

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

INDEPENDENT ACCOUNTANTS'  
LIMITED REVIEW REPORT  
CONSOLIDATED FINANCIAL  
STATEMENTS AND NOTES  
FOR THE PERIOD ENDED  
JUNE 30, 2007

*Translated into English from the  
Original Turkish Report*

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

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

### **INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT FOR THE PERIOD JANUARY 1, 2007 – JUNE 30, 2007**

We have reviewed the accompanying consolidated balance sheet of Türk Ekonomi Bankası A.Ş. (“The Bank”) and its subsidiaries (together “the Group”) as at June 30, 2007 and the related consolidated statements of income, changes in shareholders’ equity and cash flows for the period then ended. These consolidated financial statements are the responsibility of the Bank’s management. As independent accountants our responsibility is to issue a report based on the review performed on these consolidated financial statements.

We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No: 5411. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. 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 an audit and accordingly we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of the Bank for the period ended June 30, 2007 in accordance with the prevailing accounting principles and standards set out as per the Articles No: 37 and 38 of the Banking Act No: 5411, and other regulations and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency.

#### **Additional Paragraph for English Translation**

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

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

Member of **DELOITTE TOUCHE TOHMATSU**

Hasan Kılıç  
Partner

İstanbul, August 10, 2007

**THE CONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2007**

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

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

Web Site : [www.teb.com.tr](http://www.teb.com.tr)

E-mail Address : [investor.relations@teb.com.tr](mailto:investor.relations@teb.com.tr)

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

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE PARENT BANK
- INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP WHICH IS UNDER CONSOLIDATION
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT

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

**Subsidiaries**

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

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

August 10, 2007

Yavuz Canevi	Alain Pierre André Bailly	İsmail Yanık	Varol Civil	E. Sevinç Özşen	B. Ilgaz Doğan
President of the	Head of Audit	Vice Chairman of	General	Assistant General	Manager Responsible of
Board of	Committee	the Audit	Manager	Manager Responsible of	Financial Reporting
Directors		Committee		Financial Reporting	

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

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

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

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**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2007**  
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

**SECTION ONE**  
**GENERAL INFORMATION**

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

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

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

As of June 30, 2007 and December 31, 2006 the shareholders' structure and their respective ownerships are summarized as follows:

Name of shareholders	Current Period		Previous Period	
	Paid in capital	%	Paid in capital	%
TEB Mali Yatırımlar A.Ş.	84,254	84.25	64,454	84.25
Publicly Traded	15,629	15.63	11,956	15.63
Other Shareholders	117	0.12	90	0.12
	<b>100,000</b>	<b>100.00</b>	<b>76,500</b>	<b>100.00</b>

As of June 30, 2007 Parent Bank's paid-in-capital consists of 100,000,000 shares of TRY 1.00 nominal each.

Based on the meeting of the General Assembly on March 27, 2007, after completing all of the legal procedures, it was decided to increase the paid-in capital of the Parent Bank to TRY 100,000 by TRY 23,500 within the registered capital ceiling and decided to incorporate TRY 11,750 of TRY 23,500 increase from the extraordinary reserves, and the remaining TRY 11,750 from the inflation accounting differences on share capital and in exchange distribute the investors as bonus shares as per their proportionate shares, and the process concerning the capital increase has been completed as of June 12, 2007.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2007**

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

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

<u>Title</u>	<u>Name</u>
Chairman of the Board of Directors	: Yavuz Canevi
Members of the Board of Directors	: Dr.Akın Akbaygil Alain Pierre André Bailly (Head of Audit Committee) İsmail Yanık (Vice Chairman of Audit Committee) Jean-Jacques Marie Santini Metin Toğay Michel Roger Chevalier Refael Taranto Varol Civil (General Manager)
Chairman of Inspection Committee	: Hakan Tıraşın
Assistant General Managers	: Emine Sevinç Özşen İzzet Cemal Kışmir Levent Çelebioğlu Nilsen Altıntaş Nuri Tuncalı Saniye Telci Turgut Boz Turgut Güney Ümit Leblebici Ünsal Aysun
Statutory Auditors	: Ayşe Aşardağ Cihat Madanoğlu

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

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

Name / Commercial Name	Share Amount	Share Ratio	Paid up Shares	Unpaid Shares
TEB Mali Yatırımlar A.Ş.	84,254	84.25%	84,254	-

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

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

The Parent Bank's operating areas include, retail, commercial and corporate banking, fund management operations and project financing. Besides the daily banking operations, the Parent Bank is handling agency functions through its branches on behalf of TEB Sigorta A.Ş. and TEB Yatırım Menkul Değerler A.Ş. As of June 30, 2007 the Parent Bank has 232 local branches and 1 foreign branch (December 31, 2006 - 169 local branches, 1 foreign branch).

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2007**  
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

**I- CONSOLIDATED BALANCE SHEET – ASSETS**

		Reviewed Current Period 30.06.2007			Audited Prior Period 31.12.2006		
	Note Ref.	TRY	FC	Total	TRY	FC	Total
<b>I.</b>	<b>CASH AND BALANCES WITH THE CENTRAL BANK</b>	(1)	<b>332,067</b>	<b>805,027</b>	<b>1,137,094</b>	<b>251,973</b>	<b>965,486</b>
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	(2)	<b>215,375</b>	<b>26,322</b>	<b>241,697</b>	<b>101,888</b>	<b>113,207</b>
2.1	Trading financial assets		197,977	17,920	215,897	6,723	90,928
2.1.1	Public sector debt securities		194,875	16,676	211,551	522	80,788
2.1.2	Share certificates		-	-	-	-	-
2.1.3	Other marketable securities		3,102	1,244	4,346	3,939	10,140
2.2	Financial assets at fair value through profit and loss		-	-	-	-	-
2.2.1	Public sector debt securities		-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-
2.2.3	Other marketable securities		-	-	-	-	-
2.3	Derivative financial assets held for trading		17,398	8,402	25,800	17,683	22,279
<b>III.</b>	<b>BANKS AND OTHER FINANCIAL INSTITUTIONS</b>	(3)	<b>23,882</b>	<b>681,031</b>	<b>704,913</b>	<b>4,428</b>	<b>1,064,165</b>
<b>IV.</b>	<b>MONEY MARKET PLACEMENTS</b>		<b>370,629</b>	<b>-</b>	<b>370,629</b>	<b>1,194</b>	<b>1,194</b>
4.1	Interbank money market placements		370,360	-	370,360	-	-
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		269	-	269	1,194	1,194
<b>V.</b>	<b>FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(4)	<b>1,348,306</b>	<b>245,805</b>	<b>1,594,111</b>	<b>1,289,983</b>	<b>1,555,410</b>
5.1	Share certificates		9	56	65	9	68
5.2	Public sector debt securities		1,348,297	243,431	1,591,728	1,289,974	1,555,342
5.3	Other marketable securities		-	2,318	2,318	-	-
<b>VI.</b>	<b>LOANS</b>	(5)	<b>4,150,735</b>	<b>2,325,323</b>	<b>6,476,058</b>	<b>3,538,736</b>	<b>5,742,261</b>
6.1	Loans		4,115,959	2,325,323	6,441,282	3,524,192	5,727,717
6.2	Non-performing loans		74,277	-	74,277	44,792	44,792
6.3	Specific provisions (-)		(39,501)	-	(39,501)	(30,248)	(30,248)
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>	(17)	<b>260,655</b>	<b>113,531</b>	<b>374,186</b>	<b>209,281</b>	<b>300,861</b>
<b>VIII.</b>	<b>HELD TO MATURITY INVESTMENTS (Net)</b>	(6)	<b>1,642</b>	<b>8,557</b>	<b>10,199</b>	<b>1,655</b>	<b>11,057</b>
8.1	Public sector debt securities		1,642	8,557	10,199	1,655	11,057
8.2	Other marketable securities		-	-	-	-	-
<b>IX.</b>	<b>INVESTMENTS IN ASSOCIATES (Net)</b>	(7)	<b>12</b>	<b>-</b>	<b>12</b>	<b>12</b>	<b>12</b>
9.1	Accounted for under equity method		-	-	-	-	-
9.2	Unconsolidated associates		12	-	12	12	12
9.2.1	Financial investments		12	-	12	12	12
9.2.2	Non-financial investments		-	-	-	-	-
<b>X.</b>	<b>INVESTMENTS IN SUBSIDIARIES (Net)</b>	(8)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.1	Unconsolidated financial subsidiaries		-	-	-	-	-
10.2	Unconsolidated non-financial subsidiaries		-	-	-	-	-
<b>XI.</b>	<b>ENTITIES UNDER COMMON CONTROL (Net)</b>	(9)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1	Consolidated under equity method		-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-
11.2.1	Financial subsidiaries		-	-	-	-	-
11.2.2	Non-financial subsidiaries		-	-	-	-	-
<b>XII.</b>	<b>FINANCE LEASE RECEIVABLES (Net)</b>	(10)	<b>66,004</b>	<b>272,867</b>	<b>338,871</b>	<b>51,216</b>	<b>327,682</b>
12.1	Finance lease receivables		82,892	306,674	389,566	63,703	374,525
12.2	Operating lease receivables		-	-	-	-	-
12.3	Other		-	-	-	-	-
12.4	Unearned income (-)		(16,888)	(33,807)	(50,695)	(12,487)	(46,843)
<b>XIII.</b>	<b>DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	(11)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1	Fair value hedge		-	-	-	-	-
13.2	Cash flow hedge		-	-	-	-	-
13.3	Hedge of net investment risks in foreign operations		-	-	-	-	-
<b>XIV.</b>	<b>TANGIBLE ASSETS (Net)</b>	(12)	<b>90,037</b>	<b>6,957</b>	<b>96,994</b>	<b>57,335</b>	<b>64,698</b>
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>	(13)	<b>48,595</b>	<b>137</b>	<b>48,732</b>	<b>183</b>	<b>41,534</b>
15.1	Goodwill		1,205	-	1,205	1,205	1,205
15.2	Other		47,390	137	47,527	183	40,329
<b>XVI.</b>	<b>TAX ASSET</b>	(14)	<b>51,785</b>	<b>-</b>	<b>51,785</b>	<b>22,317</b>	<b>26,725</b>
16.1	Current tax asset		17,194	-	17,194	7,811	12,219
16.2	Deferred tax asset		34,591	-	34,591	14,506	14,506
<b>XVII.</b>	<b>ASSETS HELD FOR SALE (Net)</b>	(15)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVIII.</b>	<b>OTHER ASSETS</b>	(16)	<b>121,162</b>	<b>48,401</b>	<b>169,563</b>	<b>55,993</b>	<b>84,028</b>
<b>TOTAL ASSETS</b>			<b>7,080,886</b>	<b>4,533,958</b>	<b>11,614,844</b>	<b>5,627,362</b>	<b>10,298,320</b>

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



**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2007**  
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

**I- CONSOLIDATED BALANCE SHEET - LIABILITIES**

	Note Ref.	Reviewed Current Period 30.06.2007			Audited Prior Period 31.12.2006		
		TRY	FC	Total	TRY	FC	Total
<b>I. DEPOSITS</b>	(1)	3,164,031	4,389,348	7,553,379	2,489,200	4,236,505	6,725,705
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)	168,754	3,136	171,890	67,380	1,738	69,118
<b>III. FUNDS BORROWED</b>	(3)	605,293	978,712	1,584,005	387,291	1,009,132	1,396,423
<b>IV. MONEY MARKET BALANCES</b>	(4)	809,192	-	809,192	794,689	-	794,689
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		21,164	-	21,164	23,685	-	23,685
4.3 Funds provided under repurchase agreements		788,028	-	788,028	771,004	-	771,004
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
<b>VII. SUNDRY CREDITORS</b>		123,875	55,666	179,541	74,038	60,275	134,313
<b>VIII. OTHER LIABILITIES</b>	(5)	78,787	1,491	80,278	39,301	2,365	41,666
<b>IX. FACTORING PAYABLES</b>	(12)	64,143	52,086	116,229	67,213	43,859	111,072
<b>X. FINANCE LEASE PAYABLES (Net)</b>	(6)	-	-	-	-	-	-
10.1 Finance lease payables		-	-	-	-	-	-
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	-	-	-	-	-
<b>XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	(7)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(8)	52,874	13,411	66,285	41,136	12,362	53,498
12.1 General loan loss provisions		29,918	13,411	43,329	20,143	12,362	32,505
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		8,650	-	8,650	7,516	-	7,516
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		14,306	-	14,306	13,477	-	13,477
<b>XIII. TAX LIABILITY</b>	(9)	74,768	2,040	76,808	51,428	4,208	55,636
14.1 Current tax liability		74,768	2,040	76,808	51,428	4,208	55,636
14.2 Deferred tax liability		-	-	-	-	-	-
<b>XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE</b>	(10)	-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(11)	-	283,115	283,115	-	299,912	299,912
<b>XVI. SHAREHOLDERS' EQUITY</b>	(13)	628,447	65,675	694,122	553,204	63,084	616,288
16.1 Paid-in capital		100,000	-	100,000	76,500	-	76,500
16.2 Supplementary capital		237,992	1,710	239,702	241,993	2,220	244,213
16.2.1 Share premium		1,661	-	1,661	1,661	-	1,661
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(4,595)	1,710	(2,885)	(12,344)	2,220	(10,124)
16.2.4 Tangible assets revaluation reserve		-	-	-	-	-	-
16.2.5 Intangible assets revaluation reserve		-	-	-	-	-	-
16.2.6 Bonus shares obtained from associates, subsidiaries and jointly controlled entities		-	-	-	-	-	-
16.2.7 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.8 Value increase on assets held for resale		-	-	-	-	-	-
16.2.9 Other capital reserves		240,926	-	240,926	252,676	-	252,676
16.3 Profit reserves		223,008	57,551	280,559	121,098	51,156	172,254
16.3.1 Legal reserves		36,423	-	36,423	28,756	-	28,756
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		208,345	57,760	266,105	111,333	50,868	162,201
16.3.4 Other profit reserves		(21,760)	(209)	(21,969)	(18,991)	288	(18,703)
16.4 Profit or loss		67,447	6,414	73,861	113,613	9,708	123,321
16.4.1 Prior year income/loss		-	-	-	-	-	-
16.4.2 Current year income/loss		67,447	6,414	73,861	113,613	9,708	123,321
16.5 Minority shares	(17)	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>5,770,164</b>	<b>5,844,680</b>	<b>11,614,844</b>	<b>4,564,880</b>	<b>5,733,440</b>	<b>10,298,320</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND**  
**COMMITMENTS AS OF JUNE 30, 2007**

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

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

	Note Ref.	Reviewed Current Period 30.06.2007			Audited Prior Period 31.12.2006		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>		<b>6,418,232</b>	<b>6,631,536</b>	<b>13,049,768</b>	<b>2,879,707</b>	<b>4,329,843</b>	<b>7,209,550</b>
<b>I. GUARANTEES</b>	(1), (3)	<b>1,153,269</b>	<b>2,201,071</b>	<b>3,354,340</b>	<b>941,311</b>	<b>1,993,013</b>	<b>2,934,324</b>
1.1. Letters of guarantee		1,097,603	959,499	2,057,102	894,223	873,447	1,767,670
1.1.1. Guarantees subject to State Tender Law		50,362	135,393	185,755	43,310	139,001	182,311
1.1.2. Guarantees given for foreign trade operations		127,149	56,642	183,791	134,124	52,513	186,637
1.1.3. Other letters of guarantee		920,092	767,464	1,687,556	716,789	681,933	1,398,722
1.2. Bank loans		-	52,732	52,732	-	50,146	50,146
1.2.1. Import letter of acceptance		-	52,732	52,732	-	50,146	50,146
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		87	1,055,392	1,055,479	88	911,619	911,707
1.3.1. Documentary letters of credit		87	861,641	861,728	88	827,300	827,388
1.3.2. Other letters of credit		-	193,751	193,751	-	84,319	84,319
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Securities issue purchase guarantees		-	-	-	-	-	-
1.7. Factoring guarantees		-	-	-	-	-	-
1.8. Other guarantees		50,194	91,176	141,370	44,489	87,852	132,341
1.9. Other collaterals		5,385	42,272	47,657	2,511	69,949	72,460
<b>II. COMMITMENTS</b>	(1), (3)	<b>3,285,646</b>	<b>284,087</b>	<b>3,569,733</b>	<b>710,473</b>	<b>167,993</b>	<b>878,466</b>
2.1. Irrevocable commitments		1,336,709	275,050	1,611,759	710,473	156,062	866,535
2.1.1. Forward asset purchase commitments		145,000	274,194	419,194	-	155,207	155,207
2.1.2. Forward deposit purchase and sales commitments		-	-	-	4,000	-	4,000
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		175,863	-	175,863	170,914	-	170,914
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		388,938	-	388,938	259,573	-	259,573
2.1.8. Tax and fund liabilities from export commitments		13,106	-	13,106	10,094	-	10,094
2.1.9. Commitments for credit card expenditure limits		613,564	856	614,420	263,871	855	264,726
2.1.10. Receivables from short sale commitments		-	-	-	-	-	-
2.1.11. Payables for short sale commitments		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		238	-	238	2,021	-	2,021
2.2. Revocable commitments		1,948,937	9,037	1,957,974	-	11,931	11,931
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		1,948,937	9,037	1,957,974	-	11,931	11,931
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	<b>1,979,317</b>	<b>4,146,378</b>	<b>6,125,695</b>	<b>1,227,923</b>	<b>2,168,837</b>	<b>3,396,760</b>
3.1. Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1. Fair value hedge		-	-	-	-	-	-
3.1.2. Cash flow hedge		-	-	-	-	-	-
3.1.3. Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2. Held for trading transactions		1,979,317	4,146,378	6,125,695	1,227,923	2,168,837	3,396,760
3.2.1. Forward foreign currency buy/sell transactions		508,495	1,021,348	1,529,843	282,584	501,086	783,670
3.2.1.1. Forward foreign currency transactions-buy		288,915	479,805	768,720	185,026	208,155	393,181
3.2.1.2. Forward foreign currency transactions-sell		219,580	541,543	761,123	97,558	292,931	390,489
3.2.2. Swap transactions related to f.c. and interest rates		1,109,486	2,243,320	3,352,806	737,689	895,815	1,633,504
3.2.2.1. Foreign currency swap-buy		84,544	1,519,027	1,603,571	21,826	767,077	788,903
3.2.2.2. Foreign currency swap-sell		1,014,180	716,041	1,730,221	703,630	124,052	827,682
3.2.2.3. Interest rate swaps-buy		6,573	4,364	10,937	7,488	2,716	10,204
3.2.2.4. Interest rate swaps-sell		4,189	3,888	8,077	4,745	1,970	6,715
3.2.3. Foreign currency, interest rate and securities options		361,336	594,813	956,149	207,650	520,541	728,191
3.2.3.1. Foreign currency options-buy		181,273	296,814	478,087	106,152	258,161	364,313
3.2.3.2. Foreign currency options-sell		180,063	297,999	478,062	101,498	262,380	363,878
3.2.3.3. Interest rate options-buy		-	-	-	-	-	-
3.2.3.4. Interest rate options-sell		-	-	-	-	-	-
3.2.3.5. Securities options-buy		-	-	-	-	-	-
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		-	103,055	103,055	-	53,299	53,299
3.2.4.1. Foreign currency futures-buy		-	103,055	103,055	-	53,299	53,299
3.2.4.2. Foreign currency futures-sell		-	-	-	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	-	-	-	-	-
3.2.6. Other		-	183,842	183,842	-	198,096	198,096
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>32,981,718</b>	<b>6,049,001</b>	<b>39,030,719</b>	<b>26,069,562</b>	<b>1,955,231</b>	<b>28,024,793</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>25,192,402</b>	<b>702,797</b>	<b>25,895,199</b>	<b>22,970,831</b>	<b>638,470</b>	<b>23,609,301</b>
4.1. Assets under management		1,190,950	-	1,190,950	204,851	-	204,851
4.2. Investment securities held in custody		20,694,228	162,292	20,856,520	20,092,784	194,716	20,287,500
4.3. Checks received for collection		2,913,583	275,288	3,188,871	2,362,043	227,038	2,589,081
4.4. Commercial notes received for collection		393,542	196,267	589,809	311,042	146,164	457,206
4.5. Other assets received for collection		-	68,950	68,950	-	70,552	70,552
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		99	-	99	111	-	111
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>7,788,944</b>	<b>5,345,742</b>	<b>13,134,686</b>	<b>3,098,639</b>	<b>1,315,948</b>	<b>4,414,587</b>
5.1. Marketable securities		149,986	12,872	162,858	249,914	80,605	330,519
5.2. Guarantee notes		3,712,758	3,919,793	7,632,551	3,699	2,297	5,996
5.3. Commodity		2,536	158,458	160,994	-	111,588	111,588
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		2,948,682	817,088	3,765,770	2,070,546	744,792	2,815,338
5.6. Other pledged items		974,982	437,531	1,412,513	774,480	376,666	1,151,146
5.7. Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>372</b>	<b>462</b>	<b>834</b>	<b>92</b>	<b>813</b>	<b>905</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>39,399,950</b>	<b>12,680,537</b>	<b>52,080,487</b>	<b>28,949,269</b>	<b>6,285,074</b>	<b>35,234,343</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD FROM JANUARY 1 TO**  
**JUNE 30, 2007**

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

**III- CONSOLIDATED STATEMENT OF INCOME**

	Note Ref.	Reviewed	Reviewed	Reviewed	Reviewed
		Current Period 01.01-30.06.2007	Prior Period 01.01-30.06.2006	Current Period 01.04-30.06.2007	Prior Period 01.04-30.06.2006
		Total	Total	Total	Total
<b>I. INTEREST INCOME</b>	(1)	<b>737,344</b>	<b>396,198</b>	<b>382,445</b>	<b>203,802</b>
1.1 Interest on loans		495,344	242,607	261,378	133,347
1.2 Interest received from reserve deposits		15,871	8,223	8,181	4,834
1.3 Interest received from banks		39,008	29,348	18,492	13,073
1.4 Interest received from money market placements		11,109	20,710	7,956	12,777
1.5 Interest received from marketable securities portfolio		135,190	69,927	65,460	34,395
1.5.1 Held-for-trading financial assets		9,126	5,783	4,377	1,848
1.5.2 Financial assets at fair value through profit and loss		126	-	126	-
1.5.3 Available-for-sale financial assets		125,534	63,724	60,759	32,327
1.5.4 Investments held-to-maturity		404	420	198	220
1.6 Finance lease Income		17,517	14,342	8,595	(820)
1.7 Other interest income		23,305	11,041	12,383	6,196
<b>II. INTEREST EXPENSE</b>	(2)	<b>473,789</b>	<b>245,134</b>	<b>246,167</b>	<b>136,150</b>
2.1 Interest on deposits		323,563	170,512	165,189	98,129
2.2 Interest on funds borrowed		79,672	46,056	50,460	26,234
2.3 Interest on money market borrowings		69,793	28,566	36,905	11,946
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		761	-	(6,387)	(159)
<b>III. NET INTEREST INCOME (I - II)</b>		<b>263,555</b>	<b>151,064</b>	<b>136,278</b>	<b>67,652</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>76,903</b>	<b>50,137</b>	<b>40,024</b>	<b>27,699</b>
4.1 Fees and commissions received		102,512	60,586	55,240	33,670
4.1.1 Cash loans		14,137	7,903	8,018	4,332
4.1.2 Non-cash loans		17,826	13,268	9,309	7,013
4.1.3 Other		70,549	39,415	37,913	22,325
4.2 Fees and commissions paid		25,609	10,449	15,216	5,971
4.2.1 Cash loans		764	746	442	427
4.2.2 Non-cash loans		81	37	52	21
4.2.3 Other		24,764	9,666	14,722	5,523
<b>V. DIVIDEND INCOME</b>	(3)	<b>5</b>	<b>5</b>	<b>5</b>	<b>(145)</b>
<b>VI. NET TRADING INCOME</b>	(4)	<b>(3,850)</b>	<b>12,288</b>	<b>(2,083)</b>	<b>2,763</b>
6.1 Profit/losses on trading account securities		(19,508)	73,326	(18,397)	59,373
6.2 Foreign exchange gains/losses		15,658	(61,038)	16,314	(56,610)
<b>VII. OTHER OPERATING INCOME</b>	(5)	<b>15,670</b>	<b>10,048</b>	<b>7,604</b>	<b>2,674</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>352,283</b>	<b>223,542</b>	<b>181,828</b>	<b>100,643</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	(6)	<b>21,019</b>	<b>12,903</b>	<b>9,179</b>	<b>6,213</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(7)	<b>236,491</b>	<b>145,668</b>	<b>130,375</b>	<b>81,969</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>94,773</b>	<b>64,971</b>	<b>42,274</b>	<b>12,461</b>
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN</b>		-	-	-	-
<b>XIII. GAIN / (LOSS) ON EQUITY METHOD</b>		-	-	-	-
<b>XIV. GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV. INCOME/(LOSS) BEFORE TAXES (XI+XII+XIII+XIV)</b>	(8)	<b>94,773</b>	<b>64,971</b>	<b>42,274</b>	<b>12,461</b>
<b>XVI. PROVISION FOR TAXES ON INCOME (±)</b>	(9)	<b>(20,912)</b>	<b>(17,775)</b>	<b>(9,342)</b>	<b>(2,031)</b>
16.1 Provision for current income taxes		(42,807)	(5,751)	(23,226)	5,064
16.2 Provision for deferred taxes		21,895	(12,024)	13,884	(7,095)
<b>XVII. NET OPERATING INCOME AFTER TAXES (XV±XVI)</b>	(10)	<b>73,861</b>	<b>47,196</b>	<b>32,932</b>	<b>10,430</b>
17.1 Discontinued Operations		-	-	-	-
17.2 Other		-	-	-	-
<b>XVIII. NET PROFIT/(LOSS)</b>	(11)	<b>73,861</b>	<b>47,196</b>	<b>32,932</b>	<b>10,430</b>
18.1 Group's profit/loss		73,861	47,196	32,932	10,430
18.2 Minority shares		-	-	-	-
Earnings per share		0.7386	0.4849	0.3293	0.1072

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2006**  
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

**IV- CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Reviewed	Note Ref	Effect of inflation Accounting on		Share premium	Share certificate cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period	Prior Period	Revaluation Fund	Revaluation Value Increase Fund	Marketable Securities Value Increase Fund	Total Equity
			Net Income/(Loss)	Net Income/(Loss)												
<b>Prior Period – 01.01.-30.06.2006</b>																
<b>I</b>	<b>Beginning Balance 31.12.2005</b>		57,800	252,676	69	-	19,955	-	74,304	(8,633)	-	102,239	-	-	9,354	507,764
<b>II.</b>	<b>Corrections according to TAS 8</b>		-	-	-	-	-	-	6,233	(17,878)	-	6,968	-	-	-	(4,677)
2.1	The effect of corrections of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	The effects of changes in accounting policy.		-	-	-	-	-	6,233	(17,878)	-	6,968	-	-	-	-	(4,677)
<b>III.</b>	<b>New Balance (I+II)</b>		57,800	252,676	69	-	19,955	-	80,537	(26,511)	-	109,207	-	-	9,354	503,087
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV.</b>	<b>Increase/Decrease related to merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V.</b>	<b>Investments securities available for sale</b>		-	-	-	-	-	-	-	-	-	-	-	-	(39,028)	(39,028)
<b>VI.</b>	<b>Hedging Transactions</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Transfer to hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII.</b>	<b>Investments securities available for sale</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII.</b>	<b>Hedging transactions</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX.</b>	<b>Period net income/(loss)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X.</b>	<b>Profit distribution</b>		-	-	-	-	-	-	-	47,196	-	-	-	-	-	47,196
10.1	Dividends distributed		-	-	-	-	8,801	-	81,664	-	-	(109,207)	-	-	-	(18,742)
10.2	Transfers to reserves		-	-	-	-	-	-	-	-	-	(18,742)	-	-	-	(18,742)
10.3	Other		-	-	-	-	8,801	-	75,265	-	-	(84,066)	-	-	-	-
<b>XI.</b>	<b>Capital increase</b>		-	-	-	-	-	-	6,399	-	-	(6,399)	-	-	-	-
11.1	Cash		18,562	-	-	-	-	-	-	-	-	-	-	-	-	18,562
11.2	Tangible assets value increase in revaluation fund		18,562	-	-	-	-	-	-	-	-	-	-	-	-	18,562
11.3	Bonus shares from associates, subsidiaries and jointly controlled entities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.4	Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.5	Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.6	Issuance of share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.7	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.8	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII.</b>	<b>The disposal of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII.</b>	<b>The reclassification of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV.</b>	<b>Primary subordinated loans</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV.</b>	<b>Secondary subordinated loans</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI.</b>	<b>The effect of change in associate's equity</b>		-	-	-	-	-	-	-	24,447	-	-	-	-	-	24,447
<b>Closing Balance 30.06.2006</b>																
<b>(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI)</b>			76,362	252,676	69	-	28,756	-	162,201	(2,064)	47,196	-	-	-	(29,674)	535,522

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2007**

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

**IV- CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Reviewed	Note Ref	Paid-in Capital	Effect of inflation Accounting on Capital and Other Capital Reserves	Share premium	Share certificate cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Revaluation Value Increase Fund	Marketable Securities Value Increase Fund	Total Equity
<b>I</b>	<b>Current Period – 01.01.-30.06.2007</b>															
	<b>Prior period balance 31.12.2006</b>		<b>76,500</b>	<b>252,676</b>	<b>1,661</b>	-	<b>28,756</b>	-	<b>162,201</b>	<b>(18,703)</b>	-	<b>123,321</b>	-	-	<b>(10,124)</b>	<b>616,288</b>
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II.</b>	<b>Increase/Decrease related to merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III.</b>	<b>Investments securities available for sale</b>		-	-	-	-	-	-	-	-	-	-	-	-	<b>7,239</b>	<b>7,239</b>
<b>IV.</b>	<b>Hedging Transactions</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Transfer to hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V.</b>	<b>Investments securities available for sale</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI.</b>	<b>Hedging transactions</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII.</b>	<b>Period net income/(loss)</b>		-	-	-	-	-	-	-	<b>73,861</b>	-	-	-	-	-	<b>73,861</b>
<b>VIII.</b>	<b>Profit distribution</b>		-	-	-	-	<b>7,667</b>	-	<b>115,654</b>	-	-	<b>(123,321)</b>	-	-	-	-
8.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2	Transfers to reserves		-	-	-	-	<b>7,667</b>	-	<b>115,654</b>	-	-	<b>(123,321)</b>	-	-	-	-
8.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX.</b>	<b>Capital increase</b>		<b>23,500</b>	<b>(11,750)</b>	-	-	-	-	<b>(11,750)</b>	-	-	-	-	-	-	-
9.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.2	Tangible assets value increase in revaluation fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.3	Bonus shares from associates, subsidiaries and jointly controlled entities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.4	Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.5	Inflation adjustment to paid-in capital		<b>11,750</b>	<b>(11,750)</b>	-	-	-	-	-	-	-	-	-	-	-	-
9.6	Issuance of share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.7	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.8	Other		<b>11,750</b>	-	-	-	-	-	<b>(11,750)</b>	-	-	-	-	-	-	-
<b>X.</b>	<b>The disposal of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI.</b>	<b>The reclassification of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII.</b>	<b>Primary subordinated loans</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII.</b>	<b>Secondary subordinated loans</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV.</b>	<b>The effect of change in associate's equity</b>		-	-	-	-	-	-	-	<b>(3,266)</b>	-	-	-	-	-	<b>(3,266)</b>
	<b>Closing Balance 30.06.2007</b>															
	<b>(I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV)</b>		<b>100,000</b>	<b>240,926</b>	<b>1,661</b>	-	<b>36,423</b>	-	<b>266,105</b>	<b>(21,969)</b>	<b>73,861</b>	-	-	-	<b>(2,885)</b>	<b>694,122</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM JANUARY 1 TO**  
**JUNE 30, 2007**

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

**V. CONSOLIDATED STATEMENT OF CASH FLOWS**

	Reviewed Current Period	Reviewed Prior Period
	01.01.-30.06.2007	01.01.-30.06.2006
	Note Ref	
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
1.1 <b>Operating profit before changes in operating assets and liabilities</b>	<b>216,883</b>	<b>(312,062)</b>
1.1.1 Interest received	740,673	251,169
1.1.2 Interest paid	(348,179)	(235,427)
1.1.3 Dividend received	5	5
1.1.4 Fees and commissions received	102,512	60,586
1.1.5 Other income	31,328	19,990
1.1.6 Collections from previously written off loans	16,394	5,356
1.1.7 Payments to personnel and service suppliers	(125,426)	(76,920)
1.1.8 Taxes paid	(19,806)	(52,934)
1.1.9 Others	(180,618)	(283,887)
	(1)	
1.2 <b>Changes in operating assets and liabilities</b>	<b>148,012</b>	<b>657,639</b>
1.2.1 Net (increase) decrease in financial assets	(125,527)	102,744
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss	-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions	2,252	116,462
1.2.4 Net (increase) decrease in loans	(731,885)	(1,276,324)
1.2.5 Net (increase) decrease in other assets	(192,447)	(257,683)
1.2.6 Net increase (decrease) in bank deposits	51,229	(280,817)
1.2.7 Net increase (decrease) in other deposits	784,155	1,740,476
1.2.8 Net increase (decrease) in funds borrowed	175,704	422,522
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	184,531	90,259
	(1)	
<b>I. Net cash provided from banking operations</b>	<b>364,895</b>	<b>345,577</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash provided from investing activities</b>	<b>(109,486)</b>	<b>(51,484)</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	-	67
2.3 Fixed assets purchases	(41,159)	(10,718)
2.4 Fixed assets sales	70	213
2.5 Cash paid for purchase of financial assets available for sale	(376,706)	(996,238)
2.6 Cash obtained from sale of financial assets available for sale	321,549	956,266
2.7 Cash paid for purchase of investment securities	-	(1,074)
2.8 Cash obtained from sale of investment securities	-	-
2.9 Others	(13,240)	-
	(1)	
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash provided from financing activities</b>	<b>-</b>	<b>179,487</b>
3.1 Cash obtained from funds borrowed and securities issued	-	179,667
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Capital increase	-	18,562
3.4 Dividends paid	-	(18,742)
3.5 Payments for finance leases	-	-
3.6 Other	-	-
	(1)	
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>(95,889)</b>	<b>182,206</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>	<b>159,520</b>	<b>655,786</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	<b>1,745,220</b>	<b>1,355,152</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>1,904,740</b>	<b>2,010,938</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2007**

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

**SECTION THREE**  
**ACCOUNTING PRINCIPLES**

**I- Basis of Presentation**

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

*Accounting Policies Used*

The prior period financial statements are restated in line with the principles of TAS No:1 "Fundamentals of Preparing and Presenting Financial Statements" -published on Official Gazette on January 16, 2005 with No: 25702, and in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards; and other principles, methods and explanations about accounting and financial reporting procedures issued by BRSA. The adjustments to the prior period profits, are summarized below:

	<b>30.06.2006</b>	<b>30.06.2006</b>	<b>31.12.2005</b>	<b>31.12.2005</b>
	<b>Profit for the Period</b>	<b>Extraordinary Reserves</b>	<b>Profit for the Period</b>	<b>Extraordinary Reserves</b>
As previously reported	63,538	140,366	102,239	74,304
Foreign currency difference adjustment for subsidiaries	(12,535)	26,496	7,423	10,439
Employee benefit liability adjustment	(3,880)	(6,776)	(744)	(6,032)
Deferred tax adjustment	73	2,115	289	1,826
<b>As restated</b>	<b>47,196</b>	<b>162,201</b>	<b>109,207</b>	<b>80,537</b>

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

The Group aims to fulfill the financial needs of each customer such as SMEs, multinational companies and even small individual investors in line with Banking Legislation. The priority objective of the Parent Bank is to maintain optimum liquidity by increasing the profitability and by minimizing the risks while fulfilling customer needs. Thus, the Parent Bank uses 42% on average of its resources on liquid items, while the Parent Bank also aims for the highest yield possible with effective maturity management.

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

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2007**

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

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

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

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

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

Hedge of currency risk of foreign currency investment in foreign institutions is made in line with the strategy of hedging of Parent Bank's foreign currency position by spot and foreign currency forward transactions, within the legal limits.

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

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

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

**Explanations on Consolidation Method and Scope**

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

<u>Commercial Name</u>	<u>Head Office</u>
Economy Bank	Netherlands
Stitching	Netherlands
Kronenburg	Netherlands
TEB Leasing	Turkey
TEB Factoring	Turkey
TEB Yatırım	Turkey
TEB Portföy	Turkey

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

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the principle of materiality. The financial statements of the subsidiaries are prepared as of June 30, 2007 and December 31, 2006.

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



**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2007**

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

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

**Explanations on Foreign Currency Transactions**

Gains or losses arising from foreign currency transactions are reflected to the income statement as they are realized during the year. Foreign currency assets and liabilities at each period-end are translated into Turkish lira at the period-end foreign exchange buying rates announced by the Parent Bank and the resulting foreign exchange gains or losses are recorded in the income statement as foreign exchange gain or loss. The USD exchange rate used for translating foreign currency transactions into New Turkish Lira and reflecting these to consolidated financial statements as of June 30, 2007, is TRY 1.3046, in full TRY (December 31, 2006 - TRY 1.4056, in full TRY).

There are no capitalized foreign exchange differences.

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

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

The foreign currency net investment in consolidated foreign subsidiaries are translated into New Turkish Lira using the exchange rate prevailing at the balance sheet date for their assets and liabilities and six months average exchange rate for their income statement items. The currency translation loss derived from the consolidated subsidiaries' inflation and devaluation differences amounting to TRY 21,969 (December 31, 2006 - TRY 18,703 YTL currency translation loss) has been reflected in "Other Profit Reserves" under shareholders' equity.

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

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

**V- Interest Income and Expenses**

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2007**  
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

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

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

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

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

**VII- Explanations and Disclosures on Financial Assets**

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

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

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

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

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

*Cash, Banks, and Other Financial Institutions*

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

*Financial Assets at Fair Value Through Profit and Loss*

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

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

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

**VII- Explanations and Disclosures on Financial Assets (continued)**

*Held to Maturity Investments, Financial Assets Available for Sale and Loans*

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

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

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

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

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

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

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

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

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

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

*Loans and Provisions for Impairment*

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

With the amendment in the Uniform Chart of Accounts as of January 26, 2007, net foreign exchange gain of the foreign currency indexed loans are presented under foreign exchange gains/losses. Statement of income for the period ended June 30, 2006 is reclassified to reflect the effect of this change.

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

**VII- Explanations and Disclosures on Financial Assets (continued)**

*Loans and Provisions for Impairment (continued)*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of June 30, 2007, the Bank does not have any marketable securities lending transaction (December 31, 2006 - None).

**XI- Explanations on Assets Held for Sale and Discontinued Operations**

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

The Group does not have any assets held for sale.

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

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

The positive difference of TRY 1,205 (December 31, 2006 - TRY 1,205), between the acquisition cost and share in equity of acquired subsidiaries is reflected under the intangible fixed assets as goodwill in the accompanying consolidated financial statements.

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

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**XII- Explanations on Goodwill and Other Intangible Assets (continued)**

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

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

**XIII- Explanations on Tangible Fixed Assets**

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

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

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

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

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

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

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

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

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**XIV- Explanations on Leasing Transactions**

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

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

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

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

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

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

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

*Defined Benefit Plans*

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

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

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Group uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually. The carrying value of employee termination benefit provisions as of June 30, 2007 is TRY 8,650 (December 31, 2006 - TRY 7,516).

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**XVI- Explanations on Liabilities Regarding Employee Benefits (continued)**

*Defined Contribution Plans*

For defined contribution plans the Group pays contributions to Social Security Funds on a mandatory basis. In addition to this, the employees of the Group are members of the Foundation of TEB Employees (“TEB’liler Vakfi”). For the employees of the Group that are the members of TEB’liler Vakfi, the Bank does not have any other liability to this foundation other than paying 20% of the first monthly contribution fee of the employee only for one time. Contribution fees are accounted as employee benefits. There are no other liabilities related to employee benefits to be provisioned.

**XVII- Explanations on Taxation**

*Corporate tax*

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

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

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

Tax provision related with items that are credited or charged directly to equity are charged or credited to equity. As of June 30, 2007 TRY 721 (December 31, 2006 - TRY 2,531) deferred tax which is related with items recorded in the equity was netted-off under equity in “Marketable Securities Value Increase Fund”.

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

*Deferred Tax Liability / Asset*

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

As of June 30, 2007 and December 31, 2006, in accordance with TAS No: 12 “Turkish Accounting Standard on Income Taxes” and the changes in the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004, the Bank calculated deferred tax asset on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are shown in the accompanying financial statements on a net basis.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax benefit of TRY 21,895 is stated under the tax provision in the income statement (June 30, 2006 - TRY 12,024 deferred tax charge). The deferred tax asset of TRY 721 (December 31, 2006 - TRY 2,531) resulting from differences related to items that are credited or charged directly to equity is netted with these accounts.

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



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**XVIII- Additional Explanations on Borrowings**

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

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

There are no debt securities issued by the Parent Bank.

The Group has not issued convertible bonds.

**XIX- Explanations on Share Certificates**

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

Based on the meeting of the General Assembly on March 27, 2007, after completing all of the legal procedures , it was decided to increase the paid-in capital of the Parent Bank to TRY 100,000 by TRY 23,500 within the registered capital ceiling and decided to incorporate TRY 11,750 of TRY 23,500 increase from the extraordinary reserves, and the remaining TRY 11,750 from the inflation accounting differences on share capital and in exchange distribute the investors as bonus shares as per their proportionate shares, and the process concerning the capital increase has been completed as of June 12, 2007.

**XX- Explanations on Acceptances**

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

**XXI- Explanations on Government Incentives**

There are no government incentives utilized by the Group.

**XXII- Explanations on Segment Reporting**

The Group mainly operates in retail and corporate banking segments.

	<b>Retail</b>	<b>Corporate</b>	<b>Other</b>	<b>Elimination</b>	<b>Total</b>
Net interest income	12,137	157,155	95,016	(753)	263,555
Net fees and commissions income and other operating income	11,348	66,219	15,662	(656)	92,573
Trading profit / loss	6,812	10,400	(21,062)		(3,850)
Dividend income	-	-	19,124	(19,119)	5
Impairment provision for loans	(2,163)	(13,139)	(5,717)		(21,019)
Other operating income	(28,892)	(68,489)	(139,767)	657	(236,491)
<b>Profit before tax</b>	<b>(758)</b>	<b>152,146</b>	<b>(36,744)</b>	<b>(19,871)</b>	<b>94,773</b>
Tax	-	-	(20,912)	-	(20,912)
<b>Net profit for the period</b>	<b>(758)</b>	<b>152,146</b>	<b>(57,656)</b>	<b>(19,871)</b>	<b>73,861</b>

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**XXIII- Explanations on Other Matters**

**Investments in Subsidiaries**

The Parent Bank started to hedge its net investment risk in The Economy Bank NV (“TEB NV”), its subsidiary operating in Netherlands with capital of EUR 30 million from the period December 31, 2006. Bank has classified fair value differences arising from this investment in other profit reserves under shareholders’ equity, and fair value differences arising from hedging instrument in “other profit reserves” under shareholders’ equity, in accordance with the Turkish Accounting Standards.

***Explanation for convenience translation to English***

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

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**SECTION FOUR**

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

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

The method used for risk measurement in determining consolidated capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks ", which was published on November 1, 2006 in the Official Gazette numbered 26333. The Group's consolidated capital adequacy ratio is in accordance with the related communiqué is 10.82% which is below the required level (December 31, 2006 - 13.00%). However, as it is stated in Part I of Section Six, the consolidated capital adequacy standard ratio have been positively affected by the primary subordinated loan the Parent Bank has obtained as of July 31, 2007, by issuing debt securities abroad amounting to USD 100,000,000.

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

The values deducted from the capital base in the shareholders' equity computation are excluded while calculating risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and 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 net of provision amount set in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" is multiplied by the loan conversion rates presented in the Article 5, the Clause 1 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

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

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

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

	Consolidated				Parent Bank			
	Risk Weight				Risk Weight			
	0%	20%	50%	100%	0%	20%	50%	100%
<b>Risk Weighted Assets, Liabilities and Non-Cash Loans</b>								
Balance Sheet items (Net)								
Cash	154,016	629	-	-	154,008	629	-	-
Matured Marketable Securities	-	-	-	-	-	-	-	-
Due From Central Bank of Turkey	674,529	-	-	-	674,529	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	131,435	570,694	-	110	-	235,081	-	110
Interbank Money Market Placements	370,000	-	-	-	370,000	-	-	-
Receivables From Reverse Repo Transactions	269	-	-	-	-	-	-	-
Reserve Deposits	299,116	-	-	-	299,116	-	-	-
Loans	308,822	310,408	1,236,164	5,101,830	213,167	67,356	1,215,935	4,045,681
Non-performing loans (Net)	-	-	-	34,776	-	-	-	34,776
Financial Lease Receivables	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1,500,175	4,245	-	2,383	1,478,509	-	-	65
Held to Maturity Investments	9,861	-	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	-	-	-	-
Sundry Debtors	115	14,367	-	45,085	-	11,298	-	23,333
Interest and Income Accruals	98,841	3,619	15,353	64,079	94,205	2,152	15,353	54,850
Subsidiaries, Associates and Entities Under Common Control (Net)	-	-	-	12	-	-	-	143,709
Tangible Assets	-	-	-	96,994	-	-	-	69,081
Other Assets	80,755	-	-	56,556	78,479	-	-	13,594
Off-Balance Sheet Items								
Guarantees and Commitments	2,090,805	853,818	476,912	984,224	2,076,411	820,401	472,883	861,033
Derivative Financial Instruments	-	137,343	-	15,188	-	99,360	-	14,611
Non Risk Weighted Accounts	-	-	-	-	-	-	-	-
<b>Total Value at Risk</b>	<b>5,718,739</b>	<b>1,895,123</b>	<b>1,728,429</b>	<b>6,401,237</b>	<b>5,438,424</b>	<b>1,236,277</b>	<b>1,704,171</b>	<b>5,260,843</b>
<b>Total Risk Weighted Assets</b>	<b>-</b>	<b>379,025</b>	<b>864,215</b>	<b>6,401,237</b>	<b>-</b>	<b>247,255</b>	<b>852,085</b>	<b>5,260,843</b>

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

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	7,644,477	6,695,374	6,360,183	5,560,811
Amount Subject to Market Risk (ASMR)	257,075	193,613	170,700	191,138
Amount Subject to Operational Risk (ASOR) (*) (**)	731,111	-	607,486	-
Shareholders' Equity	934,213	895,688	870,979	820,725
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	10.82	13.00	12.20	14.27

**TRWA:** Total Risk Weighted Assets

**ASMR:** Amount Subject to Market Risk

**ASOR:** Amount Subject to Operational Risk

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

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

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

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

	Consolidated		Parent Bank	
	Current Period	Prior Period(*)	Current Period	Prior Period(*)
<b>CORE CAPITAL</b>				
Paid-in capital	100,000	76,500	100,000	76,500
Nominal capital	100,000	76,500	100,000	76,500
Capital commitments (-)	-	-	-	-
Paid-in capital restatement difference	240,926	252,676	240,926	252,676
Share premium	1,661	1,661	1,592	1,592
Cancellation profits	-	-	-	-
Legal reserves	36,423	28,756	20,235	14,950
First legal reserve (Turkish Commercial Code 466/1)	27,970	20,303	14,699	9,414
Second legal reserve (Turkish Commercial Code 466/2)	8,453	8,453	5,536	5,536
Other legal reserve per special legislation	-	-	-	-
Statutory reserves	-	-	-	-
Extraordinary reserves	244,136	143,498	199,225	110,560
Reserves allocated by the General Assembly	244,136	143,498	199,225	110,560
Retained earnings	-	-	-	-
Accumulated losses	-	-	-	-
Foreign currency share capital exchange difference	-	-	-	-
Restatement differences of legal, statutory and extraordinary reserves	-	-	-	-
Profit	73,861	123,321	69,462	105,700
Current period profit	73,861	123,321	69,462	105,700
Prior years' profits	-	-	-	-
Provision for possible losses up to 25% of the Core Capital	-	-	-	-
Gains on sale of associates and subsidiaries and properties to be added to capital	-	-	-	-
Primary subordinated loans up to 15% of the Core Capital	-	-	-	-
Losses that cannot be covered by reserves (-)	-	-	-	-
Net current period loss	-	-	-	-
Prior years' losses	-	-	-	-
Leasehold improvements (-)	39,727	33,520	39,391	33,069
Prepaid expenses (-)	24,500	12,157	23,369	11,306
Intangible assets (-)	9,005	6,808	6,499	5,867
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-	-	-
Goodwill (Net) (-)	1,205	1,205	-	-
<b>Total Core Capital</b>	<b>697,007</b>	<b>626,412</b>	<b>631,440</b>	<b>561,978</b>
<b>SUPPLEMENTARY CAPITAL</b>				
General Loan Loss Reserves	43,329	32,505	40,544	32,505
45% of the revaluation reserve for movable fixed assets	-	-	-	-
45% of the of revaluation reserve for properties	-	-	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control	-	-	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-	-	-
Secondary subordinated loans	269,624	295,029	269,624	280,989
Marketable securities value increase fund	(1,298)	(4,556)	(1,370)	(4,505)
Associates and subsidiaries	-	-	-	-
Available for sale securities	(1,298)	(4,556)	(1,370)	(4,505)
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-	-	-
<b>Total Supplementary Capital</b>	<b>311,655</b>	<b>322,978</b>	<b>308,798</b>	<b>308,989</b>
<b>TIER III CAPITAL</b>				
<b>CAPITAL</b>	<b>1,008,662</b>	<b>949,390</b>	<b>940,238</b>	<b>870,967</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>74,449</b>	<b>53,702</b>	<b>69,259</b>	<b>50,242</b>
Shareholdings in unconsolidated banks and financial institutions	12	12	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt and Primary and Secondary loans borrowed from them	-	-	-	-
Shareholdings in the banks and financial institutions which are accounted for under the equity pick up method but the assets and liabilities are not consolidated.	-	-	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-	-	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	-	-	-	-
Other	-	-	-	-
<b>Total Shareholder's Equity</b>	<b>934,213</b>	<b>895,688</b>	<b>870,979</b>	<b>820,725</b>

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**II- Explanations Related to Consolidated Market Risk**

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

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

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

a) Information Related to Market Risk

	Consolidated	Parent Bank
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	14,559	12,819
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	62	-
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	5,917	809
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	-	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	28	28
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	20,566	13,656
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	257,075	170,700

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

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	15,224	16,137	14,311	10,052	13,513	7,180
Common Stock Risk	364	417	310	26	46	3
Currency Risk	3,378	5,917	838	2,121	4,457	1,003
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	306	584	28	91	190	-
<b>Total Value Subject to Risk</b>	<b>232,013</b>	<b>270,413</b>	<b>193,588</b>	<b>153,619</b>	<b>193,613</b>	<b>132,400</b>

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**III- Explanations Related to Consolidated Currency Risk**

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

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

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

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

As of June 30, 2007, the Group's net long position is TRY 62,460 (December 31, 2006 - TRY 49,602 net long) resulting from short position amounting to TRY 680,790 (December 31, 2006 - TRY 506,552 short) on the balance sheet and long position amounting to TRY 743,250 (December 31, 2006 - TRY 556,154 long) on the off-balance sheet.

The announced current foreign exchange buying rates of the Parent Bank at June 30, 2007 and the previous five working days in full TRY are as follows:

	<u>22.06.2007</u>	<u>25.06.2007</u>	<u>26.06.2007</u>	<u>27.06.2007</u>	<u>28.06.2007</u>	<u>29.06.2007</u>
USD	1.30270	1.30920	1.31970	1.32500	1.31470	1.30460
CHF	1.05320	1.06370	1.07160	1.07640	1.06790	1.05990
GBP	2.59900	2.61610	2.63610	2.64290	2.63100	2.61260
JPY	1.04820	1.05770	1.07010	1.07960	1.06640	1.05530
EURO	1.74920	1.76150	1.77530	1.78050	1.76960	1.75850

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before June 30, 2007 are as follows:

	<u>Monthly Average Foreign Exchange Rate</u>
USD	1.31516
CHF	1.06444
GBP	2.60855
JPY	1.07019
EURO	1.76357

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**III- Explanations Related to Currency Risk (continued)**

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

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>YEN</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	164,629	626,807	49	13,542	<b>805,027</b>
Due From Other Banks and Financial Institutions	79,521	587,016	385	14,109	<b>681,031</b>
Financial Assets at Fair Value Through Profit and Loss (*****)	10,265	7,776	-	44	<b>18,085</b>
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	57	245,748	-	-	<b>245,805</b>
Loans (**)	1,140,696	1,585,464	23,423	132,718	<b>2,882,301</b>
Factoring Receivables	63,735	26,770	-	23,026	<b>113,531</b>
Leasing Receivables	215,384	57,483	-	-	<b>272,867</b>
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-	-
Held-To-Maturity Investments	-	8,557	-	-	<b>8,557</b>
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	6,957	-	-	-	<b>6,957</b>
Intangible Assets	137	-	-	-	<b>137</b>
Other Assets (***)	21,120	26,861	-	123	<b>48,104</b>
<b>Total Assets</b>	<b>1,702,501</b>	<b>3,172,482</b>	<b>23,857</b>	<b>183,562</b>	<b>5,082,402</b>
<b>Liabilities</b>					
Bank Deposits	92,906	16,817	630	21,515	<b>131,868</b>
Foreign Currency Deposits (*)	1,002,380	3,148,471	22,625	84,004	<b>4,257,480</b>
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	908,359	335,153	210	18,105	<b>1,261,827</b>
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	48,680	5,971	943	72	<b>55,666</b>
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	30,986	16,100	6	9,259	<b>56,351</b>
<b>Total Liabilities</b>	<b>2,083,311</b>	<b>3,522,512</b>	<b>24,414</b>	<b>132,955</b>	<b>5,763,192</b>
<b>Net Balance Sheet Position</b>	<b>(380,810)</b>	<b>(350,030)</b>	<b>(557)</b>	<b>50,607</b>	<b>(680,790)</b>
<b>Net Off-Balance Sheet Position</b>	<b>452,948</b>	<b>338,458</b>	<b>243</b>	<b>(48,399)</b>	<b>743,250</b>
Financial Derivative Assets (****)	797,006	1,654,135	34,929	81,278	2,567,348
Financial Derivative Liabilities (****)	344,058	1,315,677	34,686	129,677	1,824,098
Non-Cash Loans (*****)	701,613	1,445,827	8,281	45,350	2,201,071
<b>Prior Period</b>					
Total Assets	1,912,269	3,058,391	16,052	163,747	5,150,459
Total Liabilities	1,871,818	3,632,133	7,464	145,596	5,657,011
Net Balance Sheet Position	40,451	(573,742)	8,588	18,151	(506,552)
Net Off-Balance Sheet Position	28,568	553,955	(9,069)	(17,300)	556,154
Financial Derivative Assets	255,137	1,110,934	4,835	68,448	1,439,354
Financial Derivative Liabilities	226,569	556,979	13,904	85,748	883,200
Non-Cash Loans (*****)	698,630	1,215,380	8,132	70,871	1,993,013

- (\*) Gold account deposits amounting to TRY 11,789 (December 31, 2006 - TRY 15,247) are included in the foreign currency deposits.  
(\*\*) Foreign currency indexed loans amounting to TRY 556,978 (December 31, 2006 - TRY 481,055) are included in the loan portfolio.  
(\*\*\*) TRY 297 (December 31, 2006 - TRY 364) prepaid expenses is deducted from other assets, and TRY 2,402 (December 31, 2006 - TRY 983) expense accruals from derivative financial instruments, and TRY 13,411 (December 31, 2006 - TRY 12,362) provision for general loan losses are deducted from other liabilities.  
(\*\*\*\*) Forward asset purchase-sale commitments of TRY 122,540 (December 31, 2006 - TRY 76,854) are added to derivative financial assets and TRY 122,528 (December 31, 2006 - TRY 76,864) has been added to derivative financial liabilities.  
(\*\*\*\*\*) TRY 8,237 (December 31, 2006 - TRY 1,190) income accruals from derivative financial instruments is deducted from Financial Assets at Fair Value Through Profit and Loss.  
(\*\*\*\*\*) There are no effects on the net off-balance sheet position.



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**IV- Explanations Related to Consolidated Interest Rate Risk**

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

The first priority of the 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 Group. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budgeted targets.

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

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

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

	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest Bearing	Total
<b>Current Period</b>							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	712,287	-	-	-	-	424,807	<b>1,137,094</b>
Due From Other Banks and Financial Institutions	439,794	-	1,042	9,583	-	254,494	<b>704,913</b>
Financial Assets at Fair Value Through Profit and Loss	37,097	13,210	5,903	29,750	130,290	25,447	<b>241,697</b>
Money Market Placements	370,629	-	-	-	-	-	<b>370,629</b>
Available-For-Sale Financial Assets	300,946	703,474	70,712	48,381	470,533	65	<b>1,594,111</b>
Loans	3,005,868	659,157	559,985	662,565	1,521,976	31,731	<b>6,441,282</b>
Factoring Receivables	191,844	107,950	66,927	7,465	-	-	<b>374,186</b>
Financial Lease Receivables	30,196	30,227	40,105	67,776	170,567	-	<b>338,871</b>
Held-To-Maturity Investments	-	3,135	-	3,693	3,371	-	<b>10,199</b>
Other Assets	23,622	-	-	-	650	377,590	<b>401,862</b>
<b>Total Assets</b>	<b>5,112,283</b>	<b>1,517,153</b>	<b>744,674</b>	<b>829,213</b>	<b>2,297,387</b>	<b>1,114,134</b>	<b>11,614,844</b>
Liabilities							
Bank Deposits	158,058	535	46	-	-	27,802	<b>186,441</b>
Other Deposits	5,646,169	325,001	188,112	12,547	3,614	1,191,495	<b>7,366,938</b>
Money Market Borrowings	809,192	-	-	-	-	-	<b>809,192</b>
Sundry Creditors	568	-	-	-	-	178,973	<b>179,541</b>
Marketable Securities Issued	-	-	-	-	-	-	<b>-</b>
Funds Provided From Other Financial Institutions	424,345	283,703	734,154	93,624	331,294	-	<b>1,867,120</b>
Factoring Payables	94,676	16,298	4,945	310	-	-	<b>116,229</b>
Other Liabilities	7,541	39,606	756	29,855	104,978	906,647	<b>1,089,383</b>
<b>Total Liabilities</b>	<b>7,140,549</b>	<b>665,143</b>	<b>928,013</b>	<b>136,336</b>	<b>439,886</b>	<b>2,304,917</b>	<b>11,614,844</b>
Balance Sheet Long Position	-	852,010	-	692,877	1,857,501	-	3,402,388
Balance Sheet Short Position	(2,028,266)	-	(183,339)	-	-	(1,190,783)	(3,402,388)
Off-Balance Sheet Long Position	-	-	-	55	10,882	-	10,937
Off-Balance Sheet Short Position	-	-	-	(35)	(8,042)	-	(8,077)
<b>Total Position</b>	<b>(2,028,266)</b>	<b>852,010</b>	<b>(183,339)</b>	<b>692,897</b>	<b>1,860,341</b>	<b>(1,190,783)</b>	<b>2,860</b>

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

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

The other assets line at the non-interest bearing column consists of tangible assets amounting to TRY 96,994; intangible assets amounting to TRY 48,732, TRY 51,785 tax asset, and the other liabilities line includes the shareholders' equity of TRY 694,122.

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

	EURO %	USD %	YEN %	TRY %
<b>Current Period</b>				
Assets				
Cash (Cash In Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	1.48	2.21	-	12.79
Due From Other Banks And Financial Institutions	3.88	5.31	-	18.33
Financial Assets At Fair Value Through Profit And Loss	6.06	7.66	-	20.05
Money Market Placements	-	-	-	17.75
Available-For-Sale Financial Assets	-	5.70	-	19.49
Loans	5.59	6.80	3.48	20.86
Leasing Receivables	8.16	9.07	-	28.84
Factoring Receivables	5.73	7.69	-	22.79
Held-To-Maturity Investments	-	10.95	-	21.24
Liabilities				
Bank Deposits	3.52	2.36	-	13.09
Other Deposits	3.18	5.04	-	18.55
Money Market Borrowings	-	-	-	17.81
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	5.00	6.85	1.49	19.61

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

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

	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest Bearing	Total
<b>Prior Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	645,715	-	-	-	-	319,771	<b>965,486</b>
Due From Other Banks and Financial Institutions	659,262	-	2,290	1,000	-	401,613	<b>1,064,165</b>
Financial Assets at Fair Value Through Profit and Loss	45,855	13,281	8,167	2,983	39,744	3,177	<b>113,207</b>
Money Market Placements	1,194	-	-	-	-	-	<b>1,194</b>
Available-For-Sale Financial Assets	292,283	663,403	76,104	88,041	435,511	68	<b>1,555,410</b>
Loans	2,856,121	557,846	506,331	499,950	1,268,793	38,676	<b>5,727,717</b>
Factoring Receivables	166,908	69,476	53,213	11,264	-	-	<b>300,861</b>
Financial Lease Receivables	20,436	27,924	38,791	68,972	167,810	3,749	<b>327,682</b>
Held-To-Maturity Investments	4,054	3,298	3,705	-	-	-	<b>11,057</b>
Other Assets	29,732	-	-	-	-	201,809	<b>231,541</b>
<b>Total Assets</b>	<b>4,721,560</b>	<b>1,335,228</b>	<b>688,601</b>	<b>672,210</b>	<b>1,911,858</b>	<b>968,863</b>	<b>10,298,320</b>
<b>Liabilities</b>							
Bank Deposits	135,527	4,334	-	-	-	48,339	<b>188,200</b>
Other Deposits	5,575,247	681,345	111,083	39,622	2,320	127,888	<b>6,537,505</b>
Money Market Borrowings	794,689	-	-	-	-	-	<b>794,689</b>
Sundry Creditors	175	-	-	-	-	134,138	<b>134,313</b>
Marketable Securities Issued	-	-	-	-	-	-	<b>-</b>
Funds Provided From Other Financial Institutions	383,785	203,933	796,106	140,951	165,510	6,050	<b>1,696,335</b>
Factoring Payables	87,002	17,086	6,984	-	-	-	<b>111,072</b>
Other Liabilities	50,759	10,076	3,411	12,987	25,690	733,283	<b>836,206</b>
<b>Total Liabilities</b>	<b>7,027,184</b>	<b>916,774</b>	<b>917,584</b>	<b>193,560</b>	<b>193,520</b>	<b>1,049,698</b>	<b>10,298,320</b>
Balance Sheet Long Position	-	418,454	-	478,650	1,718,338	-	<b>2,615,442</b>
Balance Sheet Short Position	2,305,624	-	228,983	-	-	80,835	<b>2,615,442</b>
Off-Balance Sheet Long Position	10,204	-	-	-	-	-	<b>10,204</b>
Off-Balance Sheet Short Position	6,716	-	-	-	-	-	<b>6,716</b>
<b>Total Position</b>	<b>(2,302,136)</b>	<b>418,454</b>	<b>(228,983)</b>	<b>478,650</b>	<b>1,718,338</b>	<b>(80,835)</b>	<b>3,488</b>

The other assets line at the non-interest bearing column consists of tangible assets amounting to TRY 64,698; intangible assets amounting to TRY 41,534, TRY 26,275 of tax asset and the other liabilities line includes the shareholders' equity of TRY 616,288.

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

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

	EURO %	USD %	YEN %	YTL %
<b>Prior Period</b>				
<b>Assets</b>				
Cash (Cash In Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	1.73	2.52	-	13.12
Due From Other Banks And Financial Institutions	3.45	5.23	-	18.21
Financial Assets At Fair Value Through Profit And Loss	5.45	9.08	-	21.15
Money Market Placements	-	-	-	18.13
Available-For-Sale Financial Assets	-	6.78	-	19.90
Loans	5.62	6.94	3.88	21.36
Leasing Receivables	9.63	10.20	-	23.19
Factoring Receivables	5.72	7.71	-	22.53
Held-To-Maturity Investments	-	10.96	-	23.06
<b>Liabilities</b>				
Bank Deposits	3.12	4.86	-	12.88
Other Deposits	3.02	5.09	-	19.25
Money Market Borrowings	-	-	-	18.05
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4.89	6.48	-	18.82

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

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

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

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

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

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

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

**Presentation of assets and liabilities according to their remaining maturities:**

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Over</b>	<b>Undistributed (*)</b>	<b>Total</b>
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	424,807	712,287	-	-	-	-	-	<b>1,137,094</b>
Due From Other Banks and Financial Institutions	253,773	440,515	-	1,042	9,583	-	-	<b>704,913</b>
Financial Assets at Fair Value Through Profit and Loss	582	8,723	5,434	8,503	33,899	184,546	10	<b>241,697</b>
Money Market Placements	-	370,629	-	-	-	-	-	<b>370,629</b>
Available-For-Sale Financial Assets	65	-	44,517	30,453	167,583	1,351,493	-	<b>1,594,111</b>
Loans	31,743	2,981,809	637,358	530,872	686,854	1,572,646	-	<b>6,441,282</b>
Held-To-Maturity Investments	-	191,844	107,950	66,927	7,465	-	-	<b>374,186</b>
Factoring Receivables	-	30,195	30,227	40,105	67,776	170,568	-	<b>338,871</b>
Financial Lease Receivables	-	-	1,494	-	3,693	5,012	-	<b>10,199</b>
Other Assets	13,750	119,809	1,147	311	126	264	266,455	<b>401,862</b>
<b>Total Assets</b>	<b>724,720</b>	<b>4,855,811</b>	<b>828,127</b>	<b>678,213</b>	<b>976,979</b>	<b>3,284,529</b>	<b>266,465</b>	<b>11,614,844</b>
<b>Liabilities</b>								
Bank Deposits	30,419	155,441	535	46	-	-	-	<b>186,441</b>
Other Deposits	1,188,878	5,637,954	310,668	172,492	17,175	39,771	-	<b>7,366,938</b>
Funds Provided From Other Financial Institutions	1	238,136	221,930	601,648	162,709	642,696	-	<b>1,867,120</b>
Money Market Borrowings	-	809,192	-	-	-	-	-	<b>809,192</b>
Marketable Securities Issued	-	-	-	-	-	-	-	-
Factoring Payables	-	94,676	16,298	4,945	310	-	-	<b>116,229</b>
Sundry Creditors	155,382	1,791	-	-	-	-	22,368	<b>179,541</b>
Other Liabilities	2,040	150,146	41,133	13,150	31,341	105,214	746,359	<b>1,089,383</b>
<b>Total Liabilities</b>	<b>1,376,720</b>	<b>7,087,336</b>	<b>590,564</b>	<b>792,281</b>	<b>211,535</b>	<b>787,681</b>	<b>768,727</b>	<b>11,614,844</b>
<b>Liquidity Gap</b>	<b>(652,000)</b>	<b>(2,231,525)</b>	<b>237,563</b>	<b>(114,068)</b>	<b>765,444</b>	<b>2,496,848</b>	<b>(502,262)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	763,687	3,856,309	821,539	855,843	801,345	3,026,194	173,403	10,298,320
Total Liabilities	1,249,185	5,958,252	958,372	262,014	588,494	627,106	654,897	10,298,320
<b>Liquidity Gap</b>	<b>(485,498)</b>	<b>(2,101,943)</b>	<b>(136,833)</b>	<b>593,829</b>	<b>212,851</b>	<b>2,399,088</b>	<b>(481,494)</b>	<b>-</b>

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

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	55,142	91,471	50,159	75,324
Balances with the Central Bank of Turkey	276,228	706,221	200,718	635,346
Other	697	7,335	1,096	2,843
<b>Total</b>	<b>332,067</b>	<b>805,027</b>	<b>251,973</b>	<b>713,513</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposit (*)	276,228	301,048	200,718	281,142
Unrestricted time deposit	-	405,173	-	354,204
Restricted time deposit	-	-	-	-
<b>Total</b>	<b>276,228</b>	<b>706,221</b>	<b>200,718</b>	<b>635,346</b>

(\*) TRY 301,049 foreign currency unrestricted demand deposit balance comprises of reserve deposits (December 31, 2006 – TRY 281,142). Unrestricted demand deposit in TRY includes average reserve deposit held in Central Bank amounting to TRY 223,189 (December 31, 2006 – TRY 162,087). The interest rates applied for reserve deposits are 13.12% for TRY deposits and 1.97% - 2.53% for foreign currency deposits (December 31, 2006 – 13.12% for TRY, 1.73% - 2.52% for foreign currency).

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

a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked:

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

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

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

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 215,897 (December 31, 2006 – TRY 85,521).

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	7,784	1,411	8,720	1,162
Swap Transactions	7,359	6,683	8,250	3,233
Futures Transactions	-	-	-	-
Options	2,255	303	713	148
Other	-	5	-	53
<b>Total</b>	<b>17,398</b>	<b>8,402</b>	<b>17,683</b>	<b>4,596</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	22,591	6,190	4,428	30,825
Foreign	1,291	674,841	-	1,028,912
Branches and head office abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
<b>Total</b>	<b>23,882</b>	<b>681,031</b>	<b>4,428</b>	<b>1,059,737</b>

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	333,605	568,959	95,158	13,016
USA and Canada	179,592	375,720	-	-
OECD Countries*	67,665	71,086	-	-
Off-shore banking regions	8	47	-	-
Other	104	84	-	-
<b>Total</b>	<b>580,974</b>	<b>1,015,896</b>	<b>95,158</b>	<b>13,016</b>

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	8,075	174,321	-	188,531
Other	-	-	-	-
<b>Total</b>	<b>8,075</b>	<b>174,321</b>	<b>-</b>	<b>188,531</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	868,935	-	881,030	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	2,318	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>868,935</b>	<b>2,318</b>	<b>881,030</b>	<b>-</b>

Net book value of unrestricted financial assets available-for-sale is TRY 540,462 (December 31, 2006 – TRY 485,849).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	1,604,566	1,568,698
Quoted on a stock exchange	1,422,170	1,380,167
Not quoted	182,396	188,531
Share certificates	65	68
Quoted on a stock exchange	-	-
Not quoted	65	68
Impairment provision(-)	(10,520)	(13,356)
<b>Total</b>	<b>1,594,111</b>	<b>1,555,410</b>

**5. Information on loans:**

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	320	97,057	1,384	2,768
Corporate shareholders	320	97,057	1,384	2,768
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	3,709	-	4,563	-
<b>Total</b>	<b>4,029</b>	<b>97,057</b>	<b>5,947</b>	<b>2,768</b>



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

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

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	6,437,856	-	-	3,426
Discount notes	138,463	-	-	-
Export loans	967,247	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	213,286	-	-	-
Foreign loans	471,760	-	-	-
Consumer loans	801,105	-	-	-
Credit cards	170,700	-	-	-
Precious metals loans	110,380	-	-	-
Other	3,564,915	-	-	3,426
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>6,437,856</b>	<b>-</b>	<b>-</b>	<b>3,426</b>

c) Loans according to their maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term loans and other receivables	4,335,101	-	-	102
Non-specialized loans	4,335,101	-	-	102
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	2,102,755	-	-	3,324
Non-specialized loans	2,102,755	-	-	3,324
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>6,437,856</b>	<b>-</b>	<b>-</b>	<b>3,426</b>

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

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

	Short Term	Medium and Long Term	Total
<b>Consumer Loans-TRY</b>	<b>36,625</b>	<b>683,293</b>	<b>719,918</b>
Housing Loans	961	310,853	311,814
Car Loans	4,795	169,197	173,992
General Purpose Loans	29,997	194,627	224,624
Other	872	8,616	9,488
<b>Consumer Loans –Indexed to FC</b>	<b>736</b>	<b>56,123</b>	<b>56,859</b>
Housing Loans	316	30,293	30,609
Car Loans	251	22,142	22,393
General Purpose Loans	169	3,688	3,857
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>9</b>	<b>4,083</b>	<b>4,092</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	9	4,083	4,092
<b>Individual Credit Cards-TRY</b>	<b>163,378</b>	<b>-</b>	<b>163,378</b>
With Installments	46,469	-	46,469
Without Installments	116,909	-	116,909
<b>Individual Credit Cards-FC</b>	<b>1,477</b>	<b>-</b>	<b>1,477</b>
With Installments	-	-	-
Without Installments	1,477	-	1,477
<b>Personnel Loans-TRY</b>	<b>880</b>	<b>2,178</b>	<b>3,058</b>
Housing Loans	-	24	24
Car Loans	-	18	18
General Purpose Loans	880	2,136	3,016
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TRY</b>	<b>251</b>	<b>-</b>	<b>251</b>
With Installments	50	-	50
Without Installments	201	-	201
<b>Personnel Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installments	-	-	-
Without Installments	-	-	-
<b>Overdraft Account-TRY(Real Persons) (*)</b>	<b>17,178</b>	<b>-</b>	<b>17,178</b>
<b>Overdraft Account-FC(Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>220,534</b>	<b>745,677</b>	<b>966,211</b>

(\*) Overdraft Account includes TRY 400 personnel loans.

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

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

	Short Term	Medium and Long Term	Total
<b>Commercial loans with installment facility-TRY</b>	<b>63,522</b>	<b>464,391</b>	<b>527,913</b>
Business Loans	111	15,481	15,592
Car Loans	10,700	179,661	190,361
General Purpose Loans	52,711	267,763	320,474
Other	-	1,486	1,486
<b>Commercial loans with installment facility - Indexed to FC</b>	<b>15,080</b>	<b>143,999</b>	<b>159,079</b>
Business Loans	-	1,701	1,701
Car Loans	2,398	80,280	82,678
General Purpose Loans	12,682	59,218	71,900
Other	-	2,800	2,800
<b>Commercial loans with installment facility –FC</b>	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards-TRY</b>	<b>5,249</b>	-	<b>5,249</b>
With Installments	-	-	-
Without Installments	5,249	-	5,249
<b>Corporate Credit Cards-FC</b>	<b>345</b>	-	<b>345</b>
With Installments	-	-	-
Without Installments	345	-	345
<b>Overdraft Accounts-TRY(Legal Entities)</b>	-	-	-
<b>Overdraft Account-FC(Legal Entities)</b>	-	-	-
<b>Total</b>	<b>84,196</b>	<b>608,390</b>	<b>692,586</b>

f) Loans according to borrowers:

	Current Period	Prior Period
Public	-	-
Private	6,441,282	5,727,717
<b>Total</b>	<b>6,441,282</b>	<b>5,727,717</b>

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	5,969,522	5,276,475
Foreign loans	471,760	451,242
<b>Total</b>	<b>6,441,282</b>	<b>5,727,717</b>

h) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	3,126	1,270
Loans and receivables with doubtful collectibility	7,155	1,778
Uncollectible loans and receivables	29,220	27,200
<b>Total</b>	<b>39,501</b>	<b>30,248</b>

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

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period end balance	9,329	3,676	31,787
Additions (+)	39,038	5,415	1,426
Transfers from other categories of non-performing loans (+)	-	17,802	1,965
Transfers to other categories of non-performing loans (-)	17,802	1,965	-
Collections (-)	11,253	3,827	1,314
Write-offs (-)	-	-	-
Effect of Inflation (-)	-	-	-
Current period end balance	19,312	21,101	33,864
Specific provision (-)	3,126	7,155	29,220
<b>Net Balances on Balance Sheet</b>	<b>16,186</b>	<b>13,946</b>	<b>4,644</b>

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

j) Main principles of liquidating loans and receivables:

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

**6. Information on held-to-maturity investments (Net):**

a.1) Information on held-to-maturity investments given as collateral or blocked: None (December 31, 2006 – None).

a.2) Held-to-maturity investments subject to repurchase agreements: None (December 31, 2006 – None).

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

**6. Information on held-to-maturity investments (Net): (continued)**

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

	Current Period	Prior Period
Government Bonds	8,557	9,402
Treasury Bills	1,642	1,655
Other public sector debt securities	-	-
<b>Total</b>	<b>10,199</b>	<b>11,057</b>

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	10,199	11,057
Quoted on a stock exchange	10,199	11,057
Not quoted on a stock exchange	-	-
Provision for impairment (-)	-	-
<b>Total</b>	<b>10,199</b>	<b>11,057</b>

d) Movement of held-to-maturity investments:

	Current Period	Prior Period
Beginning balance	10,507	11,809
Indexation difference (-)	-	-
Foreign currency differences on monetary assets	(308)	183
Purchases during year	-	-
Disposals through sales and redemptions	-	(935)
Impairment provision (-)	-	-
<b>Closing Balance</b>	<b>10,199</b>	<b>11,057</b>

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

a.1) Information on the unconsolidated associates:

	Current Period	Prior Period
Participations		
Other Financial Associates / Gelişen İşletmeler Piyasası A.Ş.	12	12

a.2) Gelişen İşletmeler Piyasası A.Ş. commenced its operations as of December 30, 2005.

b.1) Information on the consolidated associates:

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

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

b.2) Valuation of consolidated associates: None (December 31, 2006 – None).

b.3) Consolidated associates which are quoted on the stock exchange: None (December 31, 2006 – None).

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

a) Information on the unconsolidated subsidiaries: None.

b) Information on the consolidated subsidiaries:

b.1) Information on the consolidated subsidiaries:

Description	Address (City/ Country)	Bank's share percentage-If different voting percentage(%)	Bank's risk group share percentage (%)
The Economy Bank N.V.	Netherlands	100.00	100.00
TEB Finansal Kiralama A.Ş.	İstanbul/Turkey	100.00	100.00
TEB Factoring A.Ş.	İstanbul/Turkey	100.00	100.00
TEB Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	74.94	100.00
TEB Portföy Yönetimi A.Ş.	İstanbul/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) 1,345,493	116,721	7,094	47,649	822	6,414	9,708	-
(ii) 487,475	62,795	66,523	17,998	417	(2,061)	(18,303)	-
(ii) 308,094	16,950	328	19,691	-	3,912	7,444	-
(iii) 65,143	34,238	1,435	6,233	537	6,607	9,837	-
(iv) 9,663	8,943	603	755	163	1,566	4,713	-

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

(i) Represents financial figures of foreign currency subsidiaries translated at period end foreign exchange rates for balance sheet and monthly average rates for profit and loss as of June 30, 2007.

(ii) Represents statutory financial figures based on Tax Procedural Law as of June 30, 2007.

(iii) Represents consolidated financial figures of TEB Yatırım and TEB Portföy based on Capital Markets Board regulations as of June 30, 2007.

(iv) Represents financial figures based on Capital Markets Board regulations as of June 30, 2007.

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

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

b.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	158,447	151,141
Movements during the period	(2,802)	7,306
Purchases	-	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (*)	-	(651)
Revaluation increase (**)	(2,802)	7,957
Provision for impairment	-	-
<b>Balance at the end of the period</b>	<b>155,645</b>	<b>158,447</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

(\*\*) Parent Bank hedged its net investment risk in TEB NV, its subsidiary operating in Netherlands with capital of EUR 30 million. Parent Bank has classified fair value differences arising from this investment in other profit reserves under shareholders' equity, and fair value differences arising from hedging instrument in "other profit reserves" under shareholders' equity, in accordance with the Turkish Accounting Standards published in the Official Gazette numbered 26333 on November 1, 2006.

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

		Current Period	Prior Period
Banks	/ The Economy Bank N.V.	52,755	55,545
Leasing Companies	/ TEB Finansal Kiralama A.Ş.	40,191	40,191
Factoring Companies	/ TEB Factoring A.Ş.	22,324	22,324
Other Financial Subs	/ TEB Yatırım Menkul Değerler A.Ş.	34,770	34,770
	TEB Portföy Yönetimi A.Ş.	5,354	5,354
	Stichting Custody Services TEB	219	231
	Kronenburg Vastgoed B.V.	32	32
<b>Total</b>		<b>155,645</b>	<b>158,447</b>

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

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

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

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

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	197,977	168,303	181,606	155,942
Between 1-4 years	184,769	164,095	191,806	170,659
Over 4 years	6,820	6,473	1,113	1,081
<b>Total</b>	<b>389,566</b>	<b>338,871</b>	<b>374,525</b>	<b>327,682</b>

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

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

**12. Information on tangible assets (Net) :**

	Opening Balance December 31, 2006	Additions	Disposals	Other	Ending Balance June 30, 2007
<b>Cost:</b>					
Land and buildings	17,378	19,800	(225)	(378)	36,575
Leased tangible assets	46,208	9,513			55,721
Vehicles	586	-	(86)	(12)	488
Other	86,198	11,846	(229)	(95)	97,720
<b>Total Cost</b>	<b>150,370</b>	<b>41,159</b>	<b>(540)</b>	<b>(485)</b>	<b>190,504</b>
<b>Accumulated Depreciation:</b>					
Land and buildings	(3,453)	(188)	6	27	(3,608)
Leased tangible assets	(33,594)	(1,582)	-	-	(35,176)
Vehicles	(409)	(33)	70	6	(366)
Other	(48,216)	(6,259)	33	82	(54,360)
<b>Total Accumulated Depreciation</b>	<b>(85,672)</b>	<b>(8,062)</b>	<b>109</b>	<b>115</b>	<b>(93,510)</b>
<b>Net Book Value</b>	<b>64,698</b>	<b>33,097</b>	<b>(431)</b>	<b>(370)</b>	<b>96,994</b>

The addition of TRY 19,800 to land and buildings consists of the land purchased by TEB Finansal Kiralama A.Ş. in March 2007.

- a) If impairment amount on individual asset recorded or reversed in the current period is material for the overall financial statements:
  - a.1) Events and conditions for recording or reversing impairment: None.
  - a.2) Amount of recorded or reversed impairment in the financial statements: None.
- b) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially effecting the overall financial statements, and the reason and conditions for this: None.
- c) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

**13. Information on intangible assets:**

	Opening Balance December 31, 2006	Additions	Disposals	Other	Ending Balance June 30, 2007
<b>Cost:</b>					
Leasehold improvements	54,380	10,542	(2,502)	-	62,420
Other intangible assets	22,253	2,707	-	(56)	24,904
<b>Total Cost</b>	<b>76,633</b>	<b>13,249</b>	<b>(2,502)</b>	<b>(56)</b>	<b>87,324</b>
<b>Accumulated Depreciation:</b>					
Leasehold improvements	(21,024)	(4,171)	2,502	-	(22,693)
Other intangible assets	(14,075)	(1,871)	-	47	(15,899)
<b>Total Accumulated Depreciation</b>	<b>(35,099)</b>	<b>(6,042)</b>	<b>2,502</b>	<b>47</b>	<b>(38,592)</b>
<b>Net Book Value</b>	<b>41,534</b>	<b>7,207</b>	<b>-</b>	<b>(9)</b>	<b>48,732</b>

- a) Disclosures for book value, description and remaining depreciation time for a specific intangible fixed asset that is material to the financial statements: None.
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.



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

**13. Information on intangible assets (continued):**

- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition : None.
- d) The book value of intangible fixed assets that are pledged or restricted for use: None.
- e) Amount of purchase commitments for intangible fixed assets: None.
- f) Information on revalued intangible assets according to their types: None.
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis arising from consolidated entities: There is a positive goodwill of TRY 1,205 (December 31, 2006 – TRY 1,205) arising from the purchase of TEB Portföy by TEB Yatırım on February 27, 2005.
- i) Movements on goodwill in the current period: None.

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

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

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

- a) As of June 30, 2007, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TRY 34,591 (December 31, 2006 – TRY 14,506). There are no carried forward tax losses or tax exemptions or deductions over which deferred tax asset is computed.
- b) Temporary differences over which deferred tax asset 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.
- d) Movement of deferred tax:

	Current Period	Prior Period
<b>At January 1</b>	<b>14,506</b>	<b>10,092</b>
Effect of change in tax rate	-	(1,009)
Deferred tax (charge)/benefit	21,895	(1,105)
<b>Deferred tax (charge)/benefit (Net)</b>	<b>21,895</b>	<b>(2,114)</b>
Deferred tax journalized in Shareholders' Equity	(1,810)	6,528
<b>Deferred Tax Asset</b>	<b>34,591</b>	<b>14,506</b>

**15. Information on assets held for sale: None.**

**16. Information on other assets:**

- a) Breakdown of other assets:

	Cari Dönem	Önceki Dönem
Clearing Account (*)	28,913	-
Receivables From Securities Transactions	24,455	29,818
Leasing Contracts in Progress	24,286	6,769
Collateral Given for Derivative Financial Assets	11,299	7,965
Advances Given	7,708	9,186
Transaction Cost Related to Financial Liabilities	3,398	2,786
Prepaid Rents	3,988	3,401
Prepaid Insurance Premiums	3,723	188
Other Prepaid Expenses	14,024	11,286
Receivables from Credit Cards Payments	19,696	3,880
Other	28,073	8,749
<b>Total</b>	<b>169,563</b>	<b>84,028</b>

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

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

**17. Information on factoring receivables:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short term	260,655	113,531	209,281	91,580
Medium and Long Term	-	-	-	-
<b>Total</b>	<b>260,655</b>	<b>113,531</b>	<b>209,281</b>	<b>91,580</b>

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**SECTION FIVE**

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

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

**a.1) Current period:**

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	116,770	2,309	955,269	984,935	13,158	7,266	393	-	2,080,100
Foreign currency deposits	790,061	13,939	2,498,720	718,854	82,397	25,697	116,033	-	4,245,701
Residents in Turkey	671,746	9,622	1,757,956	692,056	77,745	23,979	43,277	-	3,276,381
Residents abroad	118,315	4,317	740,764	26,798	4,652	1,718	72,756	-	969,320
Public sector deposits	7,148	-	128	1,139	104,481	-	-	-	112,896
Commercial deposits	250,895	10,628	392,538	165,507	3,538	147	-	-	823,253
Other institutions deposits	14,631	-	44,220	34,099	31	219	-	-	93,200
Precious metals deposits	9,373	-	-	-	2,278	137	-	-	11,788
Interbank deposits	30,419	10,046	118,801	26,827	346	2	-	-	186,441
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	97	1,999	61,558	-	-	-	-	-	63,654
Foreign Banks	11,589	8,047	57,229	26,827	346	2	-	-	104,040
Special finance houses	18,733	-	14	-	-	-	-	-	18,747
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,219,297</b>	<b>36,922</b>	<b>4,009,676</b>	<b>1,931,361</b>	<b>206,229</b>	<b>33,468</b>	<b>116,426</b>	<b>-</b>	<b>7,553,379</b>

**a.2) Prior period:**

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

**b.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		Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit		Exceeding the limit of saving deposit	
	Current Period(*)	Prior Period	Current Period	Prior Period	Current Period(*)	Prior Period	Current Period	Prior Period
Saving deposits		617,370		516,610		1,271,395		1,043,618
Foreign currency saving deposits		357,695		310,722		1,087,451		1,076,286
Other deposits in the form of saving deposits		888		1,113		3,937		5,008
Foreign branches' deposits under foreign authorities' insurance		-		-		-		-
Off-shore banking regions' deposits under foreign authorities' insurance		-		-		-		-
<b>Total</b>		<b>975,953</b>		<b>828,445</b>		<b>2,362,783</b>		<b>2,124,912</b>

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

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

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

	Current Period	Prior Period
Foreign branches' saving deposits	1,967	8,124
Off-shore banking regions' saving deposits	-	-
<b>Total</b>	<b>1,967</b>	<b>8,124</b>

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	4,268	1,109	9,013	497
Swap Transactions	162,226	1,491	58,079	847
Futures Transactions	-	-	-	-
Options	2,260	324	288	168
Other	-	212	-	226
<b>Total</b>	<b>168,754</b>	<b>3,136</b>	<b>67,380</b>	<b>1,738</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	137,282	167,677	86,953	109,213
From Foreign Banks, Institutions and Funds	468,011	811,035	300,338	899,919
<b>Total</b>	<b>605,293</b>	<b>978,712</b>	<b>387,291</b>	<b>1,009,132</b>

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	528,338	749,756	321,375	714,816
Medium and long-term	76,955	228,956	65,916	294,316
<b>Total</b>	<b>605,293</b>	<b>978,712</b>	<b>387,291</b>	<b>1,009,132</b>

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

Parent Bank diversifies its funding resources by the customer deposits and by the foreign borrowings. As of June 30, 2007, the Parent Bank has replaced its EUR 210,000,000 syndication loan under foreign borrowings, which has a extension option, with maturity of two years contracted on November 18, 2005 with the loan of EUR 205,000,000 maturing on November 13, 2007.

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

The Group's 70.72% of the interbank deposits and 57.80% of other deposits Group consist of foreign currency deposits.

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>From domestic transactions</b>	<b>787,998</b>	-	<b>770,983</b>	-
Financial institutions and organizations	776,514	-	765,830	-
Other institutions and organizations	5,144	-	584	-
Real persons	6,340	-	4,569	-
<b>From foreign transactions</b>	<b>30</b>	-	<b>21</b>	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	30	-	21	-
<b>Total</b>	<b>788,028</b>	-	<b>771,004</b>	-

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

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

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

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

- b) The explanation on modifications in agreements and new obligations resulting from such modifications: None.
- c) Explanation on finance lease payables: None.
- d) Explanations regarding operational leases:

Except for the Head-Office-Istanbul and Izmir-Ege Kurumsal Branch buildings, all branch premises of TEB are leased under operational leases. During the period ended June 30, 2007, operational lease expenses amounting to TRY 20,732 have been recorded in the profit and loss accounts. The lease periods vary between 1 and 10 years and lease agreements are cancelable subject to a certain period of notice.

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

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

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

**8. Information on provisions:**

- a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	32,435	25,649
Provisions for Second Group Loans and Receivables	-	-
Provisions for Non-Cash Loans	6,760	3,958
Other	4,134	2,898
<b>Total</b>	<b>43,329</b>	<b>32,505</b>

- b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses on the foreign currency indexed loans amounting to TRY 27,712 (December 31, 2006 - TRY 12,108) is netted of from loans on the balance sheet.
- c) The specific provisions provided for unindemnified non cash loans amount to TRY 484 (December 31, 2006 - TRY 207).
- d) Information on employee termination benefits and unused vacation accrual:

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

As of June 30, 2007, TRY 8,650 (December 31, 2006 - TRY 7,516) reserve for employee termination benefits was provided against a total liability of TRY 24,236 (December 31, 2006 - TRY 21,039). The ratio of provision of this benefit to undiscounted total liabilities is 35.7%. (December 31, 2006 - 35.7%)

As of June 30, 2007, the Group provided a reserve of TRY 8,325 (December 31, 2006- TRY 6,460) for the unused vacations and it is presented in other provisions in the financial statements.

- d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	7,516	6,490
Utilized / Paid	1,641	1,971
Arising during the year	(507)	(945)
<b>Total</b>	<b>8,650</b>	<b>7,516</b>

- e) Information on other provisions:

- e.1) Provisions for possible losses: None.

- e.2) The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total of provisions:

	Current Period	Prior Period
Provision for employee benefits	8,325	6,460
Specific provision for factoring and leasing receivables	3,782	5,997
Provision for promotion of credit cards and banking services	1,418	812
Other	781	208
<b>Total</b>	<b>14,306</b>	<b>13,477</b>

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

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

f) Liabilities on pension rights: None.

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

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

**9. Explanations on taxes payable:**

a) Information on current tax liability:

a.1) Corporate taxes:

	Current Period	Prior Period
Provision for Corporate Taxes	42,983	32,101

a.2) Information on taxes payable:

	Current Period	Prior Period
Taxation on Securities	9,527	5,909
Property Tax	621	517
Banking Insurance Transaction Tax (BITT)	8,653	6,517
Foreign Exchange Transaction Tax	970	1,071
Value Added Tax Payable	313	543
Other (*)	5,298	3,062
<b>Total</b>	<b>25,382</b>	<b>17,619</b>

(\*) Others include stamp taxes payable amounting to TRY 399 (December 31, 2006 – TRY 300).

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	3,088	2,193
Social Security Premiums-Employer	4,360	3,097
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	218	155
Unemployment Insurance-Employer	436	309
Other	341	162
<b>Total</b>	<b>8,443</b>	<b>5,916</b>

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

**10. Information on liabilities regarding assets held for sale: None.**

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

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

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

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

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

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

a) Information on subordinated loans:

	Current Period		Prior Period	
	TRY	TRY	TRY	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	283,115	-	299,912
<b>Total</b>	-	<b>283,115</b>	-	<b>299,912</b>

**12. Explanations on factoring payables:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Domestic	64,143	3,149	67,213	-
Short-term	64,143	3,149	67,213	-
Medium and long-term	-	-	-	-
Foreign	-	48,937	-	43,859
Short-term	-	48,937	-	43,859
Medium and long-term	-	-	-	-
<b>Total</b>	<b>64,143</b>	<b>52,086</b>	<b>67,213</b>	<b>43,859</b>

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

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock	100,000	76,500
Preferred stock	-	-

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

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



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

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

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

Based on the meeting of the General Assembly on March 27, 2007, after completing all of the legal procedures, it was decided to increase the paid-in capital of the Bank to TRY 100,000 by TRY 23,500 within the registered capital ceiling and decided to incorporate TRY 11,750 of TRY 23,500 increase from the extraordinary reserves, and the remaining TRY 11,750 from the inflation accounting differences on share capital and in exchange distribute the investors as bonus shares as per their proportionate shares, and the process concerning the capital increase has been completed as of June 12, 2007.

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

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

- g) Information on preferred shares:

7% of the Group's remaining net income after tax subsequent to deducting legal reserves and first dividends, corresponding to the Bank's 60,000 shares of YTL 30 (in full TRY) is distributed to the founder shares. In the Board of Directors meeting dated February 10, 2005 numbered 3702/11, it is decided to transfer 6 founder shares to the Bank's parent company, TEB Mali Yatırımlar.

- h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Associates, Subsidiaries, and Entities				
Under Common Control	-	-	-	-
Valuation Difference	(4,595)	1,710	(12,344)	2,220
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(4,595)</b>	<b>1,710</b>	<b>(12,344)</b>	<b>2,220</b>
			Current Period	Prior Period
Foreign currency marketable securities value increase fund			1,710	2,220
Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities held to maturity related to the above amount			-	-
<b>Total</b>			<b>1,710</b>	<b>2,220</b>

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

**14. Information on legal reserves:**

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

**15. Information on extraordinary reserves:**

	Current Period	Prior Period
Reserves appropriated by the General Assembly	266,105	162,201
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
<b>Total</b>	<b>266,105</b>	<b>162,201</b>

- 16. Other Information on Shareholders' Equity:** Parent Bank hedged its net investment risk in TEB NV, its subsidiary operating in Netherlands with capital of EUR 30 million. Parent Bank has classified fair value differences arising from this investment in other profit reserves under shareholders' equity, and fair value differences arising from hedging instrument in "other profit reserves" under shareholders' equity, in accordance with the Turkish Accounting Standards published in the Official Gazette dated November 1, 2006 and numbered 26333.

- 17. Information on minority shares:** None.

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**SECTION FIVE**

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

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

- a) Nature and amount of irrevocable loan commitments: Credit card expenditure limit commitments are TRY 614,420 and TRY 264,726; payment commitments for checks are TRY 388,938 and TRY 259,573 as of June 30, 2007 and December 31, 2006 respectively.

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

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

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

As of June 30, 2007 total guarantees and commitments consist of letters of guarantee amounting to TRY 2,057,102 (December 31, 2006 - TRY 1,767,670), acceptances amounting to TRY 52,732 (December 31, 2006 - TRY 50,146) and letters of credit amounting to TRY 1,055,479 (December 31, 2006 - TRY 911,707).

- b.2) Guarantees, suretyships, and similar transactions: The Group has other guarantees and suretyships amounting to TRY 189,027 as of June 30, 2007 (December 31, 2006 – TRY 204,801).

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

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	196,227	213,246
With maturity of 1 year or less than 1 year	30,608	43,639
With maturity of more than 1 year	165,619	169,607
Other non-cash loans	3,158,113	2,721,078
<b>Total</b>	<b>3,354,340</b>	<b>2,934,324</b>

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	12,607	1.09	25,794	1.17	13,872	1.47	17,990	0.90
Farming and Raising livestock	10,081	0.87	21,155	0.96	10,702	1.14	15,767	0.79
Forestry	2,233	0.19	2,003	0.09	2,953	0.31	2,223	0.11
Fishery	293	0.03	2,636	0.12	217	0.02	-	-
Manufacturing	594,990	51.59	1,216,276	55.26	502,475	53.38	980,057	49.18
Mining	46,450	4.03	111,802	5.08	33,412	3.55	37,419	1.88
Production	539,526	46.78	1,080,738	49.10	465,769	49.48	920,364	46.18
Electric, gas and water	9,014	0.78	23,736	1.08	3,294	0.35	22,274	1.12
Construction	193,579	16.79	273,050	12.41	142,803	15.17	273,451	13.72
Services	290,073	25.15	330,777	15.03	244,592	25.99	387,019	19.42
Wholesale and retail trade	146,217	12.68	53,640	2.44	115,931	12.32	69,025	3.46
Hotel, food and beverage services	4,173	0.36	9,044	0.41	4,186	0.45	9,698	0.49
Transportation and telecommunication	39,629	3.44	56,952	2.59	33,878	3.60	55,870	2.80
Financial institutions	27,991	2.43	180,920	8.22	29,362	3.12	215,712	10.82
Real estate and renting services	19,307	1.67	22,007	1.00	12,224	1.30	29,839	1.50
Self-employment services	28,244	2.45	3,261	0.15	28,644	3.04	2,122	0.11
Education services	1,235	0.11	-	-	841	0.09	-	-
Health and social services	23,277	2.02	4,953	0.23	19,526	2.07	4,753	0.24
Other	62,020	5.38	355,174	16.14	37,569	3.99	334,496	16.78
<b>Total</b>	<b>1,153,269</b>	<b>100.00</b>	<b>2,201,071</b>	<b>100.00</b>	<b>941,311</b>	<b>100.00</b>	<b>1,993,013</b>	<b>100.00</b>

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

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

Non-cash loans	I st Group		II nd Group	
	TRY	FC	TRY	FC
Letters of guarantee	1,097,603	959,499	-	-
Bank acceptances	-	52,732	-	-
Letters of credit	87	1,055,392	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Other commitments and contingencies	55,579	133,448	-	-
<b>Total</b>	<b>1,153,269</b>	<b>2,201,071</b>	<b>-</b>	<b>-</b>

The Parent Bank provided reserve of TRY 484 for non-cash loans not yet indemnified amounting to TRY 2,430.

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

	Derivative Transactions According to Purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
<b>Types of trading transactions</b>				
Foreign currency related derivative transactions (I)	5,922,839	3,181,745	-	-
Forward transactions	1,529,843	783,670	-	-
Swap transactions	3,333,792	1,616,585	-	-
Futures transactions	103,055	53,299	-	-
Option transactions	956,149	728,191	-	-
Interest related derivative transactions (II)	19,014	16,919	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	19,014	16,919	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Other trading derivative transactions (III)	183,842	198,096	-	-
A.Total trading derivative transactions (I+II+III)	6,125,695	3,396,760	-	-
<b>Types of hedging transactions</b>				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
<b>Total Derivative Transactions (A+B)</b>	<b>6,125,695</b>	<b>3,396,760</b>	<b>-</b>	<b>-</b>

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

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

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

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

As of June 30, 2007, breakdown of the Group's foreign currency forward and swap transactions based on currencies are disclosed below in their TRY equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Future Buy	Future Sell
Current Period								
TRY	288,915	219,580	91,117	1,018,369	181,273	180,063	-	-
USD	294,745	381,024	955,171	617,365	205,622	206,809	103,055	-
EURO	161,867	138,155	491,301	83,611	79,651	79,649	-	-
Other	23,193	22,364	76,919	18,953	11,541	11,541	-	-
<b>Total</b>	<b>768,720</b>	<b>761,123</b>	<b>1,614,508</b>	<b>1,738,298</b>	<b>478,087</b>	<b>478,062</b>	<b>103,055</b>	<b>-</b>
Prior Period								
TRY	184,672	97,912	29,314	708,375	106,152	101,498	-	-
USD	43,819	230,953	724,655	65,380	161,294	165,514	53,299	-
EURO	140,904	59,808	-	28,698	96,867	96,866	-	-
Other	23,786	1,816	45,138	31,944	-	-	-	-
<b>Total</b>	<b>393,181</b>	<b>390,489</b>	<b>799,107</b>	<b>834,397</b>	<b>364,313</b>	<b>363,878</b>	<b>53,299</b>	<b>-</b>

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

- a.1) The Group's share in contingent liabilities arising from entities under common control together with other venturers: None.
- a.2) Share of entity under common control in its own contingent liabilities: None.
- a.3) The Group's contingent liabilities resulting from liabilities of other venturers in entity under common control: None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
  - b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes. As of June 30, 2007 there are no contingent assets that need to be explained. (December 31, 2006 – None.)
  - b.2) A provision is made for contingent liabilities, if realization is probable and the amount can reliably be determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: As of June 30, 2007 there are no contingent liabilities that need to be explained. (December 31, 2006 – None.)

**4. Custodian and intermediary services:**

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

Investment securities held in custody include investment fund participation certificates which are accounted for by their number of certificates. As of balance sheet date the total number of certificates is 19,440,528 thousand (December 31, 2006 - 18,779,675 thousand) and the total fair value is TRY 2,826,993 (December 31, 2006 – TRY 2,480,927).

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

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

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

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

<b>View</b>	Positive
<b>Bank Financial Strength</b>	D+
<b>Foreign Currency Deposits</b>	B1/NP
<b>TRY Deposits</b>	Baa1 / P-2

**Fitch Ratings: May 2007**

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

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**SECTION FIVE**

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

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

<b>Current Period</b>	<b>Group I</b>		<b>Group II</b>	
	<b>TRY</b>	<b>FC</b>	<b>TRY</b>	<b>FC</b>
Interest on loans				
Short term loans	312,776	52,417	-	-
Medium and long term loans	108,462	21,094	-	-
Interest on non-performing loans	595	-	-	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>421,833</b>	<b>73,511</b>	-	-

  

<b>Prior Period</b>	<b>Group I</b>		<b>Group II</b>	
	<b>TRY</b>	<b>FC</b>	<b>TRY</b>	<b>FC</b>
Interest on loans				
Short term loans	130,936	40,917	-	-
Medium and long term loans	52,845	17,338	-	-
Interest on non-performing loans	571	-	-	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>184,352</b>	<b>58,255</b>	-	-

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TRY</b>	<b>FC</b>	<b>TRY</b>	<b>FC</b>
The Central Bank of Turkey	-	1,584	-	1,163
Domestic banks	3,874	270	5,411	1,735
Foreign banks	4,222	29,058	4,388	16,651
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>8,096</b>	<b>30,912</b>	<b>9,799</b>	<b>19,549</b>

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TRY</b>	<b>FC</b>	<b>TRY</b>	<b>FC</b>
Trading securities	8,762	364	5,538	245
Financial assets at fair value through profit and loss	-	126	-	-
Available-for-sale securities	116,180	9,354	53,260	10,464
Held-to-maturity securities	155	249	160	260
<b>Total</b>	<b>125,097</b>	<b>10,093</b>	<b>58,958</b>	<b>10,969</b>

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

Such balances are eliminated in the consolidated financial statements.

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Banks</b>				
The Central Bank of Turkey	-	-	-	-
Domestic banks	6,641	3,459	3,986	3,066
Foreign banks	37,787	21,189	17,641	17,013
Branches and head office abroad	-	-	-	-
Other financial institutions	-	10,596	-	4,350
<b>Total</b>	<b>44,428</b>	<b>35,244</b>	<b>21,627</b>	<b>24,429</b>

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

**c. Distribution of interest expense on deposits based on maturity of deposits:**

Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>TRY</b>								
Bank deposits	1	4,062	131	-	-	-	-	4,194
Saving deposits	1,234	85,073	74,148	1,211	470	20	-	162,156
Public sector deposits	-	299	46	4,481	-	-	-	4,826
Commercial deposits	235	40,919	13,404	210	8	35	-	54,811
Other deposits	4	3,372	3,002	2	3	-	-	6,383
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,474</b>	<b>133,725</b>	<b>90,731</b>	<b>5,904</b>	<b>481</b>	<b>55</b>	-	<b>232,370</b>
<b>Foreign Currency</b>								
Foreign currency deposits	907	45,456	36,538	2,819	1,039	2,630	-	89,389
Bank deposits	15	1,696	73	-	-	-	-	1,784
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	3	-	-	16	1	-	-	20
<b>Total</b>	<b>925</b>	<b>47,152</b>	<b>36,611</b>	<b>2,835</b>	<b>1,040</b>	<b>2,630</b>	-	<b>91,193</b>
<b>Grand Total</b>	<b>2,399</b>	<b>180,877</b>	<b>127,342</b>	<b>8,739</b>	<b>1,521</b>	<b>2,685</b>	-	<b>323,563</b>

**3. Information on dividend income:**

	Current Period	Prior Period
Trading securities	5	5
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	-	-
Other	-	-
<b>Total</b>	<b>5</b>	<b>5</b>

**4. Information on net trading income:**

	Current Period	Prior Period
<b>Income</b>	<b>815,245</b>	<b>752,648</b>
Gains on capital market operations	200,197	188,199
Gains on derivative financial instruments	178,340	155,811
Other	21,857	32,388
Foreign exchange gains	615,048	564,449
<b>Losses (-)</b>	<b>819,095</b>	<b>740,360</b>
Losses on capital market operations	219,705	114,873
Losses on derivative financial instruments	211,651	102,254
Other	8,054	12,619
Foreign exchange losses	599,390	625,487

(\* As of June 30, 2007, the foreign exchange gain on the foreign currency indexed loans is TRY 1,388 (June 30, 2006: TRY 84,579). As of June 30, 2007 the foreign exchange loss on the foreign currency indexed loans is TRY 37,870 (June 30, 2006: TRY 1,872).



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

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

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

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	9,999	7,089
III. Group Loans and Receivables	2,525	374
IV. Group Loans and Receivables	5,372	3,760
V. Group Loans and Receivables	2,102	2,955
General loan loss provision expenses	10,032	4,279
Provision expenses for possible losses	-	-
Marketable securities impairment losses	988	1,535
Financial assets at fair value through profit and loss	108	-
Investment securities available for sale	880	1,535
Impairment provision expense	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control	-	-
Investments held to maturity	-	-
Other	-	-
<b>Total</b>	<b>21,019</b>	<b>12,903</b>

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

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

	Current Period	Prior Period
Personnel expenses	125,426	76,920
Reserve for employee termination benefits	1,641	1,675
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	29
Depreciation expenses of fixed assets	8,062	5,274
Impairment expenses of intangible assets	-	67
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	6,042	3,226
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets held for resale	-	-
Depreciation expenses of assets held for resale	-	-
Impairment expenses of assets held for sale	-	-
Other operating expenses	79,069	47,198
Rent expenses	21,295	12,029
Maintenance expenses	1,728	807
Advertisement expenses	17,947	12,458
Other expenses	38,099	21,904
Loss on sales of assets	5	174
Other(*)	16,246	11,105
<b>Total</b>	<b>236,491</b>	<b>145,668</b>

(\*) Included in other item TRY 3,014 (June 30, 2006 – TRY 1,815) is for the premiums paid to Saving Deposits Insurance Fund and TRY 2,083 (June 30, 2006 – TRY 2,637) for unused vacation accrual.

**8. Information on profit or loss before tax:**

Profit before tax of the Group has increased by 45.87% for the period ended June 30, 2007 as compared to the revised prior year figure according to the decree issued on November 1, 2006. In comparison with prior year, the Group's net interest income, net fees and commissions income and provision and operating expenses increased by 74.47%, 53.39% and 62.39%, respectively.

**9. Information on tax provision:**

- As of June 30, 2007, current tax charge is TRY 42,807 (June 30, 2006 – TRY 5,751) and deferred tax benefit is TRY 21,895 (June 30, 2006 – TRY 12,024 deferred tax charge).
- Deferred tax benefit on temporary differences is TRY 21,895 (June 30, 2006 – TRY 12,024 deferred tax charge).
- Deferred tax benefit or charge for temporary differences reflected to the income statement, on carried forward tax losses or tax exemptions or deductions: None.

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

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

d) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	94,773	64,971
Corporate tax rate	20%	20%
Tax calculated:	18,955	12,994
Tax effect of TAS adjustments	-	3,283
Tax effect of disallowables	46,112	12,991
Tax effect of income not taxable	(22,260)	(23,517)
Deferred tax (benefit) / charge	(21,895)	12,024
<b>Total</b>	<b>20,912</b>	<b>17,775</b>

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

The Group increased its profit for the period ended June 30, 2007 by 56.50% as compared to the revised prior period profit according to the decree issued on November 1, 2006.

**11. 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 the 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.
- d) Profit or loss attributable to minority shares: None.
- e) If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

	Current Period	Prior Period
<u>Other interest income</u>		
Factoring interest income	20,050	9,804
Other	3,255	1,237
<b>Total</b>	<b>23,305</b>	<b>11,041</b>

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Brokerage commissions received	9,235	10,866
Credit cards commissions and fees	20,664	5,099
Import letters of credit commissions	3,378	2,999
Enquiry and company search fees and commissions	9,170	4,027
Settlement expense provision, eft, swift, agency commissions	4,988	3,694
Consultancy fees	3,770	93
Other	19,344	12,637
<b>Total</b>	<b>70,549</b>	<b>39,415</b>

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

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

	Current Period	Prior Period
<u>Other fees and commissions given</u>		
Credit cards commissions and fees	16,650	5,262
Other	8,114	4,404
<b>Total</b>	<b>24,764</b>	<b>9,666</b>

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

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**SECTION FIVE**

**V. Explanations 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	-	-	4,081	2,768	15,091	53,964
Balance at end of period	-	-	516	97,057	50,333	60,169
Interest and commission income	-	-	1,888	1	6,624	32

Included in the balances above, the Parent Bank has foreign bank accounts amounting to TRY 196 with respect to direct and indirect corporate and real person shareholders and TRY 1,215 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	-	-	-	16,179	29,353	78,444
Balance at end of period	-	-	4,081	2,768	15,091	53,964
Interest and commission income received	-	-	1,914	1	1,662	151

Included in the balances above, the Parent Bank has foreign bank accounts amounting to TRY 2,697 with respect to direct and indirect corporate and real person shareholders and TRY 2,166 other entities included in the risk group.

c.1) Information on related party deposits balances:

Related parties*	Subsidiaries 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	-	-	377,579	580,396	815,971	715,008
Balance at end of period	-	-	695,428	377,579	746,278	815,971
Interest on deposits	-	-	23,535	11,703	20,299	17,703

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	-	-	196,272	177,256	9,117	2,867
End of period	-	-	637,485	196,272	5,649	9,117
Total income/loss	-	-	(21,948)	13,338	(39)	(141)
Hedging transactions purposes						
Beginning of period	-	-	-	-	-	-
End of period	-	-	-	-	-	-

(\*) The scope of the related parties are defined in the Article 20-2 of the "Regulation on the Establishment and Operations of Banks".

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

**2. Disclosures for related parties:**

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

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

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

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	50,849	0.79
Non-cash loans	157,226	4.69
Deposits	1,441,706	19.09
Derivative financial instruments	643,134	10.50
Bank placements	1,411	0.20

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

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

The Group enters into lease agreements with TEB Finansal Kiralama A.Ş. As of June 30, 2007 the total leasing obligations related to these agreements amounted to TRY 13,213. This amount is eliminated from the accompanying consolidated financial statements. Additionally, the Bank provides agency services for TEB Yatırım Menkul Değerler A.Ş. and TEB Sigorta A.Ş. via its branches.

Within the limits of the Banking Law, the Group renders cash and non-cash loans to its related parties and the ratio of these to the Group's total cash and non-cash loan portfolio is 2.12%. Details of these loans are explained in the Section V, Note V- 1a.

As of June 30, 2007 the Parent Bank has no purchases and sale of real estate and other assets, transfer of information as a result of research and development and management contracts with the related parties.

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**SECTION SIX**

**INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT**

**I. Explanations on the Independent Auditors' Report:**

The consolidated financial statements of the Group were reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and the independent accountants' limited review report dated August 10, 2007 is presented preceding the financial statements.

As of July 31, 2007, the Parent Bank has obtained a primary subordinated loan by issuing debt securities abroad amounting to USD 100,000,000. The investor of the issued debt securities is International Finance Corporation (IFC); the loan is at call, with an interest rate of six-month LIBOR + 3.5% until July 31, 2017. After this date, the interest rate will be revised as six-month LIBOR + 5.25% if the issued amount is not repaid. The loan amount has positively affected the Capital Adequacy Ratio of the Parent Bank as of the record date.

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