination benefits		1,463	-	1,463	2,154	-	2,154
12.3 Provisions for income taxes		1,259	-	1,259	42,959	-	42,959
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions	II-10	591	-	591	354	-	354
XIII. SUBORDINATED LOANS	II-10	-	281,698	281,698	-	87,217	87,217
XIV. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XV. SHAREHOLDERS' EQUITY		496,755	(3,188)	493,567	466,749	2,062	468,811
15.1 Paid-in capital	II-11	76,362	-	76,362	57,800	-	57,800
15.2 Supplementary capital		226,618	(3,188)	223,430	259,761	2,062	261,823
15.2.1 Share premium	II-12	-	-	-	-	-	-
15.2.2 Share cancellation profits		-	-	-	-	-	-
15.2.3 Marketable securities value increase fund		(26,058)	(3,188)	(29,246)	7,085	2,062	9,147
15.2.4 Revaluation fund		-	-	-	-	-	-
15.2.5 Value increase in revaluation fund		-	-	-	-	-	-
15.2.6 Other capital reserves		252,676	-	252,676	252,676	-	252,676
15.2.7 Effect of inflation accounting on share capital		-	-	-	-	-	-
15.3 Profit reserves		-	-	-	70,471	-	70,471
15.3.1 Legal reserves		130,446	-	130,446	9,253	-	9,253
15.3.2 Status reserves		14,950	-	14,950	-	-	-
15.3.3 Extraordinary reserves		-	-	-	61,218	-	61,218
15.3.4 Other profit reserves		115,496	-	115,496	-	-	-
15.4 Profit or loss		63,329	-	63,329	78,717	-	78,717
15.4.1 Prior year income/loss		-	-	-	-	-	-
15.4.2 Current period net income/loss		63,329	-	63,329	78,717	-	78,717
TOTAL LIABILITIES AND EQUITY		3,095,970	4,048,630	7,144,600	2,711,910	2,709,956	5,421,866

The accompanying notes are an integral part of these balance sheets.

TURK EKONOMI BANKASI ANONIM SIRKETI
UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS
AS OF JUNE 30, 2006

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

II- STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref.	Reviewed			Audited		
		Current Period			Prior Period		
		(Section 5)	TRY	FC	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		2,293,677	3,774,526	6,068,203	1,686,475	2,519,962	4,206,437
I. GUARANTEES	IV-2,3	815,760	1,689,174	2,504,934	629,976	1,077,010	1,706,986
1.1 Letters of guarantee		765,187	809,040	1,574,227	608,643	549,443	1,158,086
1.1.1 Guarantees subject to State Tender Law		36,583	154,349	190,932	29,271	44,051	73,322
1.1.2 Guarantees given for foreign trade operations		98,270	43,768	142,038	102,202	32,076	134,278
1.1.3 Other letters of guarantee		630,334	610,923	1,241,257	477,170	473,316	950,486
1.2 Bank acceptances		-	65,448	65,448	23	52,662	52,685
1.2.1 Import acceptances		-	65,448	65,448	23	52,662	52,685
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		159	668,056	668,215	62	393,677	393,739
1.3.1 Documentary letters of credit		159	560,714	560,873	62	359,913	359,975
1.3.2 Other letters of credit		-	107,342	107,342	-	33,764	33,764
1.4 Guaranteed prefinancing		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities underwriting purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		47,410	76,347	123,757	20,465	70,156	90,621
1.9 Other suretyships		3,004	70,283	73,287	783	11,072	11,855
II. COMMITMENTS		501,513	215,323	716,836	451,726	269,733	721,459
2.1 Irrevocable commitments		501,513	194,972	696,485	451,726	245,532	697,258
2.1.1 Asset purchase commitments		490	194,831	195,321	-	138,188	138,188
2.1.2 Deposit purchase and sales commitments		4,000	141	4,141	-	107,344	107,344
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		117,199	-	117,199	104,337	-	104,337
2.1.5 Securities underwriting brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks	IV-2	215,192	-	215,192	175,952	-	175,952
2.1.8 Tax and fund liabilities from export commitments		11,619	-	11,619	10,242	-	10,242
2.1.9 Commitments for credit card expenditure limits	IV-2	153,013	-	153,013	161,195	-	161,195
2.1.10 Receivables from short sale commitments		-	-	-	-	-	-
2.1.11 Payables for short sale commitments		-	-	-	-	-	-
2.1.12 Other irrevocable commitments		-	-	-	-	-	-
2.2 Revocable commitments		-	20,351	20,351	-	24,201	24,201
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	20,351	20,351	-	24,201	24,201
III. DERIVATIVE FINANCIAL INSTRUMENTS		976,404	1,870,029	2,846,433	604,773	1,173,219	1,777,992
3.1 Forward foreign currency buy/sell transactions		423,070	739,676	1,162,746	113,268	388,975	502,243
3.1.1 Forward foreign currency transactions-buy		110,566	474,092	584,658	21,639	225,688	247,327
3.1.2 Forward foreign currency transactions-sell		312,504	265,584	578,088	91,629	163,287	254,916
3.2 Swap transactions related to f.c. and interest rates		324,942	682,895	1,007,837	249,633	420,844	670,477
3.2.1 Foreign currency swaps-buy		-	507,507	507,507	-	256,918	256,918
3.2.2 Foreign currency swaps-sell		311,305	169,476	480,781	182,013	91,551	273,564
3.2.3 Interest rate swaps-buy		8,333	3,232	11,565	-	69,650	69,650
3.2.4 Interest rate swaps-sell		5,304	2,680	7,984	67,620	2,725	70,345
3.3 Foreign currency and interest rate options		228,392	360,959	589,351	241,711	306,390	548,101
3.3.1 Foreign currency options-buy		106,933	188,580	295,513	121,681	153,071	274,752
3.3.2 Foreign currency options-sell		121,459	172,379	293,838	120,030	153,319	273,349
3.3.3 Interest rate options-buy		-	-	-	-	-	-
3.3.4 Interest rate options-sell		-	-	-	-	-	-
3.3.5 Securities options-buy		-	-	-	-	-	-
3.3.6 Securities options-sell		-	-	-	-	-	-
3.4 Foreign currency futures		-	43,795	43,795	161	28,207	28,368
3.4.1 Foreign currency futures-buy		-	43,795	43,795	161	28,053	28,214
3.4.2 Foreign currency futures-sell		-	-	-	-	154	154
3.5 Interest rate futures		-	-	-	-	-	-
3.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.6 Other		-	42,704	42,704	-	28,803	28,803
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		25,348,395	1,900,845	27,249,240	27,220,288	1,349,584	28,569,872
IV. ITEMS HELD IN CUSTODY		22,880,580	603,510	23,484,090	25,705,316	448,286	26,153,602
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		20,604,998	182,613	20,787,611	23,851,318	156,779	24,008,097
4.3 Checks received for collection		2,044,287	198,405	2,242,692	1,695,786	146,001	1,841,787
4.4 Commercial notes received for collection		231,222	143,681	374,903	158,116	84,964	243,080
4.5 Other assets received for collection		-	78,660	78,660	23	60,422	60,445
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		73	151	224	73	120	193
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		2,467,723	1,296,569	3,764,292	1,514,880	901,298	2,416,178
5.1 Marketable securities		281,283	28,058	309,341	307,785	21,613	329,398
5.2 Guarantee notes		4,472	3,725	8,197	4,865	3,635	8,500
5.3 Commodity		19	198,622	198,641	19	105,405	105,424
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		1,530,657	707,333	2,237,990	791,907	510,311	1,302,218
5.6 Other pledged items		651,292	358,831	1,010,123	410,304	260,334	670,638
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		92	766	858	92	-	92
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		27,642,072	5,675,371	33,317,443	28,906,763	3,869,546	32,776,309

The accompanying notes are an integral part of these statements.

TURK EKONOMI BANKASI ANONIM SIRKETI
UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM
JANUARY 1 TO JUNE 30, 2006

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

III- STATEMENT OF INCOME

	Note Ref.	Reviewed	Reviewed	Reviewed	Reviewed
		Current Period 01.01 - 30.06.2006	Prior Period 01.01 - 30.06.2005	Current Period 01.04 - 30.06.2006	Prior Period 01.04. - 30.06.2005
	(Section 5)	Total	Total	Total	Total
I. INTEREST INCOME	III-1	330,759	215,165	176,723	110,361
1.1 Interest on loans		219,762	135,741	120,495	68,896
1.1.1 Interest on TRY loans		176,000	111,898	95,757	56,019
1.1.1.1 Short term loans		123,246	97,017	66,172	48,208
1.1.1.2 Medium and long term loans		52,754	14,881	29,585	7,811
1.1.2 Interest on foreign currency loans		43,191	23,456	24,447	12,656
1.1.2.1 Short term loans		29,680	17,555	16,781	9,275
1.1.2.2 Medium and long term loans		13,511	5,901	7,666	3,381
1.1.3 Interest on loans under follow-up		571	387	291	221
1.1.4 Premiums received from Resource Utilization Support Fund		-	-	-	-
1.2 Interest received from reserve deposits		7,965	3,581	4,689	1,901
1.3 Interest received from banks		15,735	20,614	6,105	11,896
1.3.1 The Central Bank of Turkey		1,163	2,302	515	819
1.3.2 Domestic banks		6,168	9,607	2,483	3,902
1.3.3 Foreign banks		8,404	8,705	3,107	7,175
1.3.4 Branches and head office abroad		-	-	-	-
1.4 Interest received from money market placements		20,368	6,104	12,619	3,811
1.5 Interest received from marketable securities portfolio		66,884	49,086	32,812	23,852
1.5.1 Trading securities		5,333	7,131	1,655	4,013
1.5.2 Available-for-sale securities		61,547	34,155	31,157	16,102
1.5.3 Held to maturity securities		4	7,800	-	3,737
1.6 Other interest income		45	39	3	5
II. INTEREST EXPENSES	III-2	199,844	105,304	110,857	55,921
2.1 Interest on deposits		139,503	71,063	81,292	38,522
2.1.1 Bank deposits		2,881	4,095	1,408	1,779
2.1.2 Saving deposits		55,958	27,766	33,515	12,305
2.1.3 Public sector deposits		44	-	14	-
2.1.4 Commercial deposits		36,743	21,118	20,321	14,120
2.1.5 Other institutions deposits		4,187	1,450	2,454	422
2.1.6 Foreign currency deposits		39,679	16,634	23,581	9,896
2.1.7 Precious metals vault accounts		11	-	-1	-
2.2 Interest on money market borrowings		28,275	19,712	11,707	9,725
2.3 Interest on funds borrowed		31,623	14,177	17,701	7,665
2.3.1 The Central Bank of Turkey		-	-	-	-
2.3.2 Domestic banks		5,600	4,260	3,144	1,940
2.3.3 Foreign banks		21,673	7,735	12,088	4,573
2.3.4 Branches and head office abroad		-	-	-	-
2.3.5 Other financial institutions		4,350	2,182	2,469	1,152
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		443	352	157	9
III. NET INTEREST INCOME (I - II)		130,915	109,861	65,866	54,440
IV. NET FEES AND COMMISSIONS INCOME		33,324	15,760	18,609	7,894
4.1 Fees and commissions received		42,058	23,969	23,585	11,389
4.1.1 Cash loans		6,514	3,075	3,454	1,682
4.1.2 Non-cash loans		10,586	6,083	5,753	2,132
4.1.3 Other		24,958	14,811	14,378	7,575
4.2 Fees and commissions paid		(8,734)	(8,209)	(4,976)	(3,495)
4.2.1 Cash loans		(746)	(3,095)	(427)	(655)
4.2.2 Non-cash loans		(31)	(18)	(17)	(10)
4.2.3 Other		(7,957)	(5,096)	(4,532)	(2,830)
V. DIVIDEND INCOME		-	-	-	-
5.1 Trading securities		-	-	-	-
5.2 Available-for-sale securities		-	-	-	-
VI. NET TRADING INCOME/LOSS		(63,468)	23,314	(74,979)	14,228
6.1 Profit/losses on trading transactions (Net)		67,339	27,084	57,188	12,338
6.1.1 Profit on trading transactions		181,649	71,018	141,344	33,056
6.1.1.1 Profit on derivative financial instruments		155,811	51,744	133,502	24,552
6.1.1.2 Profit on other trading transactions		25,838	19,274	7,842	8,504
6.1.2 Losses on trading transactions (-)		(114,310)	(43,934)	(84,156)	(20,718)
6.1.2.1 Losses on derivative financial instruments		(102,253)	(36,683)	(76,733)	(17,308)
6.1.2.2 Losses on other trading transactions		(12,057)	(7,251)	(7,423)	(3,410)
6.2 Foreign exchange gains/losses (Net)		(130,807)	(3,770)	(132,167)	1,890
6.2.1 Foreign exchange gains		424,206	169,322	315,722	96,847
6.2.2 Foreign exchange losses (-)		(555,013)	(173,092)	(447,889)	(94,957)
VII. OTHER OPERATING INCOME	III-3	92,972	4,963	82,261	2,711
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		193,743	153,898	91,757	79,273
IX. PROVISION FOR LOAN LOSSES AND OTHER REC. (-)	III-4	13,237	17,621	5,478	8,883
X. OTHER OPERATING EXPENSES (-)		123,895	83,066	70,396	46,140
XI. NET OPERATING INCOME (VIII-IX-X)		56,611	53,211	15,883	24,250
XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	III-5	18,531	7,942	3	-
XIII. NET MONETARY GAIN/(LOSS)		-	-	-	-
XIV. INCOME BEFORE TAXES		75,142	61,153	15,886	24,250
XV. PROVISION FOR TAXES ON INCOME (-)	III-6	13,417	19,080	879	8,708
15.1 Provision for current income taxes		1,259	22,481	(6,546)	12,628
15.2 Provision for deferred taxes		12,158	(3,401)	7,425	(3,920)
XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV-XV)		61,725	42,073	15,007	15,542
XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES		1,604	-	-	-
17.1 Extraordinary net income/expense after taxes		1,604	-	-	-
17.1.1 Extraordinary income		1,604	-	-	-
17.1.2 Extraordinary expense (-)		-	-	-	-
17.2 Provision for taxes on extraordinary income (-)		-	-	-	-
XVIII. NET PROFIT/LOSS FOR THE PERIOD (XVI+XVII)	III-7	63,329	42,073	15,007	15,542
Earnings/Losses per share (Full amount)		0.000829	0.000364	0.000419	0.000135

The accompanying notes are an integral part of these statements.

TURK EKONOMI BANKASI ANONIM SIRKETI
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD FROM
JANUARY 1 TO JUNE 30, 2006

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

IV. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid-in Capital	Effect of inflation Accounting on Capital and Other Capital Reserves	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Value Increase Fund Revaluation Fund	Marketable Securities Value Increase Fund	Total
Prior Period – 01.01. – 30.06.2005													
I Balances at the end of prior period	57,800	252,676	-	-	6,838	-	39,247	-	33,800	-	-	3,836	394,197
II. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	57,800	252,676	-	-	6,838	-	39,247	-	33,800	-	-	3,836	394,197
IV. Net Profit or Loss	-	-	-	-	-	-	-	42,073	-	-	-	-	42,073
V. Profit Distribution	-	-	-	-	2,415	-	21,971	-	(33,800)	-	-	-	(9,414)
5.1 Dividends distributed	-	-	-	-	-	-	-	-	(9,414)	-	-	-	(9,414)
5.2 Transfers to reserves	-	-	-	-	2,415	-	21,971	-	(24,386)	-	-	-	-
5.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Increase in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Revaluation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
6.3 Value Increase Fund Revaluation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
6.4 Marketable Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
6.5 Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
6.6 Issuance of share certificates at end of period	-	-	-	-	-	-	-	-	-	-	-	-	-
6.7 Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-
6.8 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Others	-	-	-	-	-	-	-	-	-	-	-	(1,804)	(1,804)
Balances (I+II+III+IV+V+VI)	57,800	252,676	-	-	9,253	-	61,218	42,073	-	-	-	2,032	425,052
Current Period – 01.01. – 30.06.2006													
I. Balances at the end of prior period	57,800	252,676	-	-	9,253	-	61,218	-	78,717	-	-	9,147	468,811
Increases in the period:	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Investments securities available for sale	-	-	-	-	-	-	-	-	-	-	-	(38,393)	(38,393)
2.1 Net fair value gains/losses	-	-	-	-	-	-	-	-	-	-	-	(38,393)	(38,393)
III. Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1 Net fair value gains/losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred Amounts	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Investments securities available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Transferred to net income	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1 Transferred to net income	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2 Transferred to assets	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Net Profit or Loss	-	-	-	-	-	-	-	63,329	-	-	-	-	63,329
VII. Profit Distribution	-	-	-	-	5,697	-	54,278	-	(78,717)	-	-	-	(18,742)
7.1 Dividends distributed	-	-	-	-	-	-	-	-	(18,742)	-	-	-	(18,742)
7.2 Transfers to reserves	-	-	-	-	5,697	-	54,278	-	(59,975)	-	-	-	-
7.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Increase in capital	18,562	-	-	-	-	-	-	-	-	-	-	-	18,562
8.1 Cash	18,562	-	-	-	-	-	-	-	-	-	-	-	18,562
8.2 Revaluation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
8.3 Value Increase Fund Revaluation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
8.4 Marketable Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
8.5 Adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
8.6 Issuance of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-
8.7 Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-
8.8 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balances (I+II+IV+V+VI+VII)	76,362	252,676	-	-	14,950	-	115,496	63,329	-	-	-	(29,246)	493,567

The accompanying notes are an integral part of these statements.

TURK EKONOMI BANKASI ANONIM SIRKETI
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM
JANUARY 1 TO JUNE 30, 2006

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

V. STATEMENTS OF CASH FLOWS

	Reviewed	Reviewed
	Current Period	Prior Period
Note Ref.	30.06.2006	30.06.2005
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	(142,143)	82,413
1.1.1 Interest received	277,052	208,857
1.1.2 Interest paid	(192,999)	(104,050)
1.1.3 Dividend received	18,531	7,942
1.1.4 Fees and commissions received	42,058	23,969
1.1.5 Other income	100,395	36,751
1.1.6 Collections from previously written off loans	5,356	3,013
1.1.7 Payments to personnel and service suppliers	(65,383)	(49,495)
1.1.8 Taxes paid	(42,959)	(15,185)
1.1.9 Others	(284,194)	(29,389)
1.2 Changes in operating assets and liabilities	584,334	(147,928)
1.2.1 Net (increase) decrease in trading securities	84,671	(65,384)
1.2.2 Net (increase) decrease in due from banks and other financial institutions	51,000	(27,000)
1.2.3 Net (increase) decrease in loans	(983,485)	(568,006)
1.2.4 Net (increase) decrease in other assets	(90,976)	(20,306)
1.2.5 Net increase (decrease) in bank deposits	(271,601)	109,174
1.2.6 Net increase (decrease) in other deposits	1,458,169	333,187
1.2.7 Net increase (decrease) in funds borrowed	311,617	73,361
1.2.8 Net increase (decrease) in matured payables	-	-
1.2.9 Net increase (decrease) in other liabilities	24,939	17,046
I. Net cash provided from banking operations	442,191	(65,515)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	(105,011)	(139,629)
2.1 Cash paid for purchase of investments, associates and subsidiaries	-	-
2.2 Cash obtained from sale of investments, associates and subsidiaries	-	-
2.3 Fixed assets purchases	(12,822)	(8,795)
2.4 Fixed assets sales	(7,076)	129
2.5 Cash paid for purchase of securities available for sale	(941,674)	(511,125)
2.6 Cash obtained from sale of securities available for sale	856,461	380,162
2.7 Cash paid for purchase of investment securities	-	(898)
2.8 Cash obtained from sale of investment securities	100	898
2.9 Extraordinary items	-	-
2.10 Others	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities	197,141	(9,679)
3.1 Cash obtained from funds borrowed and securities issued	194,481	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Capital increase	18,562	-
3.4 Dividends paid	(18,742)	(9,414)
3.5 Payments for finance leases	2,840	(265)
3.6 Extraordinary items	-	-
3.7 Others	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	83,393	(1,630)
V. Net increase / (decrease) in cash and cash equivalents	617,714	(216,453)
VI. Cash and cash equivalents at beginning of the year	743,090	1,098,878
VII. Cash and cash equivalents at end of the year	1,360,804	882,425

The accompanying notes are an integral part of these statements.

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SECTION THREE
ACCOUNTING PRINCIPLES

I- Basis of Presentation

The Bank prepares its financial statements in accordance with the “Accounting Application Regulations” (AAR) based on “Accounting and Recording System”, Article 37 and the provisional Article 1 of the Banking Law 5411 and related communiqués and related explanations and further communiqués that add or amend the content of the relevant communiqués.

Preparation of Financial Statements at the Current Purchasing Power Parity

The indicators which are explained in Banking Regulation and Supervision Agency’s (BRSA) April 21, 2005 dated and 1623 numbered resolution and April 28, 2005 dated circular and 5th Article of Number 14 Communique of Accounting Application Regulations – “Preparation of Financial Statements in Hyperinflationary Periods” are no longer valid and banks’ obligation to prepare their financial statements according to this regulation is no longer in effect. Thus, inflation accounting has not been used since January 1, 2005 and prior year figures for comparison are expressed at December 31, 2004’s purchasing power parity.

Other Basis of Valuation

Basis of valuation used for assets and liabilities in the preparation of financial statements are explained in the accounting principles for the related assets and liabilities.

II- Explanations on Forward and Option Contracts and Derivative Instruments

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

There are no embedded derivatives separated from the host contract or that are designated as hedging instruments.

Foreign Currency Assets and Liabilities

Gains or losses arising from foreign currency transactions are reflected in the statement of income as they are realized during the period. Foreign currency assets and liabilities at each period-end are translated into New Turkish Lira at the period-end foreign exchange buying rates announced by the Bank and the resulting foreign exchange gains or losses are recorded in the income statement as foreign exchange gain or loss. The net investment in foreign entities as of the related period-ends were translated into New Turkish Lira by applying the exchange rates prevailing at respective dates. The resulting foreign exchange gains or losses are recorded in the income statement.

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III- Offsetting of Financial Assets and Liabilities

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

IV- Interest Income and Expenses

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

V- Fees and Commission Income and Expenses

Fees for various banking services are recorded as income when collected and prepaid commission income 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 and expensed on a monthly basis.

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

VI- Securities Held for Trading

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 "Provision for Decrease in Value of Marketable Securities".

VII- Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the clients are being recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to clients 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. The interest expense accruals are calculated using the effective interest method for the funds obtained under repurchase agreements and are reflected to the interest and other expense accruals account in the balance sheet.

The above-mentioned transactions are short-term and consist of domestic public sector debt securities.

The income and expenses generated from above mentioned transactions are reflected to the "Interest Income on Marketable Securities" and "Interest Expense on Money Market Borrowings" accounts in the income statements.

As of June 30, 2006, the Bank does not have any reverse repo transactions (December 31, 2005 - None).

As of June 30, 2006, the Bank does not have any marketable securities lending (December 31, 2005 - None).

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VIII- Securities Held to Maturity, Securities Available for Sale and Bank Originated Loans and Receivables

Securities 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. This portfolio excludes bank originated loans and receivables.

Securities available for sale include all securities other than bank originated 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 values and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in "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 the fair values of these securities are determined using Official Gazette prices or other valuation methods stated in the articles of the AAR's Communiqué No:1.

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

Held to maturity securities are measured at amortized cost by using effective interest rate less impairment losses, if any.

The interests received from securities held to maturity are recorded as interest income. There are no dividends related with any marketable securities that are held to maturity.

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

The Bank classifies its securities according to the above-mentioned portfolios at the acquisition date of related security.

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

IX- Investments in Associates

New Turkish Lira investments in associates which are quoted on the stock exchange are measured at fair value based on quoted bid prices and any positive difference between fair value price and cost is included under shareholders' equity in "Marketable Securities Value Increase Fund" account in the financial statements. Unquoted investments in associates are reflected at restated costs until December 31, 2004, computed by using relevant conversion factors considering purchase and capital contribution dates excluding share capital increases from internally generated funds such as the revaluation fund. Provision is made when there is an evidence for permanent impairment in value of the associates.

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X- Investments in Subsidiaries

New Turkish Lira investments in subsidiaries are reflected at restated costs until December 31, 2004, computed by using relevant conversion factors considering purchase and capital contribution dates excluding share capital increases from internally generated amounts such as the revaluation fund. Foreign currency denominated subsidiaries are valued with period-end foreign exchange rates. Provision is made when there is an evidence for permanent impairment in value of the subsidiaries.

XI- Originated Loans and Receivables and Provisions for Impairment

The Bank initially records originated loans and receivables at cost. In the subsequent periods, in accordance with the AAR, Communiqué No:1, these loans are measured at amortized cost using effective interest rate method.

Cash loans are recorded in accordance with the regulations stated in the Communiqué on the Uniform Chart of Accounts and Its Explanations. According to the changes in the Uniform Chart of Accounts and Prospects dated November 2, 2005, the foreign exchange difference income of the foreign currency indexed loans that are previously classified under interest income are shown under other operating income and the foreign exchange difference expense previously classified under provision for loans and other receivables are shown under other operating expenses.

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

Specific reserves are computed and provided for Group III, IV and V loans in accordance with the Banking Law No.4389 as amended by Law Number 4672 and the Banking Law No. 5411, Article 3, Sub Article 11 and Article 11, Sub Article 12 published on the Official Gazette No. 24448 dated June 30, 2001 on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" amended by Communiqués published on the Official Gazette No:34657 date January 31, 2002. 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 deducted 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 provisions are credited in the "Provision and Impairment Expenses - Special Provision Expense" account.

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XII- Goodwill and Other Intangible Assets

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

The intangible assets are reflected at restated costs until December 31, 2004 in accordance with inflation accounting and are amortised with straight-line method. The cost of assets subject to amortisation is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

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

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

XIII- Tangible Fixed Assets

Buildings are reflected at their restated costs until December 31, 2004 , less reserve for impairment, if any. The straight-line depreciation method is used for buildings and useful life is considered as 50 years.

Other tangible fixed assets are reflected at their restated costs until December 31, 2004 and depreciated by straight-line method. Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. Leasehold improvements are depreciated over the lease period by straight-line method. 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	5-50
Leasehold improvements	Lease period

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 the 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.

Bank employs independent appraisers in determining the current fair values of the real estates at year ends.

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XIV- Leasing Transactions

Tangible fixed assets acquired by financial leases are accounted in accordance with AAR, Article 7 of the Communiqué No:4, "Accounting Standard for Leasing Transactions." In accordance with this article, the leasing transactions, which consist only foreign currency liabilities, are translated to New Turkish Lira with the exchange rates effective at the transaction dates and they are recorded both as an asset and a liability. The foreign currency liabilities are translated to New Turkish Lira with the Bank's period end exchange rates. The increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The financing cost resulting from leasing is distributed through the agreement period to form a fixed interest rate.

In addition to the interest expense, the Bank records depreciation expense for the leased assets in each period. The depreciation rate is determined in accordance with Communiqué No. 2 "Accounting Standard for Tangible Fixed Assets" and the depreciation rate used is 20% for the leased assets obtained before July 31, 2003 and %5-%50 for leased assets obtained after July 31, 2003 which is in line with Turkish Tax Legislation.

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

The Bank does not have any leasing transactions as lessor.

XV- Provisions and Contingent Liabilities

The provisions and contingent liabilities are determined in accordance with the Communiqué No:8 of AAR, except for the general and specific provisions set for the loans and other receivables. Provisions are immediately recorded for present obligations as a result of past events immediately at the estimated amounts.

XVI- Liabilities Regarding Employee Benefits

In accordance with the prevailing laws in Turkey, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The retirement pay is calculated for every year worked in the Bank over the salary for 30 days and the notice pay is determined by the relevant notice period time calculated over the years worked in the Bank. In accordance with AAR, Communiqué No:10, the Bank sets provision for retirement, notice pay and vacation pay liabilities by taking the actual payment rates for the previous 5 years into consideration.

The Bank has no employees contracted for temporary periods.

As of June 30, 2006 and December 31, 2005, the arithmetic average of the actual payments realized for the previous five years are 4.50% and 8.35% respectively and this forms the base of the provision amount that is set for the retirement and notice pay liabilities.

The Bank employees are members of "Tebtiler" Foundation. 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.

There are no liabilities that require additional provisions related to other employee benefits.

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XVII- Taxation

Corporate tax

According to the Article 31 of the Corporate Tax Law No. 5520, accepted in the general assembly meeting of Grand National Assembly of Turkey (TBMM) on June 13, 2006 and announced by the Official Gazette dated June 21, 2006, the corporate tax rate has been decreased to 20%, effective from January 1, 2006.

The tax legislation, requires advance tax of 20% (2005-30%) 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 until the fifteenth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

Current tax provision related with items that are credited or charged directly to equity are charged or credited to equity. As at June 30, 2006 TRY 7,311 deferred tax asset which is related with equity was netted-off under "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 were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Deferred Tax Liability / Asset

As of June 30, 2004 and prior periods, the Bank calculated and reflected 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 June 30, 2006 and December 31, 2005, in accordance with Communiqué Number 18 of AAR published on August 12, 2004 and effective from July 1, 2004 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 other assets and the net deferred tax liability is reflected under other liabilities on the balance sheet. TRY 12,158 of deferred tax provision credit is stated under the tax provision in the income statement. TRY 7,311 of deferred tax asset resulting from differences related to items that are credited or charged directly to equity is netted with these accounts.

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

XVIII- Additional Explanations on Borrowings

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

XIX- Paid-in Capital and Share Certificates

The Bank does not have any transaction costs related to share issue.

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XX- 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- Government Incentives

There are no government incentives utilized by the Bank.

XXII- Securities at Custody

Securities held by the Bank at custody on behalf of clients are not included in the balance sheet since they are not assets of the Bank.

XXIII- Other Matters

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) issued by the International Accounting Standards Board. 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.

There are no other matters required to be disclosed.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I- Explanations and Footnotes Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks ", which was published on January 31, 2002 in the Official Gazette numbered 24657. As of June 30, 2006, the Bank's capital adequacy ratio is 14.13% (December 31, 2005 – 12.33%).

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 not considered while calculating risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and amortization 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 found by means of deducting the 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 rates presented at the Clause 1, Article 21 of the "Communiqué on Regulations on the Establishment and Operations of Banks", and included in the related risk group and accordingly risk weighted.

Receivables from counter parties generated from derivative foreign currency and interest rate transactions are included in the related risk group at the loan conversion rates stated in Clause 2, Article 21 of the "Communiqué on Regulations on the Establishment and Operations of Banks" and weighted for a second time by the weight of the related risk group.

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I- Explanations and Footnotes Related to the Capital Adequacy Standard Ratio (cont'd)

Information related to the capital adequacy ratio:

	Risk Weight			
	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non-Cash Loans				
Balance Sheet items (Net)	1,630,836	340,142	787,480	2,884,066
Cash	136,853	402	-	-
Due from banks	823,939	219,229	-	257
Interbank money market placements	198,300	-	-	-
Receivables from reverse repo transactions	-	-	-	-
Reserve deposits	274,098	-	-	-
Special finance houses	-	-	-	-
Loans	184,567	120,511	778,496	2,818,789
Loans under follow-up (Net)	-	-	-	12,081
Subsidiaries, associates and investments held to maturity	-	-	-	-
Sundry debtors	-	-	-	6,609
Marketable securities held to maturity (Net)	-	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-
Financial lease receivables	-	-	-	-
Leased assets (Net)	-	-	8,984	-
Fixed assets (Net)	-	-	-	33,858
Other assets	13,079	-	-	12,472
Off balance sheet items	63,012	1,028,493	505,997	302,766
Guarantees and suretyships	37,059	987,248	159,509	169,450
Commitments	20,351	-	346,488	-
Other off balance sheet items	-	-	-	-
Transactions related with derivative financial instruments	-	32,094	-	28,380
Interest and income accruals	5,602	4,119	-	104,936
Non risk weighted accounts	-	5,032	-	-
	-	-	-	-
Total Value at Risk	1,693,848	1,368,635	1,293,477	3,186,832
Total Risk Weighted Assets	-	273,727	646,739	3,186,832

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets	4,107,298	3,196,838
Amount Subject to Market Risk	129,725	142,000
Shareholders' Equity	598,824	411,722
Shareholders' Equity / (TRWA + ASMR) *100	14.13	12.33

TRWA: Total Risk Weighted Assets

ASMR: Amount subject to market risk

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I- Explanations and Footnotes Related to the Capital Adequacy Standard Ratio (cont'd)

Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	76,362	57,800
Nominal capital	76,362	57,800
Capital commitments (-)	-	-
Other Capital Reserves	252,676	252,676
Share Premium and Cancellation Profits	-	-
Legal Reserves	14,950	9,253
First legal reserve (Turkish Commercial Code 466/1)	9,414	5,479
Second legal reserve (Turkish Commercial Code 466/2)	5,536	3,774
Other legal reserve per special legislation	-	-
Statute Reserves	-	-
Extraordinary reserves	115,496	61,218
Reserves allocated by the General Assembly	115,496	61,218
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Profit	63,329	78,717
Current period profit	63,329	78,717
Prior years' profits	-	-
Loss (-)	-	-
Current period loss	-	-
Prior years' losses	-	-
Total Core Capital	522,813	459,664
SUPPLEMENTARY CAPITAL		
Revaluation Fund	-	-
Furniture, fixture and vehicles	-	-
Buildings	-	-
Profit on sale of associates, subsidiaries and buildings to be transferred to share capital	-	-
Revaluation fund of leasehold improvements	-	-
Increase in the Value of Revaluation Fund	-	-
Foreign Exchange Differences	-	-
General Loan Loss Reserves	22,836	18,300
Provisions for Possible Losses	-	-
Subordinated Loans	254,834	83,997
Marketable Securities Value Increase Fund	(29,246)	9,147
Associates and subsidiaries	-	-
Available for sale securities	(29,246)	9,147
Instruments Regarding Structured Position	-	-
Total Supplementary Capital	248,424	111,444
TIER III CAPITAL	-	-
CAPITAL	771,237	571,108
DEDUCTIONS FROM THE CAPITAL	172,413	159,386
Investments in Financial Companies Whose Main Activities are Money and Capital Markets, Insurance And That Operate With Licenses Provided In Accordance With Special Laws.	150,843	139,230
Leasehold improvements	13,156	15,287
Start-up costs	-	-
Prepaid expenses	8,414	4,869
The negative difference between the market values and the carrying amounts for investments, subsidiaries, other investments and fixed assets	-	-
Subordinated loans given to other banks which operate in Turkey	-	-
Goodwill (Net)	-	-
Capitalized expenses	-	-
Total Shareholder's Equity	598,824	411,722

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II- Explanations and Footnotes Related to Market Risk

The Bank has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks”.

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

The interest rate and exchange rate risks 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, the amount subject to VAR, as summarised below, is taken into consideration by the standard method. Beside standart method, VAR calculated by internal model is supported by scenario analysis and stress tests. VAR is daily calculated by three different methods which are historic simulation, Monte Carlo simulation and parametric method. These results are also daily reported to management.

Market risk is calculating by not only with standart method but also calculating with internal method.(VAR). The results found supported with scenario analysis and stress tests.

	Amount
Capital to be employed for interest rate risk – standard method	9,201
Capital to be employed for general market risk	9,201
Capital to be employed for specific risk	-
Capital to be employed for options subject to interest rate risk	-
Capital to be employed for common stock position risk – Standard method	-
Capital to be employed for general market risk	-
Capital to be employed for specific risk	-
Capital to be employed for options subject to common stock position risk	-
Capital to be employed for currency risk – Standard method	1,177
Capital liability	1,073
Capital to be employed for options subject to currency risk	104
Total Value-at-risk (VAR)-Internal Model	-
Total capital to be employed for market risk	10,378
Amount subject to market risk	129,725

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III- Explanations and Footnotes Related to Currency Risk

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

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

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

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

As of June 30, 2006, the Bank's net short position is TRY 14,563 (December 31, 2005 - TRY 45,232 net short) resulting from short position amounting to TRY 549,745 (December 31, 2005 - TRY 338,818 short) on the balance sheet and long position amounting to TRY 564,308 (December 31, 2005 - TRY 293,586 long) on the off-balance sheet.

The announced current foreign exchange buying rates of the Bank at the balance sheet date and the previous five working days are as follows:

	23.06.2006	26.06.2006	27.06.2006	28.06.2006	29.06.2006	30.06.2006
USD	1.6934	1.6836	1.6375	1.6118	1.6029	1.5697
CHF	1.3561	1.3511	1.3129	1.2932	1.2825	1.2717
GBP	3.0864	3.0659	2.9815	2.9312	2.9066	2.8786
JPY	1.4539	1.4453	1.4045	1.3830	1.3740	1.3667
EUR	2.1246	2.1158	2.0603	2.0251	2.0095	1.9963

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before June 30, 2006 are as follows:

	Monthly Average Foreign Exchange Rate
USD	1.5911
CHF	1.2889
GBP	2.9330
JPY	1.3860
EUR	2.0148

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III- Explanations and Footnotes Related to Currency Risk (cont'd)

Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	YEN	OTHER	TOTAL
Assets					
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	73,432	801,267	25	12,488	887,212
Due from other banks and financial institutions	99,659	44,076	316	17,417	161,468
Trading securities	79	213	-	776	1,068
Money market placements	-	-	-	-	-
Investment securities available-for-sale	63	296,376	-	-	296,439
Loans (**)	1,088,652	848,761	13,956	95,295	2,046,664
Investments in associates and subsidiaries	59,889	-	-	-	59,889
Investment securities held-to-maturity	-	-	-	-	-
Property and equipment	-	-	-	-	-
Goodwill	-	-	-	-	-
Other assets (***)	10,917	23,638	128	867	35,550
Total Assets	1,332,691	2,014,331	14,425	126,843	3,488,290
Liabilities					
Bank deposits	7,827	33,218	23	17,117	58,185
Foreign currency deposits (*)	752,334	2,159,032	3,255	59,574	2,974,195
Money market borrowings	-	-	-	-	-
Funds provided from other financial institutions	685,345	264,722	-	22,040	972,107
Marketable securities issued	-	-	-	-	-
Sundry creditors	2,042	4,476	1,151	1,120	8,789
Other liabilities (***)	6,170	18,243	-	346	24,759
Total liabilities	1,453,718	2,479,691	4,429	100,197	4,038,035
Net Balance Sheet Position	(121,027)	(465,360)	9,996	26,646	(549,745)
Net Off-Balance Sheet Position	130,313	468,856	(9,765)	(25,096)	564,308
Financial derivative assets (****)	338,761	905,595	10,360	56,590	1,311,306
Financial derivative liabilities (****)	208,448	436,739	20,125	81,686	746,998
Non-cash loans (*****)	644,927	980,265	11,006	52,976	1,689,174
Prior Period					
Total Assets	824,192	1,469,785	11,812	60,790	2,366,579
Total Liabilities	854,206	1,768,429	8,637	74,125	2,705,397
Net Balance Sheet Position	(30,014)	(298,644)	3,175	(13,335)	(338,818)
Net Off-Balance Sheet Position	28,413	253,987	(3,023)	14,209	293,586
Non-cash loans (*****)	351,571	676,805	6,042	42,592	1,077,010

(*) Gold account deposits amounting to TRY 14,692 (December 31, 2005 - TRY 1,329) are included in the foreign currency deposits.

(**) Foreign currency indexed loans amounting to TRY 472,723 (December 31, 2005 – TRY 334,434) are included in the loan portfolio.

(***) TRY 488 of prepaid expenses and TRY 3,950 of income accruals from derivative financial instruments are deducted from other assets; TRY 3,998 of expense accruals from derivative financial instruments and TRY 9,785 of provision for general loan have been deducted from other liabilities.

(****) Asset purchase commitments of TRY 94,100 has been added to derivative financial assets and TRY 94,175 has been added to derivative liabilities.

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

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IV- Explanations and Footnotes Related to Interest Rate Risk

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

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

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budget targets.

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

Since the Bank does not permit maturity mismatches or imposes limits on the mismatch, to 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	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Current Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	782,963	-	-	-	-	457,600	1,240,563
Due from banks and other financial institutions	183,486	19,000	15,000	2,000	-	-	219,486
Trading securities	532	2,044	567	584	651	776	5,154
Money market placements	198,300	-	-	-	-	-	198,300
Securities available-for-sale	263,774	577,363	82,241	2,280	206,220	72	1,131,950
Loans	1,323,162	502,872	540,819	439,901	1,095,609	-	3,902,363
Securities held-to-maturity	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	446,784	446,784
Total Assets	2,752,217	1,101,279	638,627	444,765	1,302,480	905,232	7,144,600
Liabilities							
Bank deposits	118,349	18,147	1,000	-	-	-	137,496
Other deposits	3,771,921	741,548	54,343	30,898	253	-	4,598,963
Money market borrowings	446,743	25	-	-	-	-	446,768
Sundry creditors	-	-	-	-	-	51,132	51,132
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	114,634	138,019	583,931	333,157	76,425	-	1,246,166
Other liabilities	197	397	607	1,009	4,345	657,520	664,075
Total Liabilities	4,451,844	898,136	639,881	365,064	81,023	708,652	7,144,600
Balance Sheet Interest Sensitivity Gap	(1,699,627)	203,143	(1,254)	79,701	1,221,457	196,580	-
Off Balance Sheet Interest Sensitivity Gap	3,581	-	-	-	-	-	3,581
Total Interest Sensitivity Gap	(1,696,046)	203,143	(1,254)	79,701	1,221,457	196,580	3,581

The other assets line in the non-interest bearing column consists of property and equipments amounting to TRY 56,675, intangible assets amounting to TRY 3,331, TRY 187,528 of accrued interest and income receivables, subsidiaries amounting to TRY 150,843 and the other liabilities line includes the shareholders' equity of TRY 493,567.

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IV- Explanations and Footnotes Related to Interest Rate Risk (cont'd)

	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Prior Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	385,328	-	-	-	-	179,541	564,869
Due from banks and other financial institutions	247,050	14,000	32,000	16,000	-	-	309,050
Trading securities	973	18,664	13,651	462	55,477	598	89,825
Money market placements	150,000	-	-	-	-	-	150,000
Securities available-for-sale	33,537	577,672	79,262	44,328	311,929	9	1,046,737
Loans	935,966	416,094	457,080	386,468	726,206	-	2,921,814
Securities held-to-maturity	-	100	-	-	-	-	100
Other assets	-	-	-	-	-	339,471	339,471
Total Assets	1,752,854	1,026,530	581,993	447,258	1,093,612	519,619	5,421,866
Liabilities							
Bank deposits	88,681	12,722	-	-	-	-	101,403
Other deposits	2,115,822	250,205	43,882	6,591	80	724,214	3,140,794
Money market borrowings	754,462	-	-	-	-	-	754,462
Sundry creditors	-	-	-	-	-	49,088	49,088
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	112,335	111,172	427,393	23,991	65,177	-	740,068
Other liabilities	-	-	-	-	3,715	632,336	636,051
Total Liabilities	3,071,300	374,099	471,275	30,582	68,972	1,405,638	5,421,866
Balance Sheet Interest Sensitivity Gap	(1,318,446)	652,431	110,718	416,676	1,024,640	(886,019)	-
Off Balance Sheet Interest Sensitivity Gap	(695)	-	-	-	-	-	(695)
Total Interest Sensitivity Gap	(1,319,141)	652,431	110,718	416,676	1,024,640	(886,019)	(695)

The other assets line at the non-interest bearing column consists of property and equipment amounting to TRY 54,015 intangible assets amounting to TRY 3,952, TRY 73,060 of accrued interest and income receivables, subsidiaries amounting to TRY 139,230 and the other liabilities line includes the shareholders' equity of TRY 468,811.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	Yen %	TRY %
Current Period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	2.42	-	-
Due from banks and other financial institutions	2.50	5.27	-	17.05
Trading securities	5.05	7.53	-	19.62
Money market placements	-	-	-	18.98
Securities available-for-sale	-	6.99	-	17.89
Loans	7.49	5.50	3.63	20.94
Securities held-to-maturity	-	-	-	-
Liabilities				
Bank deposits	2.00	5.16	-	15.82
Other deposits	3.31	5.37	-	16.21
Money market borrowings	-	-	-	13.67
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	4.12	7.18	-	14.70

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IV- Explanations and Footnotes Related to Interest Rate Risk (cont'd)

	EURO	USD	Yen	TRY
	%	%	%	%
Prior Period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	1.14	2.05	-	10.65
Due from banks and other financial institutions	2.53	4.34	-	15.14
Trading securities	-	5.21	-	14.45
Money market placements	-	-	-	14.98
Securities available-for-sale	-	5.70	-	15.14
Loans	6.03	6.51	4.06	25.14
Securities held-to-maturity	-	-	-	-
Liabilities				
Bank deposits	2.55	4.00	-	17.61
Other deposits	2.47	3.93	-	15.67
Money market borrowings	-	-	-	13.93
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	2.84	6.85	-	14.64

V- Explanations and Footnotes Related to Liquidity Risk

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

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

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

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

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

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V- Explanations and Footnotes Related to Liquidity Risk (cont'd)

Presentation of assets and liabilities according to their remaining maturities :

Current Period	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Undistributed (*)	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and Balances with the Central Bank of Turkey	457,600	782,963	-	-	-	-	-	1,240,563
Due from banks and other financial institutions	89,640	93,846	19,000	15,000	2,000	-	-	219,486
Trading securities	776	212	950	439	610	2,167	-	5,154
Money market placements	-	198,300	-	-	-	-	-	198,300
Securities available-for-sale	72	-	2,030	-	4,345	1,125,503	-	1,131,950
Loans	-	1,323,162	502,872	540,819	439,901	1,095,609	-	3,902,363
Securities held-to-maturity	-	-	-	-	-	-	-	-
Other assets	-	59,928	32,084	29,291	11,792	76,900	236,789	446,784
Total Assets	548,088	2,458,411	556,936	585,549	458,648	2,300,179	236,789	7,144,600
Liabilities								
Bank deposits	36,381	81,968	18,147	1,000	-	-	-	137,496
Other deposits	794,495	2,977,426	741,548	54,343	30,898	253	-	4,598,963
Money market borrowings	-	446,743	25	-	-	-	-	446,768
Funds provided from other financial institutions	-	114,634	106,468	505,488	75,005	444,571	-	1,246,166
Marketable securities issued	-	-	-	-	-	-	-	-
Sundry creditors	51,132	-	-	-	-	-	-	51,132
Other liabilities	-	103,507	13,026	7,828	4,891	16,366	518,457	664,075
Total Liabilities	882,008	3,724,278	879,214	568,659	110,794	461,190	518,457	7,144,600
Net Liquidity Gap	(333,920)	(1,265,867)	(322,278)	16,890	347,854	1,838,989	(281,668)	-
Prior Period								
Total Assets	233,599	1,720,060	439,203	520,412	566,626	1,716,714	225,252	5,421,866
Total Liabilities	788,130	3,062,577	369,150	123,718	411,310	177,362	489,619	5,421,866
Net Liquidity Gap	(554,531)	(1,342,517)	70,053	396,694	155,316	1,539,352	(264,367)	-

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

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SECTION FIVE

**FOOTNOTES AND EXPLANATIONS ON
UNCONSOLIDATED FINANCIAL STATEMENTS**

I- Footnotes And Explanations Related to the Assets

1. Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposit	315,073	-	92,213	-
Unrestricted time deposit	-	508,866	-	173,945
Total	315,073	508,866	92,213	173,945

2. Information about trading portfolio (shown in terms of their net values):

a) Trading securities given as collateral or blocked:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	523	-	318	-
Others	-	-	-	-
Total	318	-	318	-

b) Trading securities subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	2,795	-	62,526	-
Treasury bills	586	-	71	-
Other government debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	3,381	-	62,597	-

As of June 30, 2006, trading securities which are not given as collateral, amount to TRY 1,250 (December 31, 2005 - TRY 26,910).

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I- Footnotes And Explanations Related to the Assets (cont'd)

3. Information on available for sale portfolio:

- a) Main types of available for sale securities: Available for sale securities include public sector, domestic and foreign debt securities and share certificates.
- b) Information on available for sale portfolio:

	Current Period		Prior Period	
Debt securities	1,145,817		1,050,024	
Quoted on a stock exchange	854,941		979,126	
Not quoted	290,876		70,898	
Share certificates	72		9	
Quoted on a stock exchange	-		-	
Not quoted	72		9	
Provision for impairment (-)	(13,939)		(3,296)	
Total	1,131,950		1,046,737	

- c) Available for sale securities given as collateral: Available for sale securities, given as collateral consist of public sector debt securities of TRY 197,997 with cost value (December 31, 2005 - TRY 201,673) given as collateral for regulatory requirements.
- d) Information on investment securities 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	2,055	195,942	34,179	167,494
Others	-	-	-	-
Total	2,055	195,942	34,179	167,494

- e) Information on investment securities available-for-sale subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	498,144	-	756,798	-
Treasury bills	-	-	17,199	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	498,144	-	773,997	-

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I- Footnotes And Explanations Related to the Assets (cont'd)

4. 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	6,219	38,026	-	16,179
Corporate shareholders	6,219	38,026	-	16,179
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	3,040	-	2,825	-
Total	9,259	38,026	2,825	16,179

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	3,895,387	-	-	6,976
Discount notes	76,505	-	-	-
Export loans	940,025	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	162,626	-	-	-
International loans	58,588	-	-	-
Consumer loans	574,736	-	-	-
Credit cards	29,206	-	-	-
Precious metals loans	71,985	-	-	-
Other	1,981,716	-	-	6,976
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	3,895,387	-	-	6,976

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I- Footnotes And Explanations Related to the Assets (cont'd)

4. Information on loans : (cont'd)

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

	Short Term	Medium and Long Term	Total	Interest Income Accrual
Consumer Loans-TRY	25,337	499,260	524,597	3,977
Real Estate Loans	925	248,979	249,904	1,589
Automotive Loans	4,173	163,748	167,921	1,402
Consumer Loans	14,428	83,690	98,118	970
Other	5,811	2,843	8,654	16
Consumer Loans -Indexed to FC	1,449	46,500	47,949	-
Real Estate Loans	174	22,538	22,712	-
Automotive Loans	955	22,375	23,330	-
Consumer Loans	320	1,587	1,907	-
Other	-	-	-	-
Consumer Loans-FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automotive Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	-	-	-
Individual Credit Cards-TRY	24,992	-	24,992	-
With Installments	318	-	318	-
Without Installments	24,674	-	24,674	-
Individual Credit Cards-FC	1,085	-	1,085	-
With Installments	-	-	-	-
Without Installments	1,085	-	1,085	-
Personnel Loans-TRY	794	1,396	2,190	24
Real Estate Loans	-	-	-	-
Automotive Loans	-	14	14	-
Consumer Loans	679	1,382	2,061	24
Other	115	-	115	-
Personnel Loans- Indexed to FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automotive Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	-	-	-
Personnel Loans-FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automotive Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	-	-	-
Personnel Credit Cards-TRY	836	-	836	-
With Installments	48	-	48	-
Without Installments	788	-	788	-
Personnel Credit Cards-FC	14	-	14	-
With Installments	-	-	-	-
Without Installments	14	-	14	-
Total	54,507	547,156	601,663	4,001

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I- Footnotes And Explanations Related to the Assets (cont'd)

4. Information on loans : (cont'd)

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

	Short Term	Medium and Long Term	Total	Interest Income Accrual
Commercial loans with installment facility-TRY	29,969	216,903	246,872	2,074
Business Loans	83	8,934	9,017	53
Automotive Loans	6,276	105,120	111,396	823
Consumer Loans	23,610	102,020	125,630	1,191
Other	-	829	829	7
Commercial loans with installment facility - Indexed to FC	7,392	126,736	134,128	-
Business Loans	-	959	959	-
Automotive Loans	2,051	74,099	76,150	-
Consumer Loans	5,341	50,401	55,742	-
Other	-	1,277	1,277	-
Commercial loans with installment facility -FC	-	-	-	-
Business Loans	-	-	-	-
Automotive Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards-TRY	2,072	-	2,072	-
With Installments	-	-	-	-
Without Installments	2,072	-	2,072	-
Corporate Credit Cards-FC	207	-	207	-
With Installments	-	-	-	-
Without Installments	207	-	207	-
Total	39,640	343,639	383,279	2,074

e) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	3,843,775	2,881,347
Foreign loans	58,588	40,467
Total	3,902,363	2,921,814

f) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	310	-
Indirect loans granted to subsidiaries and associates	-	-
Total	310	-

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I- Footnotes And Explanations Related to the Assets (continued)

4. Information on loans : (cont'd)

g) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	371	1,950
Loans and receivables with doubtful collectibility	5,451	1,716
Uncollectible loans and receivables	16,840	13,183
Total	22,662	16,849

h) Information on loans under follow-up account (Net) :

h.1) Information on loans and other receivables included in loans under follow-up account which are restructured or rescheduled: None.

h.2) The movement of loans under follow-up:

	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	11,866	4,068	17,745
Additions (+)	6,210	139	71
Transfers from other categories of loans under follow-up (+)	-	14,358	2,578
Transfers to other categories of loans under follow-up (-)	14,358	2,578	-
Collections (-)	1,621	2,211	1,524
Write-offs (-)	-	-	-
Effect of Inflation (-)	-	-	-
Current period end balance	2,097	13,776	18,870
Specific provision (-)	371	5,451	16,840
Net Balances on Balance Sheet	1,726	8,325	2,030

h.3) Information on foreign currency loans and other receivables under follow-up: None.

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I- Footnotes And Explanations Related to the Assets (cont'd)

5. Information on held to maturity portfolio (Net) :

a) Information on held to maturity portfolio:

	Current Period	Prior Period
Debt securities	-	100
Quoted on a stock exchange	-	100
Not quoted on a stock exchange	-	-
Provision for impairment (-)	-	-
Total	-	100

b) Movement of held to maturity portfolio in one year :

	Current Period	Prior Period
Beginning balance	100	65,449
Effect of inflation (-)	-	-
Foreign currency differences on monetary assets	-	-
Purchases during year	-	898
Disposals through sales and redemptions	(100)	(66,247)
Impairment provision (-)	-	-
Closing Balances	-	100

c.1) Information on accounts in which investment securities held-to-maturity are recorded:

	Current Period				Prior Period			
	Cost		Amortized Cost		Cost		Amortized Cost	
	TRY	FC	TRY	FC	TRY	FC	TRY	FC
Given as collateral or blocked	-	-	-	-	100	-	101	-
Subject to repo transactions	-	-	-	-	-	-	-	-
Held for structural position	-	-	-	-	-	-	-	-
Receivables from securities lending	-	-	-	-	-	-	-	-
Collaterals on securities lending	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total	-	-	-	-	100	-	101	-

c.2) Marketable securities held to maturity given as collateral for regulatory requirements: None (December 31, 2005- TRY 100)

Securities held-to-maturity given as collateral or blocked:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bonds	-	-	-	-
Bills and similar investment securities	-	-	100	-
Other	-	-	-	-
Total	-	-	100	-

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I- Footnotes And Explanations Related to the Assets (cont'd)

5. Information on held to maturity portfolio (Net) : (cont'd)

c.3) Securities held-to-maturity subject to repurchase agreements given as collateral for regulatory requirements: None (December 31, 2005- None)

c.4) Securities held-to-maturity held for structural position: None.

6. Information on associates (Net):

a.1) Information on the unconsolidated associates: None.

a.2) Based on the line on (a.1), there are not any unconsolidated associates.

a.3) Out of group members/ shareholders who have the control power with the Parent Company and/or other members of the financial group: None.

a.4) Reasons of not consolidating the unconsolidated associates and accounting policy of the Bank for associates: None.

b.1) Information on the consolidated associates: None.

b.2) Valuation of the consolidated associates: None.

b.3) Sectoral information related to the consolidated associates: None.

b.4) Consolidated associates which are quoted on the stock exchange: None.

b.5) Information related to the consolidated associates: None.

b.6) Information on investments which are sold in current period : None.

b.7) Consolidated associates purchased in the current period: None.

7. Information on subsidiaries (Net):

a) Information on the unconsolidated subsidiaries: None.

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I- Footnotes And Explanations Related to the Assets (cont'd)

7. Information on subsidiaries (Net): (cont'd)

b) Information on the consolidated subsidiaries:

b.1) Information on the consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	139,230	146,474
Movements during the period	11,613	(7,244)
Purchases	-	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (*)	(651)	-
Revaluation increase (**)	12,264	(7,180)
Provision for impairment	-	(64)
Balance at the end of the period	150,843	139,230
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.

(**) The amount represent the effect of exchange rate difference of the foreign subsidiaries.

b.2) Valuation of the consolidated subsidiaries:

Subsidiaries denominated in New Turkish Lira are reflected by restating their costs, from the amounts adjusted until December 31, 2004, with the conversion factors applicable for the relevant dates after deducting the capital increases from internally generated funds like revaluation fund. Subsidiaries denominated in foreign currencies are translated into New Turkish Lira by applying the exchange rates prevailing at balance sheet dates. An impairment loss is made when there is a permanent diminution in value of the subsidiaries.

	Current Period	Prior Period
Valuation with cost	150,843	139,230
Valuation with fair value	-	-
Valuation with equity method	-	-

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I- Footnotes And Explanations Related to the Assets (cont'd)

7. Information on subsidiaries (Net): (cont'd)

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

			Current Period	Prior Period
Banks	/	The Economy Bank N.V.	59,889	47,625
Leasing Companies	/	TEB Finansal Kiralama A.S	40,190	40,190
Factoring Companies	/	TEB Factoring A.S.	22,324	22,324
Other Financial Subs	/	TEB Yatirim Menkul Degerler A.S.	26,382	26,382
		TEB Portfoy Yonetimi A.S.	2,058	2,058
		Petek International Holdings B.V.	-	651
Total			150,843	139,230

b.4) Consolidated subsidiaries which are quoted on a stock exchange: None.

b.5) Information on the consolidated subsidiaries:

Description	Address (City/ Country)	Bank's share percentage-If different voting percentage(%)	Bank's risk group share percentage (%)
The Economy Bank N.V.	Nedherlands	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 Yatirim Menkul Degerler A.S.	Istanbul/Turkey	74.94	100.00
TEB Portfoy Yonetimi 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) 1,489,709	119,483	8,343	37,829	(603)	4,109	7,442	-
(ii) 463,281	64,489	65,693	20,749	310	(18,671)	4,110	-
(ii) 192,712	15,074	171	9,819	-	3,085	4,000	-
(iii) 47,047	29,713	821	1,563	281	3,360	8,376	-
(iv) 9,701	8,519	425	182	281	1,667	5,739	-

(*) Represents the amounts in the financial statements of December 31, 2005.

(i) Represents financial figures of foreign currency subsidiaries translated at period end foreign exchange rates for balance sheet and six months average rates for profit and loss as of June 30, 2006.

(ii) Represents statutory financial figures based on tax procedural law as of June 30, 2006.

(iii) Represents consolidated financial figures of TEB Yatirim and TEB Portfoy based on Capital Markets Board regulations as of March 31, 2006.

(iv) Represents financial figures based on Capital Markets Board regulations as of March 31, 2006.

b.6) Information on the subsidiaries that were disposed in current period: None.

b.7) Information on the subsidiaries purchased in current period: None.

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I- Footnotes and Explanations Related to the Assets (cont'd)

8. Information on other investments: There are no unconsolidated jointly controlled subsidiaries.

9. Information on financial lease receivables (Net): None.

10. Explanations related to interest and income accruals:

a) Information about accrued interest and income receivables on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Accrued Interest and Income Receivables on Loans				
Interest accruals – realised	352	44	172	22
Interest accruals – unrealised	83,415	20,921	13,324	16,179
Loan commissions and other income accruals – realised	-	-	-	-
Loan commissions and other income accruals - unrealised	168	37	754	30
Total	83,935	21,002	14,250	16,231

b) Information on other interest and income accruals:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Other interest and income accruals				
Trading securities	8	4	389	2
Securities available for sale	3,296	6,148	25,320	6,057
Securities held to maturity	-	-	1	-
Interest accruals of reverse repo transactions	-	-	-	-
Interest accruals of reserve deposits	3,238	1,457	1,998	923
Income accruals of financial derivative instruments	57,368	6,046	377	2,276
Interest and income accruals	12	2,096	-	318
Income accrual of foreign exchange gains	57,356	3,950	377	1,958
Income accruals on factoring receivables	-	-	-	-
Others	3,770	1,256	4,785	451
Total	67,680	14,911	32,870	9,709

11. Information on deferred tax assets:

a) As of June 30, 2006, deferred tax asset computed on the temporary differences is amounting to TRY 5,032 (December 31, 2005 – TRY 5,957). 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 are 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.

12. Information on other assets:

a) Information on prepaid expenses, taxes and similar items:

	Current Period	Prior Period
Prepaid Taxes	7,809	32,119
Transaction Cost Related to Financial Liabilities	2,203	1,097
Advances Given	367	-
Prepaid Rent Expenses	2,216	1,479
Receivables From Fund Participation Certificates	-	4,097
Others	12,090	5,856
Total	24,685	44,648

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

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II- Footnotes And Explanations Related To The Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period :

	Demand	7 day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year And over
Saving deposits	54,945	-	488,796	408,226	9,561	3,580	183
Foreign currency deposits	527,314	-	1,111,423	1,137,966	122,253	56,045	4,502
Residents in Turkey	482,455	-	1,084,649	1,132,919	120,096	54,370	4,502
Residents abroad	44,859	-	26,774	5,047	2,157	1,675	-
Public sector deposits	3,509	-	50	-	-	-	-
Commercial deposits	153,522	-	337,615	79,463	4,073	664	-
Other institutions deposits	41,042	-	21,388	18,125	18	8	-
Precious metals deposits	14,163	-	29	265	88	147	-
Interbank deposits	36,381	-	69,817	28,548	1,750	1,000	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	35	-	1,032	14,000	-	1,000	-
Foreign Banks	7,148	-	68,785	14,548	1,750	-	-
Special finance houses	29,198	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	830,876	-	2,029,118	1,672,593	137,743	61,444	4,685

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II- Footnotes And Explanations Related To The Liabilities (cont'd)

1. a) Information on maturity structure of deposits: (cont'd)

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
Saving deposits	53,315	-	173,713	190,386	14,726	1,209	1,606
Foreign currency deposits	504,668	-	836,138	603,411	116,498	33,770	7,763
Residents in Turkey	473,316	-	818,873	587,690	110,054	33,159	6,153
Residents abroad	31,352	-	17,265	15,721	6,444	611	1,610
Public sector deposits	332	-	200	152	-	-	-
Commercial deposits	153,933	-	376,488	39,277	1,105	589	-
Other institutions deposits	10,637	-	6,790	12,732	17	10	-
Precious metals deposits	1,329	-	-	-	-	-	-
Interbank deposits	14,828	-	37,182	47,052	1,341	1,000	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	70	-	32	-	-	-	-
Foreign Banks	9,077	-	37,150	47,052	1,341	1,000	-
Special finance houses	5,681	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	739,042	-	1,430,511	893,010	133,687	36,578	9,369

b.1) 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 saving deposit insurance		Exceeding the limit of saving deposit	
	Current Period(*)	Prior Period	Current Period(*)	Prior Period
Saving deposits	376,863	207,662	593,328	224,120
Foreign currency saving deposits	250,182	243,997	1,195,081	982,966
Other deposits in the form of saving deposits	-	263	6,275	1,033
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under Foreign authorities' insurance	-	-	-	-
Total	627,045	451,922	1,794,684	1,208,119

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

b.2) Saving deposits which are not under the guarantee of deposit insurance fund :

	Current Period	Prior Period
Foreign branches' saving deposits	9,370	8,730
Off-shore banking regions' saving deposits	-	-
Total	9,370	8,730

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II- Footnotes And Explanations Related To The Liabilities (cont'd)

2. Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	446,726	-	754,452	-
Financial institutions and organizations	425,500	-	745,000	-
Other institutions and organizations	2,886	-	1,681	-
Real persons	18,340	-	7,771	-
From foreign transactions	42	-	10	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	42	-	10	-
Total	446,768	-	754,462	-

3. a) Information on funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	237,559	533,961	190,611	377,708
Medium and long-term	36,500	156,448	-	84,532
Total	274,059	690,409	190,611	462,240

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

Bank diversifies its funding resources by the customer deposits and by the foreign borrowings. As of June 30, 2006, the Bank has EUR 210,000,000 syndication loan under foreign borrowings with maturity of one year contracted on November 18, 2005.

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

42.32 % of the Bank deposits and 64.67 % of other deposits of the Bank consist of foreign currency deposits.

4. a) Information on debt securities issued: None.

b) The explanation on the maturity structure, interest rate, type of currency of the issued marketable securities : None.

5. Explanation on funds: None.

6. Explanation on sundry creditors:

	Current Period	Prior Period
Total amount of cash collateral obtained	824	406

The cash collaterals obtained comprise amount blocked for import and export transactions.

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II- Footnotes And Explanations Related To The Liabilities (cont'd)

7. Other liabilities 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

8. Information on financial lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	3,234	2,211	-	-
1-4 years	5,554	3,450	4,746	2,218
More than 4 years	925	893	1,582	1,496
Total	9,713	6,554	6,328	3,714

9. Information on interest and expense accruals:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Accrued interest on deposits	8,665	5,311	6,352	3,531
Accrued interest on funds borrowed	4,713	8,653	4,949	5,735
Accrued interest on bonds	-	-	-	-
Accrued interest on repurchase agreement transactions	243	-	630	-
Accrued interest on derivative financial instruments	19,299	4,361	16,402	2,661
Accrued interest and expense	4,549	363	357	164
Foreign exchange losses accrued	14,750	3,998	16,045	2,497
Accrued interest on factoring payables	-	-	-	-
Other interest and expense accruals	1,899	1,627	835	1,176
Total	34,819	19,952	29,168	13,103

10. Provisions and subordinated loans :

a) Information on general loan loss provisions:

	Current Period	Prior Period
General loan loss provisions	22,836	18,300
Provisions for First Group Loans and Receivables	18,129	14,043
Provisions for Second Group Loans and Receivables	-	-
Provisions for Non Cash Loans	3,263	2,210
Other	1,444	2,047
Total	22,836	18,300

b) Information on free reserves for possible losses : None.

c) Information on subordinated loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	179,667	-	-
From Other Foreign Institutions	-	102,031	-	87,217
Total	-	281,698	-	87,217

In addition to the subordinated loans obtained from IFC amounting to USD 15,000,000 maturing on October 15, 2011 and USD 50,000,000 maturing on July 15, 2015, the Bank has obtained a subordinated loan from BNP Paribas amounting EUR 90,000,000 maturing on July 1, 2016.

d) The foreign exchange losses on the foreign currency indexed loans amounting to TRY 862 (December 31, 2005 – TRY 7,416) is netted off from loans in the balance sheet.

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II- Footnotes And Explanations Related To The Liabilities (cont'd)

11. Information on Shareholders' Equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	76,362	57,800
Preferred stock	-	-

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

	Current Period	Prior Period
Registered capital system	76,362	100,000

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

Based on the resolution of Board of Directors no. 3840/28 on March 31, 2006, the 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 that constitutes the capital increase has been decided to be used as pre-emptive rights to the shareholders and the non-used preemptive rights to be traded off on the Stock Exchange, and the whole amount to be paid in cash. The amount of non-used preemptive rights amount to TRY 138 as of June 30, 2006.

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

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

f) Possible effects of past indicators of the Bank's income, profit and liquidity in the previous periods and uncertainties within these indicators on the equity: None.

g) Information on privileged shares :

7% of the remaining profit allocated to 60,000 shares with TRY 30 (full TRY) nominal value, after the appropriation of first legal reserves after tax profit and after the first dividend distribution, are distributed among the founder shareholders. According to the February 10, 2005 dated, 3702/11 numbered Board of Directors resolution, 6 of the founder shares are transferred to the Bank's Parent, TEB Mali Yatirimlar.

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II- Footnotes And Explanations Related To The Liabilities (cont'd)

12. a) Common stock issue premiums, shares and equity instruments:

	Current Period	Prior Period
Number of shares (Thousand)	76,362,000	115,600,000
Preferred stock	-	-
Common stock issue premium	-	-
Common stock canceling profit	-	-
Other equity instruments	-	-
Total common stock issue	76,362,000	115,600,000

In the Extraordinary General Assembly Meeting dated May 31, 2006, the shares with nominal value of TRY 0.0005 has been decided to be changed to nominal value of TRY 0.001, based on the amendment in the Turkish Commercial Law No: 5274.

Thus, the total number of shares has been declined and 115,600,000 thousand number of shares each of which are equivalent to TRY 0.0005, has been replaced with 57,800,000 thousand number of shares each of which are equivalent to TRY 0.001. Related with this replacement, rights of the shareholders arising from the shares owned are reserved.

After the capital increase on June 30, 2006, total number of shares have become 76,362,000 thousand, each of which are equivalent to TRY 0.001.

13. Information on shareholders having more than 10 % share:

Name/Commercial title	Amounts	Share Percentage	Paid-in capital	Unpaid portion
Teb Mali Yatirimlar A.S.	64,454	%84.40	64,454	-

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III- Footnotes And Explanations Related To the Income Statement

There is no fundamental error for any groups or items related to the prior period. There is no change in accounting estimates for the fiscal year.

The breakdown up to 20 % sub accounts of other income and expense accounts that exceed 10% of the related totals are shown below.

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Commissions received from credit cards	5,099	3,333
Commissions received from letter of credits	2,999	2,633
Other	16,860	8,845
Total	24,958	14,811

	Current Period	Prior Period
<u>Other fees and commissions given</u>		
Commissions given to credit cards	4,949	3,179
Other	3,008	1,917
Total	7,957	5,096

1. a) Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest received from associates and subsidiaries	101	18

b) Information on financial lease income: None.

c) Interest received from reverse repurchase agreement transactions: None.

2. a) Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest expense to associates and subsidiaries	39	56

b) Information on financial lease expenses :

	Current Period	Prior Period
Financial lease expenses	264	6

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III- Footnotes And Explanations Related To the Income Statement (cont'd)

2. a) Information on interest expense to associates and subsidiaries: (cont'd)

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

Account name	Time Deposits						Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	
TRY							
Bank deposits	-	1,773	-	-	-	-	1,773
Saving deposits	6	22,439	32,475	770	241	27	55,958
Public sector deposits	-	40	4	-	-	-	44
Commercial deposits	12	28,380	8,206	98	47	-	36,743
Other deposits	-	722	3,463	1	1	-	4,187
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	18	53,354	44,148	869	289	27	98,705
Foreign Currency							
Foreign currency deposits	16	17,667	14,015	6,951	911	119	39,679
Bank deposits	-	1,108	-	-	-	-	1,108
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	10	-	-	-	1	-	11
Total	26	18,775	14,015	6,951	912	119	40,798
Grand Total	44	72,129	58,163	7,820	1,201	146	139,503

d) Interest expense on repurchase agreements :

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest expense on repurchase agreements	28,275	-	19,712	-

3. Information on other operating income :

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

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	7,089	2,886
III. Group Loans and Receivables	374	345
IV. Group Loans and Receivables	3,760	1,643
V. Group Loans and Receivables	2,955	898
General loan loss provision expenses	4,536	3,624
Provision expenses for possible losses	-	-
Foreign exchange differences on foreign currency losses	-	9,611
Marketable securities impairment losses	1,535	1,446
Trading securities	-	13
Investment securities available for sale	1,535	1,433
Impairment provision expense	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Investment securities held to maturity	-	-
Other	77	54
Total	13,237	17,621

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III- Footnotes And Explanations Related To the Income Statement (cont'd)

5.a) Income and expenses relating to participations and subsidiaries :

	Current Period	Prior Period
Income and loss from subsidiaries (+/-)	18,531	7,942
Income and loss from associates (+/-)	-	-
Total	18,531	7,942

b) Income / loss from associates, which are accounted under the equity method : None.

c) The information on income and expense from related party transactions:

The Bank has certain banking transactions with its own group companies. These are commercial transactions, which are realized in line with market rates. These are reflected in income statement. The related amounts are presented in Section V, Note VI.

6.a) As of June 30, 2006, current tax expense is TRY 1,259 (June 30, 2005 – TRY 22,481) and deferred tax charge is TRY 12,158 (June 30, 2005 – TRY 3,401 deferred tax benefit).

b) Deferred tax charge on temporary differences is TRY 12,158 (June 30, 2005 – TRY 3,401 deferred tax benefit).

c) Deferred tax benefit or charge on temporary differences, no carried forward tax losses or tax exemptions or deductions: None.

7. The explanations on net income / loss for the period:

a) 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 a complete understanding of the Bank's performance for the period : None.

b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods : None.

8. 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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IV. Footnotes And Explanations Related To the Off-Balance Sheet Contingencies and Commitments

1.a) Disclosure to be made separately from other contingent liabilities :

a.1) The Bank's share in contingent liabilities of joint ventures together with other venturer : None.

a.2) Share of joint ventures in their own contingent liabilities: None.

a.3) The Bank's contingent liabilities resulting obligations of other venturers in joint ventures : None.

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

b.1) For contingent assets, if realization probability is close to certain, then it is accounted. If realization probability is high, then it is explained in the footnotes. As of June 30, 2006 there are no contingent assets that need to be explained.

b.2) For contingent liabilities, if realization is probable and the amount can reliably be determined then a provision is made. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes : As of June 30, 2006 there are no contingent liabilities that need to be explained.

2. Information on off-balance sheet liabilities :

a) Nature and amount of irrevocable loan commitments : Credit card expenditure limit commitments are TRY 153,013 and TRY 161,195; payment commitments for checks are TRY 215,192 and TRY 175,952 as of June 30, 2006 and December 31, 2005 respectively.

TURK EKONOMI BANKASI ANONIM SIRKETI
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IV- Footnotes And Explanations Related To the Off-Balance Sheet Contingencies and Commitments (cont'd)

2. Information on off-balance sheet liabilities : (cont'd)

- b) Nature and amount of contingent loss and commitments from off-balance sheet items including below statements:

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

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

As of June 30, 2006 total guarantees and commitments consist of letter of guarantees amounting to TRY 1,574,227, (December 31, 2005 - TRY 1,158,086) acceptances amounting to TRY 65,448 (December 31, 2005 - TRY 52,685) and letters of credit amounting to TRY 668,215 (December 31, 2005 -TRY 393,739).

- b.2) Guarantees, surety ships and similar transactions : None other than the ones explained in item b.1).

- 3.a) Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	201,603	72,139
With maturity of 1 year or less than 1 year	41,609	35,341
With maturity of more than 1 year	159,994	36,798
Other non-cash loans	2,303,331	1,634,847
Total	2,504,934	1,706,986

- b) Collateral, mortgage and other restrictions on tangible fixed assets, the amount of capital expenditures related to construction of fixed assets, purchase commitments: None.

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IV. Footnotes And Explanations Related To the Off-Balance Sheet Contingencies and Commitments (cont'd)

4. The information on the Bank's rating by in the international rating introductions :

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

Moody's Investor Services: December 2005

Bank Financial Strength	D+
Long Term Deposits	B1

Fitch Ratings: December 2005

Foreign Currency Commitments	
Long Term	BB-
Short Term	B
View	Positive
New Turkish Lira Commitments	
Long Term	BB+
Short Term	B
View	Positive
National	AA (tur)
View	Stable
Individual Rating	C/D
Support Points	3

V- Footnotes And Explanations Related To The Statement Of Cash Flows

1. 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:

	Current Period	Prior Period
Beginning of the period		
Cash	85,882	80,049
Cash equivalents	657,208	1,018,829
End of the period		
Cash	136,079	76,463
Cash equivalents	1,224,725	805,962

Cash includes of cash in TRY and cash in foreign currency, cash equivalents include the balances of the Central Bank of Turkey, banks and interbank funds sold which mature in less than three months.

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VI- Footnotes And 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 and associates		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	-	4,349	-	16,179	10,091	3,075
Balance at end of period	310	17,741	6,219	38,026	10,765	4,075
Interest and commission income	101	18	1,914	1	1,231	18

In addition to balances mentioned above, the Bank has TRY 4,294 foreign bank account in direct and indirect shareholders and TRY 858 in other entities included in the risk group.

b) Prior Period :

Related Parties (*)	Subsidiaries and associates		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	17	2,549	31	13,024	547	3,352
Balance at end of period	-	4,349	-	16,179	10,091	3,075
Interest and commission income received	4	14	165	4	213	22

c.1) Information on related party deposits balances:

Related parties (*)	Subsidiaries and associates		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	26,104	10,190	580,396	237,410	49,618	40,452
Balance at end of period	23,985	26,104	506,133	580,396	71,157	49,618
Interest on deposits	39	56	11,703	9,957	1,194	463

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

Related Parties (*)	Subsidiaries and associates		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
Trading transactions						
Beginning of period	13,983	129,693	177,256	5,282	2,867	-
End of period	1,689	13,983	270,946	177,256	22,749	2,867
Total income/loss	(807)	10	13,338	(140)	(141)	182
Hedging transactions						
Beginning of period	-	-	-	-	-	-
End of period	-	-	-	-	-	-

(*) The scope of the related parties are defined in the Article 2-2 of the "Regulation on the Establishment and Operations of Banks".

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VI- Footnotes And Explanations on the Risk Group of the Bank (cont'd)

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 course of conducting its banking business, the Bank conducted various business transactions with related parties on 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	% According to the Amounts at the Financial Statements
Cash loans	17,294	0.44
Non-cash loans	59,842	2.39
Deposits	601,275	12.69
Forward transactions and option agreements	295,384	10.38
Bank placements	5,152	2.35

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

- c) In case that disclosing items separately is not necessary, total of similar items to be disclosed in order to present the total impact on financial statements : Explained in b).
- d) Transactions accounted for under the equity method : None.

contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts :

The Bank enters into lease agreements with TEB Finansal Kiralama A.S. As of June 30, 2006 the total leasing obligations related to these agreements amounted to TRY 6,554. Additionally, the Bank provides agency services for TEB Sigorta A.S. and TEB Yatirim Menkul Degerler A.S.

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 1.20 %. Details of these loans are explained in the note VI- 1a.

information as a result of research and development and management contracts with the related parties.

VII- Explanations Related To Subsequent Events

- a) Disclosure related to subsequent events and their impact on the financial statements as required by the related standard:

The Bank has received TRY 1,592 of "Share Premiums" as a result of the sale of unused pre-emptive rights amounting to TRY 138 nominal shares on the Istanbul Stock Exchange, according to the Bank's decision of its capital increase as of June 30, 2006. The Bank recognized this amount subsequent to the balance sheet date. After obtaining the required permissions from BRSA, this balance will be transferred from the "Other Liabilities" to "Share Premiums" in the subsequent period.

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SECTION SIX

OTHER EXPLANATIONS AND FOOTNOTES

I- Other Explanations Related to the Operations of the Bank

There are no other important subject matter, or material explanations and footnotes related to the operations of the company, that have not been stated in the above sections.

SECTION SEVEN

INDEPENDENT LIMITED REVIEW REPORT

I- Explanations on The Independent Limited Review Report

The unconsolidated interim financial statements of the Bank were reviewed by Denetim Serbest Mali Musavirlik A.S. (Member of Deloitte Touche Tohmatsu) and the review report dated July 28, 2006 is presented preceding the financial statements.

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