

**TÜRK EKONOMİ BANKASI
ANONİM ŞİRKETİ**

**UNCONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE PERIOD
JANUARY 1 - SEPTEMBER 30, 2006**

*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
INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT
FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2006

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

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU

Hasan Kılıç
Partner

İstanbul, October 30, 2006

THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş. FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2006

Address : Meclis-i Mebusan Caddesi No : 35
Fındıklı 34427 - İstanbul

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

Web Site : www.teb.com.tr

E-mail Address : yatirimciiliskileri@teb.com.tr

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

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

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

October 30, 2006

Yavuz Canevi Head of Board of Directors	Alain Pierre André Bailly Head of Audit Committee	İsmail Yanık Vice Chairman of the Audit Committee	Varol Civil General Manager	E. Sevinç Özşen Assistant General Manager Responsible of Financial Reporting	B. Ilgaz Doğan Manager Responsible of Financial Reporting
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Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname/ Title: Güzin Üstün / 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 UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2006

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

SECTION ONE

GENERAL INFORMATION

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

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

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

Name of shareholders	Current Period		Previous Period	
	Paid in capital	%	Paid in capital	%
TEB Mali Yatırımlar A.Ş.	64,454	84.25	48,699	84.25
Publicly Traded	11,956	15.63	8,766	15.17
Other Shareholders	90	0.12	335	0.58
	76,500	100.00	57,800	100.00

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

As of September 30, 2006 Bank's paid-in-capital consists of 76,500 million shares at the historical value of TRY 0.001 nominal each.

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2006

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

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

<u>Title</u>	<u>Name</u>
Chairman of the Board of Directors	: Yavuz Canevi
Members of the Board of Directors	: Dr.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 Kışmır Levent Çelebioğlu Nilsen Altıntaş Nuri Tuncalı Saniye Telci Turgut Boz Turgut Güney Ümit Leblebici Ünsal Aysun
Auditors	: Ayşe Aşardağ Cihat Madanoğlu

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

IV. The Bank's Service Activities and Operating Areas

The Bank's operating areas include, retail, commercial and corporate banking, fund management operations and project financing. Besides the daily banking operations, Bank is handling agency functions by its branches on behalf of TEB Sigorta A.Ş. and TEB Yatırım Menkul Değerler A.Ş. As of September 30, 2006 Bank has 144 local branches and 1 foreign branch (December 31, 2005: 112 local branches, 1 foreign branch)

V. Other Explanations

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2006

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

VI. Explanations on The Interim Financial Statements

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF
SEPTEMBER 30, 2006

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

I- BALANCE SHEETS-ASSETS

	Note Ref. (Section 5)	Reviewed Current Period 30.09.2006			Audited Prior Period 31.12.2005		
		TRY	FC	Total	TRY	FC	Total
		I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY		195,007	933,240	1,128,247	118,067
1.1 Cash		34,312	-	34,312	25,854	-	25,854
1.2 Foreign currency		-	96,047	96,047	-	60,028	60,028
1.3 Balances with the Central Bank of Turkey	I-1	160,157	832,191	992,348	92,213	173,945	266,158
1.4 Other		538	5,002	5,540	-	1,446	1,446
II. TRADING SECURITIES (Net)		11,516	1,161	12,677	89,100	725	89,825
2.1 Public sector debt securities	I-2	11,516	367	11,883	89,100	127	89,227
2.1.1 Government bonds	I-2	10,609	346	10,955	88,042	126	88,168
2.1.2 Treasury bills	I-2	907	-	907	1,058	-	1,058
2.1.3 Other public sector debt securities	I-2	-	21	21	-	1	1
2.2 Share certificates		-	-	-	-	-	-
2.3 Other marketable securities		-	794	794	-	598	598
III. BANKS AND OTHER FINANCIAL INSTITUTIONS		33,205	241,668	274,873	224,613	84,437	309,050
3.1 Due from banks		33,205	241,668	274,873	224,613	84,437	309,050
3.1.1 Domestic banks		33,205	93,243	126,448	81,013	29,749	110,762
3.1.2 Foreign banks		-	148,425	148,425	143,600	54,688	198,288
3.1.3 Branches and head office abroad		-	-	-	-	-	-
3.2 Other financial institutions		-	-	-	-	-	-
IV. MONEY MARKET PLACEMENTS		90,000	-	90,000	150,000	-	150,000
4.1 Interbank money market placements		90,000	-	90,000	150,000	-	150,000
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. SECURITIES AVAILABLE FOR SALE (Net)		828,684	281,780	1,110,464	811,281	235,456	1,046,737
5.1 Share certificates	I-3	9	60	69	9	-	9
5.2 Other marketable securities	I-3	828,675	281,720	1,110,395	811,272	235,456	1,046,728
VI. LOANS		2,758,164	1,387,192	4,145,356	1,747,430	1,191,214	2,938,644
6.1 Short term	I-4	1,792,844	1,023,113	2,815,957	1,161,731	821,577	1,983,308
6.2 Medium and long term	I-4	956,892	364,079	1,320,971	568,869	369,637	938,506
6.3 Loans under follow-up	I-4	35,719	-	35,719	33,679	-	33,679
6.4 Specific provisions (-)	I-4	(27,291)	-	(27,291)	(16,849)	-	(16,849)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. SECURITIES HELD TO MATURITY (Net)		-	-	-	100	-	100
8.1 Public sector debt securities	I-5	-	-	-	100	-	100
8.1.1 Government bonds	I-5	-	-	-	100	-	100
8.1.2 Treasury bills	I-5	-	-	-	-	-	-
8.1.3 Other public sector debt securities	I-5	-	-	-	-	-	-
8.2 Other marketable securities	I-5	-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)		-	-	-	-	-	-
9.1 Financial associates	I-6	-	-	-	-	-	-
9.2 Non-Financial associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)		90,954	56,892	147,846	90,954	48,276	139,230
10.1 Financial subsidiaries	I-7	90,954	56,892	147,846	90,954	48,276	139,230
10.2 Non-Financial subsidiaries		-	-	-	-	-	-
XI. OTHER INVESTMENTS (Net)	I-8	-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)		-	-	-	-	-	-
12.1 Gross finance lease receivables	I-9	-	-	-	-	-	-
12.2 Unearned income (-)	I-9	-	-	-	-	-	-
XIII. RESERVE DEPOSITS		-	300,273	300,273	-	211,383	211,383
XIV. SUNDRY DEBTORS		2,980	4,803	7,783	759	1,020	1,779
XV. ACCRUED INTEREST AND INCOME RECEIVABLES		98,426	31,812	130,238	47,120	25,940	73,060
15.1 Loans	I-10	61,801	19,014	80,815	14,250	16,231	30,481
15.2 Marketable securities	I-10	4,997	6,422	11,419	25,710	6,059	31,769
15.3 Other	I-10	31,628	6,376	38,004	7,160	3,650	10,810
XVI. PROPERTY AND EQUIPMENT (Net)		65,758	-	65,758	54,015	-	54,015
16.1 Book value		157,021	-	157,021	134,388	-	134,388
16.2 Accumulated depreciation (-)		(91,263)	-	(91,263)	(80,373)	-	(80,373)
XVII. INTANGIBLE ASSETS (Net)		3,800	-	3,800	3,952	-	3,952
17.1 Goodwill		-	-	-	-	-	-
17.2 Other		14,337	-	14,337	12,890	-	12,890
17.3 Accumulated amortization (-)		(10,537)	-	(10,537)	(8,938)	-	(8,938)
XVIII. DEFERRED TAX ASSET	I-11	-	-	-	5,957	-	5,957
XIX. OTHER ASSETS	I-12	21,814	890	22,704	43,958	690	44,648
TOTAL ASSETS		4,200,308	3,239,711	7,440,019	3,387,306	2,034,560	5,421,866

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF
SEPTEMBER 30, 2006

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

I- BALANCE SHEET - LIABILITIES

	Note Ref. (Section 5)	Reviewed Current Period 30.09.2006			Audited Prior Period 31.12.2005		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS		1,642,626	3,245,691	4,888,317	1,107,346	2,134,851	3,242,197
1.1 Bank deposits	II-1	46,316	78,358	124,674	70,129	31,274	101,403
1.2 Saving deposits	II-1	927,191	-	927,191	434,955	-	434,955
1.3 Public sector deposits	II-1	5,852	-	5,852	684	-	684
1.4 Commercial deposits	II-1	619,151	-	619,151	571,392	-	571,392
1.5 Other institutions deposits	II-1	44,116	-	44,116	30,186	-	30,186
1.6 Foreign currency deposits	II-1	-	3,153,592	3,153,592	-	2,102,248	2,102,248
1.7 Precious metals deposit accounts	II-1	-	13,741	13,741	-	1,329	1,329
II. MONEY MARKET BORROWINGS		664,670	-	664,670	754,462	-	754,462
2.1 Interbank money market borrowings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market borrowings		-	-	-	-	-	-
2.3 Funds obtained under repurchase agreements	II-2	664,670	-	664,670	754,462	-	754,462
III. FUNDS BORROWED		270,423	611,857	882,280	190,611	462,240	652,851
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed	II-3	270,423	611,857	882,280	190,611	462,240	652,851
3.2.1 Domestic banks and institutions	II-3	51,423	113,190	164,613	40,711	79,071	119,782
3.2.2 Foreign banks, institutions and funds	II-3	219,000	498,667	717,667	149,900	383,169	533,069
IV. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills	II-4	-	-	-	-	-	-
4.2 Asset backed securities	II-4	-	-	-	-	-	-
4.3 Bonds	II-4	-	-	-	-	-	-
V. FUNDS	II-5	-	-	-	-	-	-
VI. SUNDRY CREDITORS	II-6	42,458	8,566	51,024	46,804	2,284	49,088
VII. OTHER LIABILITIES	II-7	28,937	4,222	33,159	38,083	4,485	42,568
VIII. TAXES AND OTHER DUTIES PAYABLE		19,335	-	19,335	14,920	-	14,920
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)		-	6,444	6,444	-	3,714	3,714
10.1 Finance Lease Payables	II-8	-	9,448	9,448	-	6,328	6,328
10.2 Deferred finance lease expenses (-)	II-8	-	(3,004)	(3,004)	-	(2,614)	(2,614)
XI. ACCRUED INTEREST AND EXPENSES PAYABLE		46,996	25,024	72,020	29,168	13,103	42,271
11.1 Deposits	II-9	9,196	8,673	17,869	6,352	3,531	9,883
11.2 Borrowings	II-9	8,981	12,779	21,760	4,949	5,735	10,684
11.3 Repurchase agreements	II-9	639	-	639	630	-	630
11.4 Other	II-9	28,180	3,572	31,752	17,237	3,837	21,074
XII. PROVISIONS		21,742	9,628	31,370	63,767	-	63,767
12.1 General loan loss provisions	II-10	15,187	9,628	24,815	18,300	-	18,300
12.2 Reserve for employee termination benefits		1,385	-	1,385	2,154	-	2,154
12.3 Provisions for income taxes		4,569	-	4,569	42,959	-	42,959
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions	II-10	601	-	601	354	-	354
XIII. SUBORDINATED LOANS	II-10	-	267,988	267,988	-	87,217	87,217
XIV. DEFERRED TAX LIABILITY		9	-	9	-	-	-
XV. SHAREHOLDERS' EQUITY		522,958	445	523,403	466,749	2,062	468,811
15.1 Paid-in capital	II-11	76,500	-	76,500	57,800	-	57,800
15.2 Supplementary capital		228,616	445	229,061	259,761	2,062	261,823
15.2.1 Share premium	II-12	1,592	-	1,592	-	-	-
15.2.2 Share cancellation profits		-	-	-	-	-	-
15.2.3 Marketable securities value increase fund		(25,652)	445	(25,207)	7,085	2,062	9,147
15.2.4 Revaluation fund		-	-	-	-	-	-
15.2.5 Value increase in revaluation fund		-	-	-	-	-	-
15.2.6 Other capital reserves		252,676	-	252,676	252,676	-	252,676
15.2.7 Effect of inflation accounting on share capital		-	-	-	-	-	-
15.3 Profit reserves		130,446	-	130,446	70,471	-	70,471
15.3.1 Legal reserves		14,950	-	14,950	9,253	-	9,253
15.3.2 Status reserves		-	-	-	-	-	-
15.3.3 Extraordinary reserves		115,496	-	115,496	61,218	-	61,218
15.3.4 Other profit reserves		-	-	-	-	-	-
15.4 Profit or loss		87,396	-	87,396	78,717	-	78,717
15.4.1 Prior year income/loss		-	-	-	-	-	-
15.4.2 Current period net income/loss		87,396	-	87,396	78,717	-	78,717
TOTAL LIABILITIES AND EQUITY		3,260,154	4,179,865	7,440,019	2,711,910	2,709,956	5,421,866

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS
AS OF SEPTEMBER 30, 2006

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

II- STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref. (Section 5)	Reviewed			Audited		
		Current Period 30.09.2006			Prior Period 31.12.2005		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		2,441,309	3,419,576	5,860,885	1,686,475	2,519,962	4,206,437
I. GUARANTEES	IV-2,3	884,162	1,639,430	2,523,592	629,976	1,077,010	1,706,986
1.1 Letters of guarantee		829,856	783,373	1,613,229	608,643	549,443	1,158,086
1.1.1 Guarantees subject to State Tender Law		42,286	131,019	173,305	29,271	44,051	73,322
1.1.2 Guarantees given for foreign trade operations		104,545	46,966	151,511	102,202	32,076	134,278
1.1.3 Other letters of guarantee		683,025	605,388	1,288,413	477,170	473,316	950,486
1.2 Bank acceptances		-	45,665	45,665	23	52,662	52,685
1.2.1 Import acceptances		-	45,665	45,665	23	52,662	52,685
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		85	635,233	635,318	62	393,677	393,739
1.3.1 Documentary letters of credit		85	514,158	514,243	62	359,913	359,975
1.3.2 Other letters of credit		-	121,075	121,075	-	33,764	33,764
1.4 Guaranteed prefinancing		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities underwriting purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		50,473	82,691	133,164	20,465	70,156	90,621
1.9 Other suretyships		3,748	92,468	96,216	783	11,072	11,855
II. COMMITMENTS		609,130	173,654	782,784	451,726	269,733	721,459
2.1 Irrevocable commitments		609,130	161,420	770,550	451,726	245,532	697,258
2.1.1 Asset purchase commitments		400	161,420	161,820	-	138,188	138,188
2.1.2 Deposit purchase and sales commitments		4,000	-	4,000	-	107,344	107,344
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		161,791	-	161,791	104,337	-	104,337
2.1.5 Securities underwriting brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks	IV-2	234,469	-	234,469	175,952	-	175,952
2.1.8 Tax and fund liabilities from export commitments		10,682	-	10,682	-	-	10,242
2.1.9 Commitments for credit card expenditure limits	IV-2	197,788	-	197,788	161,195	-	161,195
2.1.10 Receivables from short sale commitments		-	-	-	-	-	-
2.1.11 Payables for short sale commitments		-	-	-	-	-	-
2.1.12 Other irrevocable commitments		-	-	-	-	-	-
2.2 Revocable commitments		-	12,234	12,234	-	24,201	24,201
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	12,234	12,234	-	24,201	24,201
III. DERIVATIVE FINANCIAL INSTRUMENTS		948,017	1,606,492	2,554,509	604,773	1,173,219	1,777,992
3.1 Forward foreign currency buy/sell transactions		235,076	451,789	686,865	113,268	388,975	502,243
3.1.1 Forward foreign currency transactions-buy		105,866	255,551	341,417	21,639	225,688	247,327
3.1.2 Forward foreign currency transactions-sell		129,210	216,238	345,448	91,629	163,287	254,916
3.2 Swap transactions related to f.c. and interest rates		478,302	648,538	1,126,840	249,633	420,844	670,477
3.2.1 Foreign currency swaps-buy		3,605	549,113	552,718	-	256,918	256,918
3.2.2 Foreign currency swaps-sell		461,765	94,089	555,854	182,013	91,551	273,564
3.2.3 Interest rate swaps-buy		7,909	3,090	10,999	-	69,650	69,650
3.2.4 Interest rate swaps-sell		5,023	2,246	7,269	67,620	2,725	70,345
3.3 Foreign currency and interest rate options		234,639	287,382	522,021	241,711	306,390	548,101
3.3.1 Foreign currency options-buy		113,886	147,413	261,299	121,681	153,071	274,752
3.3.2 Foreign currency options-sell		120,753	139,969	260,722	120,030	153,319	273,349
3.3.3 Interest rate options-buy		-	-	-	-	-	-
3.3.4 Interest rate options-sell		-	-	-	-	-	-
3.3.5 Securities options-buy		-	-	-	-	-	-
3.3.6 Securities options-sell		-	-	-	-	-	-
3.4 Foreign currency futures		-	46,826	46,826	161	28,207	28,368
3.4.1 Foreign currency futures-buy		-	46,826	46,826	161	28,053	28,214
3.4.2 Foreign currency futures-sell		-	-	-	-	154	154
3.5 Interest rate futures		-	-	-	-	-	-
3.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.6 Other		-	171,957	171,957	-	28,803	28,803
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		25,746,344	2,012,191	27,758,535	27,220,288	1,349,584	28,569,872
IV. ITEMS HELD IN CUSTODY		23,039,646	631,438	23,671,084	25,705,316	448,286	26,153,602
4.1 Assets under management		-	-	-	-	-	-
4.2 Investment securities held in custody		20,688,129	167,157	20,855,286	23,851,318	156,779	24,008,097
4.3 Checks received for collection		2,098,496	236,707	2,335,203	1,695,786	146,001	1,841,787
4.4 Commercial notes received for collection		252,948	151,817	404,765	158,116	84,964	243,080
4.5 Other assets received for collection		-	75,757	75,757	23	60,422	60,445
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		73	-	73	73	120	193
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		2,706,606	1,380,024	4,086,630	1,514,880	901,298	2,416,178
5.1 Marketable securities		291,099	26,195	317,294	307,785	21,613	329,398
5.2 Guarantee notes		4,400	3,309	7,709	4,865	3,635	8,500
5.3 Commodity		19	231,002	231,021	19	105,405	105,424
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		1,720,866	693,136	2,414,002	791,907	510,311	1,302,218
5.6 Other pledged items		690,222	426,382	1,116,604	410,304	260,334	670,638
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		92	729	821	92	-	92
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		28,187,653	5,431,767	33,619,420	28,906,763	3,869,546	32,776,309

The accompanying notes are an integral part of these statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM
JANUARY 1 TO SEPTEMBER 30, 2006

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

III- STATEMENT OF INCOME

	Note Ref.	Reviewed	Reviewed	Reviewed	Reviewed
		Current Period 01.01 - 30.09.2006	Prior Period 01.01 - 30.09.2005	Current Period 01.07 - 30.09.2006	Prior Period 01.07 - 30.09.2005
	(Section 5)	Total	Total	Total	Total
I. INTEREST INCOME	III-1	547,147	340,676	216,388	125,511
1.1 Interest on loans		371,339	216,948	151,577	81,207
1.1.1 Interest on TRY loans		305,242	178,229	129,242	66,331
1.1.1.1 Short term loans		217,662	150,088	94,416	53,071
1.1.1.2 Medium and long term loans		87,580	28,141	34,826	13,260
1.1.2 Interest on foreign currency loans		65,441	38,211	22,250	14,755
1.1.2.1 Short term loans		45,976	28,179	16,296	10,624
1.1.2.2 Medium and long term loans		19,465	10,032	5,954	4,131
1.1.3 Interest on loans under follow-up		656	508	85	121
1.1.4 Premiums received from Resource Utilization Support Fund		-	-	-	-
1.2 Interest received from reserve deposits		13,514	5,810	5,549	2,229
1.3 Interest received from banks		27,351	31,222	11,616	10,608
1.3.1 The Central Bank of Turkey		1,879	2,909	716	607
1.3.2 Domestic banks		8,854	13,987	2,686	4,380
1.3.3 Foreign banks		16,618	14,326	8,214	5,621
1.3.4 Branches and head office abroad		-	-	-	-
1.4 Interest received from money market placements		25,310	10,018	4,942	3,914
1.5 Interest received from marketable securities portfolio		109,587	76,626	42,703	27,540
1.5.1 Trading securities		6,417	13,366	1,084	6,235
1.5.2 Available-for-sale securities		103,166	51,875	41,619	17,720
1.5.3 Held to maturity securities		4	11,385	-	3,585
1.6 Other interest income		46	52	1	13
II. INTEREST EXPENSES	III-2	336,480	171,503	136,634	66,199
2.1 Interest on deposits		230,227	111,925	90,722	40,862
2.1.1 Bank deposits		5,596	6,015	2,713	1,920
2.1.2 Saving deposits		95,070	41,343	39,112	13,577
2.1.3 Public sector deposits		52	-	8	-
2.1.4 Commercial deposits		55,324	33,152	18,581	12,034
2.1.5 Other institutions deposits		5,468	2,387	1,281	937
2.1.6 Foreign currency deposits		68,689	29,028	29,010	12,394
2.1.7 Precious metals vault accounts		28	-	17	-
2.2 Interest on money market borrowings		51,516	31,691	23,241	11,979
2.3 Interest on funds borrowed		54,128	26,484	22,505	12,307
2.3.1 The Central Bank of Turkey		-	-	-	-
2.3.2 Domestic banks		9,024	6,554	3,424	2,294
2.3.3 Foreign banks		38,464	15,434	16,791	7,699
2.3.4 Branches and head office abroad		-	-	-	-
2.3.5 Other financial institutions		6,640	4,496	2,290	2,314
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		609	1,403	166	1,051
III. NET INTEREST INCOME (I - II)		210,667	169,173	79,754	59,312
IV. NET FEES AND COMMISSIONS INCOME		53,564	26,940	20,241	11,180
4.1 Fees and commissions received		68,004	38,931	25,947	14,962
4.1.1 Cash loans		10,300	5,077	3,786	2,002
4.1.2 Non-cash loans		16,863	10,462	6,278	4,379
4.1.3 Other		40,841	23,392	15,883	8,581
4.2 Fees and commissions paid		(14,440)	(11,991)	(5,706)	(3,782)
4.2.1 Cash loans		(1,220)	(3,841)	(474)	(746)
4.2.2 Non-cash loans		(46)	(29)	(15)	(11)
4.2.3 Other		(13,174)	(8,121)	(5,217)	(3,025)
V. DIVIDEND INCOME		-	-	-	-
5.1 Trading securities		-	-	-	-
5.2 Available-for-sale securities		-	-	-	-
VI. NET TRADING INCOME/LOSS		(37,483)	30,930	25,984	7,616
6.1 Profit/losses on trading transactions (Net)		39,372	42,687	(27,967)	15,603
6.1.1 Profit on trading transactions		193,625	113,278	11,976	42,260
6.1.1.1 Profit on derivative financial instruments		161,821	84,375	6,010	32,631
6.1.1.2 Profit on other trading transactions		31,804	28,903	5,966	9,629
6.1.2 Losses on trading transactions (-)		(154,253)	(70,591)	(39,943)	(26,657)
6.1.2.1 Losses on derivative financial instruments		(138,792)	(58,728)	(36,539)	(22,045)
6.1.2.2 Losses on other trading transactions		(15,461)	(11,863)	(3,404)	(4,612)
6.2 Foreign exchange gains/losses (Net)		(76,855)	(11,757)	53,951	(7,987)
6.2.1 Foreign exchange gains		780,277	265,916	356,070	96,594
6.2.2 Foreign exchange losses (-)		(857,132)	(277,673)	(302,119)	(104,581)
VII. OTHER OPERATING INCOME	III-3	81,691	7,551	(11,281)	2,588
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		308,439	234,594	114,698	80,696
IX. PROVISION FOR LOAN LOSSES AND OTHER REC. (-)	III-4	21,430	22,634	8,193	5,013
X. OTHER OPERATING EXPENSES (-)		198,991	127,213	75,096	44,148
XI. NET OPERATING INCOME (VIII-IX-X)		88,018	84,747	31,409	31,535
XII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	III-5	18,531	7,942	-	-
XIII. NET MONETARY GAIN/(LOSS)		-	-	-	-
XIV. INCOME BEFORE TAXES		106,549	92,689	31,407	31,535
XV. PROVISION FOR TAXES ON INCOME (-)	III-6	20,757	29,275	7,340	10,195
15.1 Provision for current income taxes		4,569	32,860	3,310	10,379
15.2 Provision for deferred taxes		16,188	(3,585)	4,030	(184)
XVI. NET OPERATING INCOME/EXPENSE AFTER TAXES (XIV-XV)		85,792	63,414	24,067	21,340
XVII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES		1,604	-	-	-
17.1 Extraordinary net income/expense after taxes		1,604	-	-	-
17.1.1 Extraordinary income		1,604	-	-	-
17.1.2 Extraordinary expense (-)		-	-	-	-
17.2 Provision for taxes on extraordinary income (-)		-	-	-	-
XVIII. NET PROFIT/LOSS FOR THE PERIOD (XVI+XVII)	III-7	87,396	63,414	24,067	21,340
Earnings/Losses per share (Full amount)		0.00114	0.000549	0.000314	0.000185

The accompanying notes are an integral part of these statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD FROM
JANUARY 1 TO SEPTEMBER 30, 2006

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

IV- STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid-in Capital	Effect of inflation Accounting on Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Value Increase Revaluation Fund	Marketable Securities Value Increase Fund	Total
Prior Period – 01.01. – 30.09.2005													
I Balances at the end of prior period	57,800	252,676	-	-	6,838	-	39,247	-	33,800	-	-	3,836	394,197
II Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-
III New balance (I+II)	57,800	252,676	-	-	6,838	-	39,247	-	33,800	-	-	3,836	394,197
IV Net Profit or Loss	-	-	-	-	-	-	-	63,414	-	-	-	-	63,414
V Profit Distribution	-	-	-	-	2,415	-	21,971	-	(33,800)	-	-	-	(9,414)
5.1 Dividends distributed	-	-	-	-	-	-	-	-	(9,414)	-	-	-	(9,414)
5.2 Transfers to reserves	-	-	-	-	2,415	-	21,971	-	(24,386)	-	-	-	-
5.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
VI Increase in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Revaluation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
6.3 Value Increase Fund Revaluation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
6.4 Marketable Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
6.5 Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
6.6 Issuance of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-
6.7 Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-
6.8 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
VII Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII Others	-	-	-	-	-	-	-	-	-	-	-	199	199
Balances (I+II+III+IV+V+VI+VII+VIII)	57,800	252,676	-	-	9,253	-	61,218	63,414	-	-	-	4,035	448,396
Current Period – 01.01 – 30.09.2006													
I Balances at the end of prior period	57,800	252,676	-	-	9,253	-	61,218	-	78,717	-	-	9,147	468,811
Increases in the period:													
II Investments securities available for sale	-	-	-	-	-	-	-	-	-	-	-	(34,354)	(34,354)
2.1 Net fair value gains/losses	-	-	-	-	-	-	-	-	-	-	-	(34,354)	(34,354)
III Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1 Net fair value gains/losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred Amounts	-	-	-	-	-	-	-	-	-	-	-	-	-
IV Investments securities available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Transferred to net income	-	-	-	-	-	-	-	-	-	-	-	-	-
V Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1 Transferred to net income	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2 Transferred to assets	-	-	-	-	-	-	-	-	-	-	-	-	-
VI Net Profit or Loss	-	-	-	-	-	-	-	87,396	-	-	-	-	87,396
VII Profit Distribution	-	-	-	-	5,697	-	54,278	-	(78,717)	-	-	-	(18,742)
7.1 Dividends distributed	-	-	-	-	-	-	-	-	(18,742)	-	-	-	(18,742)
7.2 Transfers to reserves	-	-	-	-	5,697	-	54,278	-	(59,975)	-	-	-	-
7.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII Increase in capital	18,700	-	1,592	-	-	-	-	-	-	-	-	-	20,292
8.1 Cash	18,700	-	-	-	-	-	-	-	-	-	-	-	18,700
8.2 Revaluation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
8.3 Value Increase in Revaluation Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
8.4 Marketable Securities Value Increase Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
8.5 Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
8.6 Issuance of share certificates	-	-	1,592	-	-	-	-	-	-	-	-	-	1,592
8.7 Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-
8.8 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
IX Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balances (I+II+III+IV+V+VI+VII+VIII)	76,500	252,676	1,592	-	14,950	-	115,496	87,396	-	-	-	(25,207)	523,403

İlişkitedeki notlar bu mali tabloların tamamlayıcı parçalarıdır.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR PERIOD FROM
JANUARY 1 TO SEPTEMBER 30, 2006

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

V. STATEMENT OF CASH FLOWS

	Note Ref.	Reviewed Current Period 30.09.2006	Reviewed Prior Period 30.09.2005
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		(1,403)	107,331
1.1.1 Interest received		515,551	331,569
1.1.2 Interest paid		(316,897)	(166,379)
1.1.3 Dividend received		18,531	7,942
1.1.4 Fees and commissions received		68,005	38,931
1.1.5 Other income		99,707	51,353
1.1.6 Collections from previously written off loans		5,356	4,874
1.1.7 Payments to personnel and service suppliers		(65,383)	(74,011)
1.1.8 Taxes paid		(42,959)	(27,057)
1.1.9 Others		(283,314)	(59,891)
1.2 Changes in operating assets and liabilities		590,207	(248,197)
1.2.1 Net (increase) decrease in trading securities		77,148	(16,410)
1.2.2 Net (increase) decrease in due from banks and other financial institutions		65,001	18,326
1.2.3 Net (increase) decrease in loans		(1,219,026)	(1,002,658)
1.2.4 Net (increase) decrease in other assets		(111,398)	(56,756)
1.2.5 Net increase (decrease) in bank deposits		(66,521)	7,492
1.2.6 Net increase (decrease) in other deposits		1,622,849	730,975
1.2.7 Net increase (decrease) in funds borrowed		229,429	54,378
1.2.8 Net increase (decrease) in matured payables		-	-
1.2.9 Net increase (decrease) in other liabilities		(7,275)	16,456
I. Net cash provided from banking operations		588,804	(140,866)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(111,813)	(75,207)
2.1 Cash paid for purchase of investments, associates and subsidiaries		-	-
2.2 Cash obtained from sale of investments, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(36,055)	(13,460)
2.4 Fixed assets sales		(12,131)	162
2.5 Cash paid for purchase of securities available for sale		(927,960)	(750,801)
2.6 Cash obtained from sale of securities available for sale		864,233	688,892
2.7 Cash paid for purchase of investment securities		-	(898)
2.8 Cash obtained from sale of investment securities		100	898
2.9 Extraordinary items		-	-
2.10 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		185,051	56,500
3.1 Cash obtained from funds borrowed and securities issued		180,771	67,198
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		20,292	-
3.4 Dividends paid		(18,742)	(9,414)
3.5 Payments for finance leases		2,730	(1,284)
3.6 Extraordinary items		-	-
3.7 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		79,449	3,428
V. Net increase / (decrease) in cash and cash equivalents		741,491	(156,145)
VI. Cash and cash equivalents at beginning of the period	V-I	743,090	1,098,878
VII. Cash and cash equivalents at end of the period	V-I	1,484,581	942,733

The accompanying notes are an integral part of these statements.

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SECTION THREE
ACCOUNTING PRINCIPLES

I- Basis of Presentation

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

Preparation of Financial Statements at the Current Purchasing Power Parity

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

Other Basis of Valuation

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

II- Explanations on Forward and Option Contracts and Derivative Instruments

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

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

Foreign Currency Assets and Liabilities

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

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III- Offsetting of Financial Assets and Liabilities

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

IV- Interest Income and Expenses

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

V- Fees and Commission Income and Expenses

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

Fees and commissions for funds borrowed paid to other financial institutions, as part of the transaction costs, are recorded as prepaid expenses and expensed on a monthly basis.

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

VI- Securities Held for Trading

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

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

VII- Sales and Repurchase Agreements and Lending of Securities

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

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

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

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

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

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

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

Securities available for sale include all securities other than bank originated loans and receivables, securities held to maturity and securities held for trading.

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

After the initial recognition, available for sale securities are measured at fair values and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in “Securities Value Increase Fund” under the equity. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices. In the absence of prices formed in an active market fair values of these securities are determined using Official Gazette prices or other valuation methods stated in the articles of the AAR’s Communiqué No:1.

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

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

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

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

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

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

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IX- Investments in Associates

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

X- Investments in Subsidiaries

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

XI- Originated Loans and Receivables and Provisions for Impairment

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

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

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

Specific reserves are computed and provided for Group III, IV and V loans in accordance with the Banking Law No.4389 as amended by Law Number 4672 and the Banking Law No. 5411, Article 3, Sub Article 11 and Article 11, Sub Article 12 published on the Official Gazette No. 24448 dated June 30, 2001 on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" amended by Communiqués published on the Official Gazette No:34657 date January 31, 2002. These provisions are reflected in the income statement under "Provision and Impairment Expenses - Special Provision Expense". The collections made regarding these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables.

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

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

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XII- Goodwill and Other Intangible Assets

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

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

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

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

XIII- Tangible Fixed Assets

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

Other tangible fixed assets are reflected at their restated costs until December 31, 2004; after December 31, 2004 the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected less reserve for impairment, if any, and depreciated by straight-line method. Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. Leasehold improvements are depreciated over the lease period by straight-line method. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Motor vehicles	20
Furniture, fixtures and office equipment and others	5-50
Leasehold improvements	Lease period

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

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

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

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

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

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XIV- Leasing Transactions

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

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

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

The Bank does not have any leasing transactions as lessor under the scope of unconsolidated financial statements.

XV- Provisions and Contingent Liabilities

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

XVI- Liabilities Regarding Employee Benefits

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

The Group has employees contracted for unknown periods, however for certain positions, employees are contracted for pre-determined periods.

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

For the employees of the Bank that are the members of Tebliler Foundation, the Bank and subsidiaries do not have any other liability to this foundation other than paying 20% of the monthly contribution fee of the employee only for one time.

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

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XVII- Taxation

Corporate tax

According to the Article 31 of the Corporate Tax Law No. 5520, accepted in the general assembly meeting of Grand National Assembly of Turkey (TBMM) on June 13, 2006 and announced by the Official Gazette dated June 21, 2006, the corporate tax rate has been decreased from 30% to 20%, effective from January 1, 2006.

The tax legislation, requires advance tax of 20% (2005-30%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

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

Tax provision related with items that are credited or charged directly to equity are charged or credited to equity. As at September 30, 2006 TRY 6,302 (December 31, 2005: 776) deferred tax asset which is related with equity was netted-off under "Marketable Securities Value Increase Fund"

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

Deferred Tax Liability / Asset

As of June 30, 2004 and prior periods, the Bank calculated and reflected deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

As of September 30, 2006 and December 31, 2005, in accordance with Communiqué Number 18 of AAR published on August 12, 2004 and effective from July 1, 2004 and the changes in the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004, the Bank calculated deferred tax asset on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are shown in the accompanying financial statements on a net basis.

The net deferred tax asset is included in other assets and the net deferred tax liability is reflected under other liabilities on the balance sheet. TRY 16,188 of deferred tax provision credit is stated under the tax provision in the income statement (September 30, 2005: 3,585). TRY 6,302 of deferred tax asset (December 31, 2005: 776) resulting from differences related to items that are credited or charged directly to equity is netted with these accounts.

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

XVIII- Additional Explanations on Borrowings

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

XIX- Paid-in Capital and Share Certificates

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

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XX- Acceptances

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

XXI- Government Incentives

There are no government incentives utilized by the Bank.

XXII- Securities at Custody

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

XXIII- Other Matters

Explanation for convenience translation to English

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

There are no other matters required to be disclosed.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

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

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks ", which was published on January 31, 2002 in the Official Gazette numbered 24657. As of September 30, 2006, the Bank's capital adequacy ratio is 13.96% (December 31, 2005: 12.33%).

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

The values deducted from the capital base in the shareholders' equity computation are not considered while calculating risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and amortization among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

While calculating the basis of non-cash loans subject to credit risk, the net receivable amount from the counter parties found by means of deducting the provision amount set in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" is multiplied by the rates presented at the Clause 1, Article 21 of the "Communiqué on Regulations on the Establishment and Operations of Banks", and included in the related risk group and accordingly risk weighted.

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

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

Information related to the capital adequacy ratio:

	Risk Weight			
	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non-Cash Loans				
Balance Sheet items (Net)	1,715,041	306,375	841,124	3,149,973
Cash	131,201	658	-	-
Due from banks	992,348	274,718	-	155
Interbank money market placements	90,000	-	-	-
Receivables from reverse repo transactions	-	-	-	-
Reserve deposits	300,273	-	-	-
Special finance houses	-	-	-	-
Loans	189,368	30,999	831,541	3,085,020
Loans under follow-up (Net)	-	-	-	8,428
Subsidiaries, associates and investments held to maturity	-	-	-	-
Sundry debtors	-	-	-	7,783
Marketable securities held to maturity (Net)	-	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-
Financial lease receivables	-	-	-	-
Leased assets (Net)	-	-	9,583	-
Fixed assets (Net)	-	-	-	36,325
Other assets	11,851	-	-	12,262
Off balance sheet items	73,651	1,005,465	619,189	268,508
Guarantees and suretyships	55,041	947,755	185,157	178,868
Commitments	12,234	-	434,032	-
Other off balance sheet items	-	-	-	-
Transactions related with derivative financial instruments	-	55,967	-	-
Interest and income accruals	6,376	2,192	-	82,016
Non risk weighted accounts	-	-	-	7,624
-	-	-	-	-
Total Value at Risk	1,788,692	1,312,289	1,460,313	3,418,481
Total Risk Weighted Assets	-	262,458	730,157	3,418,481

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets	4,411,096	3,196,838
Amount Subject to Market Risk	125,500	142,000
Shareholders' Equity	633,445	411,722
Shareholders' Equity / (TRWA + ASMR) *100	13.96	12.33

TRWA: Total Risk Weighted Assets

ASMR: Amount subject to market risk

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

Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	76,500	57,800
Nominal capital	76,500	57,800
Capital commitments (-)	-	-
Other Capital Reserves	252,676	252,676
Share Premium and Cancellation Profits	1,592	-
Legal Reserves	14,950	9,253
First legal reserve (Turkish Commercial Code 466/1)	9,414	5,479
Second legal reserve (Turkish Commercial Code 466/2)	5,536	3,774
Other legal reserve per special legislation	-	-
Statute Reserves	-	-
Extraordinary reserves	115,496	61,218
Reserves allocated by the General Assembly	115,496	61,218
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange differences	-	-
Profit	87,396	78,717
Current period profit	87,396	78,717
Prior years' profits	-	-
Loss (-)	-	-
Current period loss	-	-
Prior years' losses	-	-
Total Core Capital	548,610	459,664
SUPPLEMENTARY CAPITAL		
Revaluation Fund	-	-
Furniture, fixture and vehicles	-	-
Buildings	-	-
Profit on sale of associates, subsidiaries and buildings to be transferred to share capital	-	-
Revaluation fund of leasehold improvements	-	-
Increase in the Value of Revaluation Fund	-	-
Foreign Exchange Differences	-	-
General Loan Loss Reserves	24,815	18,300
Provisions for Possible Losses	-	-
Subordinated Loans	259,357	83,997
Marketable Securities Value Increase Fund	(25,207)	9,147
Associates and subsidiaries	-	-
Available for sale securities	(25,207)	9,147
Instruments Regarding Structured Position	-	-
Total Supplementary Capital	258,965	111,444
TIER III CAPITAL	-	-
CAPITAL	807,575	571,108
DEDUCTIONS FROM THE CAPITAL	174,130	159,386
Investments in Financial Companies Whose Main Activities are Money and Capital Markets, Insurance And That Operate With Licenses Provided In Accordance With Special Laws	147,846	139,230
Leasehold improvements	19,171	15,287
Start-up costs	-	-
Prepaid expenses	7,113	4,869
The negative difference between the market values and the carrying amounts for associates, subsidiaries, other investments and fixed assets	-	-
Subordinated loans given to other banks which operate in Turkey	-	-
Goodwill (Net)	-	-
Capitalized expenses	-	-
Total Shareholder's Equity	633,445	411,722

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II- Explanations and Footnotes Related to Market Risk

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

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

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

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

	Amount
Capital requirement to be Employed For Interest Rate Risk – Standard Method	9,802
Capital Requirement to be Employed For General Market Risk	9,802
Capital Requirement to be Employed For Specific Risk	-
Capital Requirement to be Employed For Options Subject To Interest Rate Risk	-
Capital Requirement to be Employed For Common Stock Position Risk – Standard Method	-
Capital Requirement to be Employed For General Market Risk	-
Capital Requirement to be Employed For Specific Risk	-
Capital Requirement to be Employed For Options Subject To Common Stock Position Risk	-
Capital Requirement to be Employed For Currency Risk – Standard Method	238
Capital Requirement	168
Capital Requirement to be Employed For Options Subject To Currency Risk	70
Total Value-At-Risk (VAR)-Internal Model	-
Total Capital Requirement to be Employed For Market Risk	10,040
Amount Subject to Market Risk	125,500

III- Explanations and Footnotes Related to Currency Risk

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

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

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

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

As of September 30, 2006, the Bank's net long position is TRY 7,562 (December 31, 2005 - TRY 45,232 net short) resulting from short position amounting to TRY 475,697 (December 31, 2005 - TRY 338,818 short) on the balance sheet and long position amounting to TRY 483,259 (December 31, 2005 - TRY 293,586 long) on the off-balance sheet.

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

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

	25.09.2006	26.09.2006	27.09.2006	28.09.2006	29.09.2006	30.09.2006
USD	1.5020	1.5168	1.4872	1.4919	1.4971	1.4971
CHF	1.2133	1.2197	1.1929	1.1957	1.1923	1.1923
GBP	1.8574	2.8755	2.8112	2.8027	2.7965	2.7965
JPY	1.2872	1.3003	1.2663	1.2662	1.2664	1.2664
EUR	1.9193	1.9284	1.8876	1.8971	1.8964	1.8964

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

	Monthly Average Foreign Exchange Rate
USD	1.4776
CHF	1.1857
GBP	2.7855
JPY	1.2596
EUR	1.8816

Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	YEN	OTHER	TOTAL
Assets					
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	329,739	893,147	44	10,583	1,233,513
Due from other banks and financial institutions	99,068	121,927	405	20,268	241,668
Trading securities	162	205	-	794	1,161
Money market placements	-	-	-	-	-
Investment securities available-for-sale	60	281,720	-	-	281,780
Loans (**)	900,958	828,478	11,426	100,912	1,841,774
Investments in associates and subsidiaries	56,892	-	-	-	56,892
Investment securities held-to-maturity	-	-	-	-	-
Property and equipment	-	-	-	-	-
Goodwill	-	-	-	-	-
Other assets (***)	9,453	24,953	47	900	35,353
Total Assets	1,396,332	2,150,430	11,922	133,457	3,692,141
Liabilities					
Bank deposits	33,223	17,530	111	27,494	78,358
Foreign currency deposits (*)	779,783	2,323,715	1,838	61,997	3,167,333
Money market borrowings	-	-	-	-	-
Funds provided from other financial institutions	605,672	253,828	-	20,345	879,845
Marketable securities issued	-	-	-	-	-
Sundry creditors	6,943	1,039	584	-	8,566
Other liabilities (***)	12,879	20,412	-	445	33,736
Total Liabilities	1,438,500	2,616,524	2,533	110,281	4,167,838
Net Balance Sheet Position	(42,168)	(466,094)	9,389	23,176	(475,697)
Net Off-Balance Sheet Position	52,317	461,439	(9,200)	(21,297)	483,259
Financial derivative assets (****)	209,490	854,043	298	61,377	1,125,208
Financial derivative liabilities (****)	157,173	392,604	9,498	82,674	641,949
Non-cash loans (*****)	636,709	945,577	9,786	47,358	1,639,430
Prior Period					
Total Assets	824,192	1,469,785	11,812	60,790	2,366,579
Total Liabilities	854,206	1,768,429	8,637	74,125	2,705,397
Net Balance Sheet Position	(30,014)	(298,644)	3,175	(13,335)	(338,818)
Net Off-Balance Sheet Position	28,413	253,987	(3,023)	14,209	293,586
Non-cash loans (*****)	351,571	676,805	6,042	42,592	1,077,010

(*) Gold account deposits amounting to TRY 13,741 (December 31, 2005 - TRY 1,329) are included in the foreign currency deposits.

(**) Foreign currency indexed loans amounting to TRY 454,582 (December 31, 2005 - TRY 334,434) are included in the loan portfolio.

(***) TRY 444 of prepaid expenses and TRY 1,708 of income accruals from derivative financial instruments are deducted from other assets; TRY 1,806 of expense accruals from derivative financial instruments, TRY 9,628 of provision for general loan and unearned income of TRY 148 have been deducted from other liabilities.

(****) Asset purchase-sale commitments of TRY 80,336 has been added to derivative financial assets and TRY 80,329 has been added to derivative liabilities.

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

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IV- Explanations and Footnotes Related to Interest Rate Risk

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

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

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

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

Since the Bank 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
Current Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and balances with the Central Bank of Turkey	1,132,465	-	-	-	-	296,055	1,428,520
Due from banks and other financial institutions	121,650	9,000	-	3,000	-	141,223	274,873
Trading securities	6,327	224	3,700	819	813	794	12,677
Money market placements	90,000	-	-	-	-	-	90,000
Securities available-for-sale	-	78,369	817,568	58,374	156,084	69	1,110,464
Loans	1,593,652	471,961	594,282	371,677	1,105,356	-	4,136,928
Securities held-to-maturity	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	386,557	386,557
Total Assets	2,944,094	559,554	1,415,550	433,870	1,262,253	824,698	7,440,019
Liabilities							
Bank deposits	83,304	4,303	-	-	-	37,067	124,674
Other deposits	4,135,785	568,051	53,878	5,830	99	-	4,763,643
Money market borrowings	664,670	-	-	-	-	-	664,670
Sundry creditors	-	-	-	-	-	51,024	51,024
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	148,308	679,449	236,845	82,128	3,538	-	1,150,268
Other liabilities	223	589	1,265	1,549	2,817	679,297	685,740
Total Liabilities	5,032,290	1,252,392	291,988	89,507	6,454	767,388	7,440,019
Balance Sheet Interest Sensitivity Gap	(2,088,196)	(692,838)	1,123,562	344,363	1,255,799	57,310	-
Off Balance Sheet Interest Sensitivity Gap	3,729	-	-	-	-	-	3,729
Total Interest Sensitivity Gap	(2,084,467)	(692,838)	1,123,562	344,363	1,255,799	57,310	3,729

The other assets line in the non-interest bearing column consists of property and equipments amounting to TRY 65,758; intangible assets amounting to TRY 3,800, TRY 130,238 of accrued interest and income receivables, subsidiaries amounting to TRY 147,846 and the other liabilities line includes the shareholders' equity of TRY 523,403.

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

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

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

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TRY %
Current Period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	1.46	2.52	-	-
Due from banks and other financial institutions	2.96	4.66	-	16.71
Trading securities	5.53	7.21	-	21.52
Money market placements	-	-	-	17.50
Securities available-for-sale	-	6.93	-	22.80
Loans	5.83	8.54	3.87	24.73
Securities held-to-maturity	-	-	-	-
Liabilities				
Bank deposits	2.72	4.62	-	17.60
Other deposits	3.06	5.48	-	18.53
Money market borrowings	-	-	-	15.26
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	4.21	7.72	-	16.40

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

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

V- Explanations and Footnotes Related to Liquidity Risk

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

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

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

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

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

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

Presentation of assets and liabilities according to their remaining maturities :

Current Period	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Undistributed (*)	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious materials) and Balances with the Central Bank of Turkey	296,055	1,132,465	-	-	-	-	-	1,428,520
Due from banks and other financial institutions	141,223	121,650	9,000	-	3,000	-	-	274,873
Trading securities	794	145	140	367	819	10,412	-	12,677
Money market placements	-	90,000	-	-	-	-	-	90,000
Securities available-for-sale	69	-	-	1,961	58,374	1,050,060	-	1,110,464
Loans	-	1,593,652	471,961	594,282	371,677	1,105,356	-	4,136,928
Securities held-to-maturity	-	-	-	-	-	-	-	-
Other assets	-	56,272	18,301	10,894	9,674	58,019	233,397	386,557
Total Assets	438,141	2,994,184	499,402	607,504	443,544	2,223,847	233,397	7,440,019
Liabilities								
Bank deposits	37,067	83,304	4,303	-	-	-	-	124,674
Other deposits	831,290	3,304,493	568,051	53,878	5,830	101	-	4,763,643
Money market borrowings	-	664,670	-	-	-	-	-	664,670
Funds provided from other financial institutions	-	85,929	496,345	61,881	82,128	423,985	-	1,150,268
Marketable securities issued	-	-	-	-	-	-	-	-
Sundry creditors	51,024	-	-	-	-	-	-	51,024
Other liabilities	-	81,567	14,761	8,375	10,713	20,121	550,203	685,740
Total Liabilities	919,381	4,219,963	1,083,460	124,134	98,671	444,207	550,203	7,440,019
Net Liquidity Gap	(481,240)	(1,225,779)	(584,058)	483,370	344,873	1,779,640	(316,806)	-
Prior Period								
Total Assets	233,599	1,720,060	439,203	520,412	566,626	1,716,714	225,252	5,421,866
Total Liabilities	788,130	3,062,577	369,150	123,718	411,310	177,362	489,619	5,421,866
Net Liquidity Gap	(554,531)	(1,342,517)	70,053	396,694	155,316	1,539,352	(264,367)	-

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

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SECTION FIVE

**FOOTNOTES AND EXPLANATIONS ON
UNCONSOLIDATED FINANCIAL STATEMENTS**

I- Footnotes And Explanations Related to the Assets

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposit	160,157	-	92,213	-
Unrestricted time deposit	-	832,191	-	173,945
Total	160,157	832,191	92,213	173,945

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

a) Trading securities given as collateral or blocked:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	508	-	318	-
Others	-	-	-	-
Total	508	0	318	-

b) Trading securities subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	9,193	-	62,526	-
Treasury bills	363	-	71	-
Other government debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	9,556	-	62,597	-

As of September 30, 2006, trading securities which are not given as collateral, amount to TRY 2,613 (December 31, 2005 - TRY 26,910).

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

3. Information on available for sale portfolio:

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

	Current Period	Prior Period
Debt securities	1,137,499	1,050,024
Quoted on a stock exchange	949,300	979,126
Not quoted	188,199	70,898
Share certificates	69	9
Quoted on a stock exchange	-	-
Not quoted	69	9
Provision for Impairment (-) / Valuation Increase (+)	(27,104)	(3,296)
Total	1,110,464	1,046,737

- c) Available for sale securities given as collateral: Available for sale securities, given as collateral consist of public sector debt securities of TRY 188,199 with cost value (December 31, 2005 - TRY 201,673) deposited for regulatory requirements.

- d) Information on investment securities available-for-sale given as collateral or blocked:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	-	188,199	34,179	167,494
Others	-	-	-	-
Total	-	188,199	34,179	167,494

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	722,145	-	756,798	-
Treasury bills	-	-	17,199	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	722,145	-	773,997	-

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

4. Information on loans :

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	302	14,538	-	16,179
Corporate shareholders	302	14,538	-	16,179
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	3,447	-	2,825	-
Total	3,749	14,538	2,825	16,179

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	4,130,590	-	-	6,338
Discount notes	71,035	-	-	-
Export loans	952,209	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	106,267	-	-	-
Foreign loans	59,456	-	-	-
Consumer loans	603,328	-	-	-
Credit cards	32,178	-	-	-
Precious metals loans	75,369	-	-	-
Other	2,230,748	-	-	6,338
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	4,130,590	-	-	6,338

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

4. Information on loans : (cont'd)

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

	Short Term	Medium and Long Term	Total	Interest Income Accrual
Consumer Loans-TRY	29,587	523,830	553,417	5,128
Real Estate Loans	1,075	253,225	254,300	1,892
Automotive Loans	4,109	166,976	171,085	1,688
Consumer Loans	16,413	100,365	116,778	1,518
Other	7,990	3,264	11,254	30
Consumer Loans –Indexed to FC	966	46,454	47,420	216
Real Estate Loans	7	24,030	24,037	116
Automotive Loans	541	20,702	21,243	86
Consumer Loans	418	1,722	2,140	14
Other	-	-	-	-
Consumer Loans-FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automotive Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	-	-	-
Individual Credit Cards-TRY	27,473	-	27,473	-
With Installments	667	-	667	-
Without Installments	26,806	-	26,806	-
Individual Credit Cards-FC	1,261	-	1,261	-
With Installments	-	-	-	-
Without Installments	1,261	-	1,261	-
Personnel Loans-TRY	870	1,621	2,491	29
Real Estate Loans	-	-	-	-
Automotive Loans	-	11	11	-
Consumer Loans	728	1,610	2,338	29
Other	142	-	142	-
Personnel Loans- Indexed to FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automotive Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	-	-	-
Personnel Loans-FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automotive Loans	-	-	-	-
Consumer Loans	-	-	-	-
Other	-	-	-	-
Personnel Credit Cards-TRY	939	-	939	-
With Installments	76	-	76	-
Without Installments	863	-	863	-
Personnel Credit Cards-FC	17	-	17	-
With Installments	-	-	-	-
Without Installments	17	-	17	-
Total	61,113	571,905	633,018	5,373

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

4. Information on loans : (cont'd)

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

	Short Term	Medium and Long Term	Total	Interest Income Accrual
Commercial loans with installment facility-TRY	35,372	250,248	285,620	2,981
Business Loans	47	9,401	9,448	76
Automotive Loans	7,502	121,540	129,042	1,195
General Purpose Loans	27,823	118,548	146,371	1,703
Other	-	759	759	7
Commercial loans with installment facility - Indexed to FC	6,303	121,962	128,265	737
Business Loans	-	1,423	1,423	8
Automotive Loans	1,403	71,819	73,222	303
General Purpose Loans	4,900	47,515	52,415	415
Other	-	1,205	1,205	11
Commercial loans with installment facility –FC	-	-	-	-
Business Loans	-	-	-	-
Automotive Loans	-	-	-	-
General Purpose Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards-TRY	2,248	-	2,248	-
With Installments	-	-	-	-
Without Installments	2,248	-	2,248	-
Corporate Credit Cards-FC	240	-	240	-
With Installments	-	-	-	-
Without Installments	240	-	240	-
Total	44,163	372,210	416,373	3,718

e) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	4,077,472	2,881,347
Foreign loans	59,456	40,467
Total	4,136,928	2,921,814

f) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	93	-
Indirect loans granted to subsidiaries and associates	-	-
Total	93	-

g) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	368	1,950
Loans and receivables with doubtful collectibility	1,897	1,716
Uncollectible loans and receivables	25,026	13,183
Total	27,291	16,849

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

4. Information on loans : (cont'd)

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period end balance	11,866	4,068	17,745
Additions (+)	8,833	141	126
Transfers from other categories of loans under follow-up (+)	-	16,057	13,201
Transfers to other categories of loans under follow-up (-)	16,057	13,201	4
Collections (-)	2,363	2,545	2,148
Write-offs (-)	-	-	-
Effect of Inflation (-)	-	-	-
Current period end balance	2,279	4,520	28,920
Specific provision (-)	368	1,897	25,026
Net Balances on Balance Sheet	1,911	2,623	3,894

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

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

a) Information on held to maturity portfolio:

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

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

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

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

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

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

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

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

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

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

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

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

6. Information on associates (Net):

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

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

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

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

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

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

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

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

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

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

6. Information on associates (Net): (cont'd)

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

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

7. Information on subsidiaries (Net):

a) Information on the unconsolidated subsidiaries: None.

b) Information on the consolidated subsidiaries:

b.1) Information on the consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	139,230	146,474
Movements during the period	8,616	(7,244)
Purchases	-	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (*)	(651)	-
Revaluation increase (**)	9,267	(7,180)
Provision for impairment	-	(64)
Balance at the end of the period	147,846	139,230
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

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

b.2) Valuation of the consolidated subsidiaries:

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

	Current Period	Prior Period
Valuation with cost	147,846	139,230
Valuation with fair value	-	-
Valuation with equity method	-	-

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

		Current Period	Prior Period
Banks	/ The Economy Bank N.V.	56,892	47,625
Leasing Companies	/ TEB Finansal Kiralama A.Ş.	40,190	40,190
Factoring Companies	/ TEB Factoring A.Ş.	22,324	22,324
Other Financial Subs	/ TEB Yatırım Menkul Değerler A.Ş.	26,382	26,382
	TEB Portföy Yönetimi A.Ş.	2,058	2,058
	Petek International Holdings B.V.	-	651
Total		147,846	139,230

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

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

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

b.5) Information on the consolidated subsidiaries:

Description	Address (City/ Country)	Bank's share percentage-If different voting percentage(%)	Bank's risk group share percentage (%)
The Economy Bank N.V.	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)	1,463,092	116,538	7,799	67,779	(536)	7,091	7,442	-
(ii)	426,529	56,980	52,950	30,710	310	(26,180)	4,110	-
(ii)	235,951	17,079	136	17,941	-	5,090	4,000	-
(iii)	47,370	32,411	1,052	3,347	(146)	6,551	8,376	-
(iv)	10,472	9,799	446	343	361	3,064	5,739	-

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

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

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

(iii) Represents consolidated financial figures of TEB Yatırım and TEB Portföy based on Capital Markets Board regulations as of June 30, 2006.

(iv) Represents financial figures based on Capital Markets Board regulations as of June 30, 2006.

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

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

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

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

10. Explanations related to interest and income accruals:

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

Accrued Interest and Income Receivables on Loans	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest accruals – realized	3,177	11	172	22
Interest accruals – unrealized	58,370	18,978	13,324	16,179
Loan commissions and other income accruals – realized	-	-	-	-
Loan commissions and other income accruals - unrealized	254	25	754	30
Total	61,801	19,014	14,250	16,231

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

10. Explanations related to interest and income accruals: (cont'd)

b) Information on other interest and income accruals:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Other interest and income accruals				
Trading securities	140	6	389	2
Securities available for sale	4,857	6,416	25,320	6,057
Securities held to maturity	-	-	1	-
Interest accruals of reverse repo transactions	-	-	-	-
Interest accruals of reserve deposits	3,818	1,755	1,998	923
Income accruals of financial derivative instruments	24,708	3,527	377	2,276
Interest and income accruals	-	1,819	-	318
Income accrual of foreign exchange gains	24,708	1,708	377	1,958
Income accruals on factoring receivables	-	-	-	-
Others	3,102	1,094	4,785	451
Total	36,625	12,798	32,870	9,709

11. Information on deferred tax assets:

- a) As of September 30, 2006, there is no deferred tax asset computed on the temporary differences (December 31, 2005 – TRY 5,957). There are no carried forward tax losses or tax exemptions or deductions over which deferred tax asset is computed.
- b) Temporary differences over which deferred tax asset are not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

12. Information on other assets:

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

	Current Period	Prior Period
Prepaid Taxes	7,810	32,119
Transaction Cost Related to Financial Liabilities	1,715	1,097
Advances Given	411	-
Prepaid Rent Expenses	2,127	1,479
Receivables From Fund Participation Certificates	-	4,097
Others	10,641	5,856
Total	22,704	44,648

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

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II- Footnotes And Explanations Related to the Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period :

	Demand	7 day Call		Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year And over
		Accounts						
Saving deposits	59,396	-		480,772	376,092	7,484	3,264	183
Foreign currency deposits	568,584	-		1,074,032	1,343,850	114,123	49,385	3,618
Residents in Turkey	534,189	-		1,037,065	1,325,105	112,294	47,490	3,618
Residents abroad	34,395	-		36,967	18,745	1,829	1,895	-
Public sector deposits	5,065	-		787	-	-	-	-
Commercial deposits	174,651	-		404,798	37,701	1,865	136	-
Other institutions deposits	10,316	-		27,344	6,427	19	10	-
Precious metals deposits	13,279	-		-	260	58	144	-
Interbank deposits	37,066	-		43,558	43,050	-	1,000	-
Central Bank of Turkey	-	-		-	-	-	-	-
Domestic Banks	62	-		28	-	-	1,000	-
Foreign Banks	9,093	-		43,530	43,050	-	-	-
Special finance houses	27,911	-		-	-	-	-	-
Other	-	-		-	-	-	-	-
Total	868,357	-		2,031,291	1,807,380	123,549	53,939	3,801

a.2) Prior period :

	Demand	7 day Call		Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year And over
		Accounts						
Saving deposits	53,315	-		173,713	190,386	14,726	1,209	1,606
Foreign currency deposits	504,668	-		836,138	603,411	116,498	33,770	7,763
Residents in Turkey	473,316	-		818,873	587,690	110,054	33,159	6,153
Residents abroad	31,352	-		17,265	15,721	6,444	611	1,610
Public sector deposits	332	-		200	152	-	-	-
Commercial deposits	153,933	-		376,488	39,277	1,105	589	-
Other institutions deposits	10,637	-		6,790	12,732	17	10	-
Precious metals deposits	1,329	-		-	-	-	-	-
Interbank deposits	14,828	-		37,182	47,052	1,341	1,000	-
Central Bank of Turkey	-	-		-	-	-	-	-
Domestic Banks	70	-		32	-	-	-	-
Foreign Banks	9,077	-		37,150	47,052	1,341	1,000	-
Special finance houses	5,681	-		-	-	-	-	-
Other	-	-		-	-	-	-	-
Total	739,042	-		1,430,511	893,010	133,687	36,578	9,369

b.1) Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

Saving Deposits	Under the	Under the	Exceeding	Exceeding
	guarantee of saving deposit insurance	guarantee of saving deposit insurance	the limit of saving deposit	the limit of saving deposit
	Current Period(*)	Prior Period	Current Period(*)	Prior Period
Saving deposits	407,636	207,662	525,530	224,120
Foreign currency saving deposits	284,978	243,997	1,322,424	982,966
Other deposits in the form of saving deposits	991	263	5,564	1,033
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	693,605	451,922	1,853,518	1,208,119

(*) 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- Footnotes And Explanations Related to the Liabilities (cont'd)

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

	Current Period	Prior Period
Foreign branches' saving deposits	9,157	8,730
Off-shore banking regions' saving deposits	-	-
Total	9,157	8,730

2. Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	664,647	-	754,452	-
Financial institutions and organizations	655,000	-	745,000	-
Other institutions and organizations	2,649	-	1,681	-
Real persons	6,998	-	7,771	-
From foreign transactions	23	-	10	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	23	-	10	-
Total	664,670	-	754,462	-

3. a) Information on funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	223,923	459,398	190,611	377,708
Medium and long-term	46,500	152,459	-	84,532
Total	270,423	611,857	190,611	462,240

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

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

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

62.85% of the Bank deposits and 66.49% of other deposits of the Bank consist of foreign currency deposits.

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

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

5. Explanation on funds: None.

6. Explanation on sundry creditors:

	Current Period	Prior Period
Total amount of cash collateral obtained	858	406

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

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II- Footnotes And Explanations Related to the Liabilities (cont'd)

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

8. Information on financial lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	3,706	2,300	-	-
1-4 years	5,300	3,712	4,746	2,218
More than 4 years	442	432	1,582	1,496
Total	9,448	6,444	6,328	3,714

9. Information on interest and expense accruals:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Accrued interest on deposits	9,196	8,673	6,352	3,531
Accrued interest on funds borrowed	8,981	12,779	4,949	5,735
Accrued interest on bonds	-	-	-	-
Accrued interest on repurchase agreements	639	-	630	-
Accrued interest on derivative financial instruments	25,134	1,908	16,402	2,661
Accrued interest and expenses	11,378	102	357	164
Foreign exchange losses accrued	13,756	1,806	16,045	2,497
Accrued interest on factoring payables	-	-	-	-
Other interest and expense accruals	3,046	1,664	835	1,176
Total	46,996	25,024	29,168	13,103

10. Provisions and subordinated loans :

a) Information on general loan loss provisions:

	Current Period	Prior Period
General loan loss provisions	24,815	18,300
Provisions for First Group Loans and Receivables	19,794	14,043
Provisions for Second Group Loans and Receivables	-	-
Provisions for Non Cash Loans	3,358	2,210
Other	1,663	2,047
Total	24,815	18,300

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

c) Information on Subordinated Loans:

	Current Period		Prior Period	
	TRY	FC	TRY	YP
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	170,676	-	-
From Other Foreign Institutions	-	97,312	-	87,217
Total	-	267,988	-	87,217

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II- Footnotes And Explanations Related to the Liabilities (cont'd)

10. Provisions and subordinated loans : (cont'd)

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

- d) The foreign exchange losses on the foreign currency indexed loans amounting to TRY 6,113 (December 31, 2005 – TRY 7,416) is netted off from loans in the balance sheet.

11. Information on Shareholders' Equity:

- a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	76,500	57,800
Preferred stock	-	-

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

	Paid in capital	Ceiling
Registered capital system	76,500	100,000

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

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

- d) Information on share capital increases from revaluation funds: None.
- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments : None.
- f) Possible effects of past indicators of the Bank's income, profit and liquidity in the previous periods and uncertainties within these indicators on the equity: None.
- g) Information on preferred shares :

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

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II- Footnotes And Explanations Related to the Liabilities (cont'd)

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

	Current Period	Prior Period
Number of shares (Thousand)	76,500,000	115,600,000
Preferred stock	-	-
Common stock issue premium	1,592	-
Common stock canceling profit	-	-
Other equity instruments	-	-

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

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

After the capital increase as of September 30, 2006, total number of shares have become 76,500,000 thousand, each of which are equivalent to TRY 0.001 each.

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

Name/Commercial title	Amounts	Share Percentage	Paid-in capital	Unpaid portion
TEB Mali Yatırımlar A.Ş.	64,454	%84.25	64,454	-

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III- Footnotes And Explanations Related to the Income Statement

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

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

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Commissions received from credit cards	9,105	5,564
Commissions received from letters of credit	4,805	3,843
Other	26,931	13,985
Total	40,841	23,392

	Current Period	Prior Period
<u>Other fees and commissions given</u>		
Commissions given to credit cards	8,735	5,160
Other	4,439	2,961
Total	13,174	8,121

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	103	19

b) Information on financial lease income: None.

c) Interest received from reverse repurchase agreements: None.

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

	Current Period	Prior Period
Interest expense to associates and subsidiaries	98	69

b) Information on financial lease expenses :

	Current Period	Prior Period
Financial lease expenses	430	1,049

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

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

Account name	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	
TRY							
Bank deposits	-	3,886	-	-	-	-	3,886
Saving deposits	13	43,399	50,110	1,127	385	36	95,070
Public sector deposits	-	48	4	-	-	-	52
Commercial deposits	18	44,830	10,197	221	58	-	55,324
Other deposits	-	1,596	3,869	2	1	-	5,468
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-
Total	31	93,759	64,180	1,350	444	36	159,800
Foreign Currency							
Foreign currency deposits	35	30,760	27,994	8,263	1,481	156	68,689
Bank deposits	-	1,710	-	-	-	-	1,710
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	25	-	1	1	1	-	28
Total	60	32,470	27,995	8,264	1,482	156	70,427
Grand Total	91	126,229	92,175	9,614	1,926	192	230,227

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

- d) Interest expense on repurchase agreements :

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest expense on repurchase agreements	51,516	-	31,691	-

3. Information on other operating income :

The information on the factors affecting the Bank's income including extraordinary items and new developments, and the explanation on nature and amount of income earned from extraordinary items : Based on the uniform chart of account changed by communiqué No 25984 published on Trade Registry Gazette on November 2, 2005; the foreign exchange gain on the "Assets Indexed to Foreign Currency" can be recorded to the "Foreign Exchange Gains on the Principal of the Loans Indexed to Foreign Currency" under the account "Other operating income" instead of "Foreign Exchange Gain". However, if the exchange rates fall under their value at the beginning of the year or under the rate at the opening date of loan, the foreign exchange loss on the mentioned assets is recorded to the "Foreign Exchange Losses on the Principal of the Loans Indexed to Foreign Currency" under the account "Other operating expenses".

As of September 30, 2006; TRY 67,772 foreign exchange gain on assets indexed to foreign currency is presented as 'Other operating incomes' and TRY 6,102 foreign exchange loss is presented as 'Other operating expenses'. If the effects of these amounts are excluded, 'Other operating income' of the bank TRY 13,919, 'Other operating expenses' would be TRY 192,889 and the 'Net Foreign Exchange Loss' excluding Net Derivative Instruments would be TRY 15,185.

As of September 30, 2005; TRY 4,547 of foreign exchange gain that results from foreign exchange indexed loans would be 'Interest on Loans' and foreign exchange loss amounting to TRY 9,778 is presented as 'Provision for Loans and Other Receivables'

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	12,126	4,403
III. Group Loans and Receivables	378	486
IV. Group Loans and Receivables	1,884	1,945
V. Group Loans and Receivables	9,864	1,972
General loan loss provision expenses	6,516	6,062
Provision expenses for possible losses	-	-
Foreign exchange differences on foreign currency losses	-	9,778
Marketable securities impairment losses	2,703	2,384
Trading securities	24	-
Investment securities available for sale	2,679	2,384
Impairment provision expense	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Investment securities held to maturity	-	-
Other	85	7
Total	21,430	22,634

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

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

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

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

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

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

6. a) As of September 30, 2006, current tax expense is TRY 4,569 (September 30, 2005 – TRY 32,860) and deferred tax charge is TRY 16,188 (September 30, 2005 – TRY 3,585 deferred tax benefit).
- b) Deferred tax charge on temporary differences is TRY 16,188 (September 30, 2005 – TRY 3,585 deferred tax benefit).
- c) Deferred tax benefit or charge for temporary differences, on carried forward tax losses or tax exemptions or deductions: None.
7. **The explanations on net income / loss for the period:**
- a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period: None.
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods : None.
8. **Nature and amount of changes in accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods :** None.

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

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

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

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

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

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

b.1) 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 September 30, 2006 there are no contingent assets that need to be explained.

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 September 30, 2006 there are no contingent liabilities that need to be explained.

2. Information on off-balance sheet liabilities :

a) Nature and amount of irrevocable loan commitments : Credit card expenditure limit commitments are TRY 197,788 and TRY 161,195; payment commitments for checks are TRY 234,469 and TRY 175,952 as of September 30, 2006 and December 31, 2005 respectively.

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

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

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

As of September 30, 2006 total guarantees and commitments consist of letter of guarantees amounting to TRY 1,613,229, (December 31, 2005 - TRY 1,158,086) acceptances amounting to TRY 45,665 (December 31, 2005 - TRY 52,685) and letters of credit amounting to TRY 635,318 (December 31, 2005 -TRY 393,739).

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

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

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	210,116	72,139
With maturity of 1 year or less than 1 year	44,541	35,341
With maturity of more than 1 year	165,575	36,798
Other non-cash loans	2,313,476	1,634,847
Total	2,523,592	1,706,986

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

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

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

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

Moody's Investor Services: December 2005

Bank Financial Strength	D+
Foreign Currency Deposits	B1

Fitch Ratings: August 2006

Foreign Currency Commitments

Long Term	BB
Short Term	B
View	Positive

New Turkish Lira Commitments

Long Term	BB+
Short Term	B
View	Positive
National	AA (tur)
View	Stable

Individual Rating	C/D
Support Points	3

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

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

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

<u>Beginning of the period</u>	<u>Current Period</u>	<u>Prior Period</u>
Cash	85,882	80,049
Cash equivalents	657,208	1,018,829
<u>End of the period</u>	<u>Current Period</u>	<u>Prior Period</u>
Cash	130,359	92,305
Cash equivalents	1,354,222	850,428

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

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VI- Footnotes And Explanations on the Risk Group of the Bank

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

a) Current Period :

Related Parties (*)	Subsidiaries and associates		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	4,349	-	16,179	10,091	3,075
Balance at end of period	93	11,701	1,153	14,538	3,682	3,962
Interest and commission income	111	25	1,981	2	1,345	26

In addition to balances mentioned above, the Bank has foreign bank accounts amounting to TRY 851 with respect to direct and indirect shareholders and TRY 1,323 other entities included in the risk group.

b) Prior Period :

Related Parties (*)	Subsidiaries and associates		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	17	2,549	31	13,024	547	3,352
Balance at end of period	-	4,349	-	16,179	10,091	3,075
Interest and commission income received	5	14	247	88	331	26

c.1) Information on related party deposits balances:

Related parties (*)	Subsidiaries and associates		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current period	Prior period	Current period	Prior period
Deposits						
Balance at beginning of period	26,104	10,190	580,396	237,410	49,618	40,452
Balance at end of period	9,218	26,104	471,480	580,396	76,057	49,618
Interest on deposits	98	56	17,277	9,957	2,144	463

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

Related Parties (*)	Subsidiaries and associates		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current period	Prior period	Current period	Prior period
Trading transactions						
Beginning of period	13,983	129,693	177,256	5,282	2,867	-
End of period	-	13,983	196,272	177,256	9,117	2,867
Total income/loss	(815)	10	13,255	(140)	23	182
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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VI. Footnotes And Explanations on the Risk Group of the Bank (cont'd)

2. Disclosures for related parties

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

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

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

	Amount	% According to the Amounts at the Financial Statements
Cash loans	4,928	0.12
Non-cash loans	30,201	1.20
Deposits	556,755	11.39
Forward transactions and option agreements	205,389	8.04
Bank placements	2,174	0.79

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

- c) In case that disclosing items separately is not necessary, total of similar items to be disclosed in order to present the total impact on financial statements : Explained in b).
- d) Transactions accounted for under the equity method : None.
- e) Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts :

The Bank enters into lease agreements with TEB Finansal Kiralama A.Ş. As of September 30, 2006 the total leasing obligations related to these agreements amounted to TRY 6,444. Additionally, the Bank provides agency services for TEB Yatırım Menkul Değerler A.Ş. and TEB Sigorta A.Ş.

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.53%. Details of these loans are explained in the note VI- 1a.

As of September 30, 2006 the Bank has no purchases and sale of real estate and other assets, transfer of information as a result of research and development and management contracts with the related parties.

VII. Explanations Related To Subsequent Events

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

It has been resolved that following the completion of the related proceedings and obtaining of the necessary authorizations from the legal authorities, the subordinated loan amounting to EUR 90,000,000 provided by BNP Paribas to TEB on June 30, 2006 will be converted into a subordinated loan which is being planned to be borrowed from Economy Luxembourg S.A for a term of 10 years including a 5 year grace period.

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SECTION SIX

OTHER EXPLANATIONS AND FOOTNOTES

I- Other Explanations Related to the Operations of the Bank

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

SECTION SEVEN

INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

I- Explanations on The Independent Accountants' Limited Review Report

The unconsolidated interim financial statements of the Bank were reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and the review report dated October 30, 2006 is presented preceding the financial statements.

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