

**TÜRK EKONOMİ BANKASI  
ANONİM ŞİRKETİ**

**INDEPENDENT AUDITORS' REPORT,  
UNCONSOLIDATED FINANCIAL  
STATEMENTS AND NOTES  
FOR THE YEAR ENDED  
DECEMBER 31, 2006**

*Translated into English from the  
Original Turkish Report*

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR JANUARY 1 – DECEMBER 31, 2006**

We have been appointed to audit the accompanying balance sheet of Türk Ekonomi Bankasi A.S. as at 31 December 2006, and the related statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of the Bank for the year ended December 31, 2005 were prepared in accordance with the Accounting Applications Regulations ("AAR") prevailing in the prior period and revoked in the current period have been audited by other auditors whose report, dated February 9, 2006, expressed an unqualified opinion. As described in accounting policies Note 1, for the purposes of complying with TAS and TFRS we have also audited the adjustments to restate the financial statements for the year ended December 31, 2005 which have been audited by other auditors.

## **Independent Auditors' Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türk Ekonomi Bankasi A.S. as at 31 December 2006 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411 and other regulations, pronouncements in respect of accounting and financial reporting made by BRSA.

## **Additional Paragraph for English Translation**

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

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

Member of **DELOITTE TOUCHE TOHMATSU**

Hasan Kiliç  
Partner

Istanbul, March 1, 2007

**THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.S.  
FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

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

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

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED 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 FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND FOOTNOTES
- INDEPENDENT AUDITORS' REPORT

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

March 1, 2007

Yavuz Canevi President of the Board of Directors	Alain Pierre André Bailly Head of Audit Committee	Ismail Yanik Vice Chairman of the Audit Committee	Varol Civil General Manager	E. Sevinç Özsen Assistant General Manager Responsible of Financial Reporting	B. Ilgaz Dogan Manager Responsible of Financial Reporting
---	---	--	-----------------------------------	---	---

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

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

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

## INDEX

**Page Number**

### **SECTION ONE**

#### General Information

I.	Bank's Incorporation Date, Beginning Statute, Changes in the Existing Statute	1
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	1
III.	Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares in the Parent Bank	2
IV.	Information about the persons and institutions that have qualified shares	2
V.	Summary on the Bank's Functions and Areas of Activity	2

### **SECTION TWO**

#### Unconsolidated Financial Statements

I.	Balance Sheets	4
II.	Statement of Off Balance Sheet Contingencies and Commitments	6
III.	Statement of Income	7
IV.	Statement of Changes in Shareholders' Equity	8
V.	Statement of Cash Flow	10

### **SECTION THREE**

#### Accounting Principles

I.	Basis of Presentation	11
II.	Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions	11
III.	Explanations on Forward and Option Contracts and Derivative Instruments	12
IV.	Interest Income and Expenses	12
V.	Fees and Commission Income and Expenses	13
VI.	Explanations and Disclosures on Financial Assets	13
VII.	Explanations on Impairment on Financial Assets	15
VIII.	Offsetting of Financial Assets and Liabilities	15
IX.	Explanations on Sales and Repurchase Agreements and Lending of Securities	16
X.	Explanations on Assets Held For Selling Purposes and Stopped Operations	16
XI.	Explanations on Goodwill and Other Intangible Assets	16
XII.	Explanations on Tangible Fixed Assets	17
XIII.	Explanations on Leasing Transactions	18
XIV.	Explanations on Provisions and Contingent Liabilities	18
XV.	Explanations on Liabilities Regarding Employee Benefits	18
XVI.	Explanations on Taxation	19
XVII.	Additional Explanations on Borrowings	19
XVIII.	Explanations on Share Certificates	20
XIX.	Explanations on Acceptances	20
XX.	Explanations on Government Incentives	20
XXI.	Explanations on Segment Reporting	20
XXII.	Explanations on Other Matters	20

### **SECTION FOUR**

#### Information on Financial Structure

I.	Explanations Related to the Capital Adequacy Standard Ratio	22
II.	Explanations Related to Credit Risk	25
III.	Explanations Related to Market Risk	27
IV.	Explanations Related to Operational Risk	28
V.	Explanations Related to Currency Risk	28
VI.	Explanations Related to Interest Rate Risk	30
VII.	Explanations Related to Liquidity Risk	33
VIII.	Explanations Related to Presentation of Financial Assets and Liabilities by Fair Value	35
IX.	Explanations Related to Transactions Made on Behalf of Others and Fiduciary Transactions	35

### **SECTION FIVE**

#### Explanations and Disclosures on Unconsolidated Financial Statements

I.	Explanations Related to the Assets	36
II.	Explanations Related to the Liabilities	48
III.	Explanations Related to the Off-Balance Sheet Contingencies and Commitments	56
IV.	Explanations Related to the Income Statement	60
V.	Explanations Related to Shareholders' Equity Movement	65
VI.	Explanations Related to Statement of Cash Flows	66
VII.	Explanations on the Risk Group of the Bank	67
VIII.	Explanations on the Bank's domestic branches, agencies and branches abroad and off-shore branches	69

### **SECTION SIX**

#### Other Explanations and Footnotes

I.	Other Explanations Related to the Operations of the Bank	70
----	--	----

### **SECTION SEVEN**

#### Independent Auditors' Report

I.	Explanations on the Independent Auditors' Report	70
II.	Other Footnotes and Explanations Prepared by Independent Auditors	70

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 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 Bankasi Anonim Sirketi ("the Bank"), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankasi T.A.S., was acquired by the Çolakoglu Group in 1982. Its name was changed as Türk Ekonomi Bankasi A.S. and its headquarters moved to Istanbul.

**II. Explanations Regarding 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 December 31, 2006 and 2005 the shareholders' structure and their respective ownerships are summarized as follows:

Name of shareholders	Current Period		Previous Period	
	Paid in capital	%	Paid in capital	%
TEB Mali Yatirimlar A.S.	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
	<b>76,500</b>	<b>100.00</b>	<b>57,800</b>	<b>100.00</b>

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 unused pre-emptive rights to be traded on the Stock Exchange, and accordingly 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 December 31, 2006 Bank's paid-in-capital consists of 76,500 million shares of TRY 0.001 nominal each.

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

<u>Ünvanı</u>	<u>İsmi</u>
Chairman of the Board of Directors	: Yavuz Canevi
Members of the Board of Directors	: Dr.Akin Akbaygil Alain Pierre André Bailly (Head of Audit Committee) Ismail Yanik (Vice Chairman of Audit Committee) Jean-Jacques Marie Santini Metin Togay Michel Roger Chevalier Refael Taranto Varol Civil (General Manager)
Chairman of Inspection Committee	: Hakan Tirasın
Assistant General Managers	: Emine Sevinç Özsen Izzet Cemal Kismir Levent Çelebioglu Nilsen Altıntaş Nuri Tuncali Saniye Telci Turgut Boz Turgut Güney Ümit Leblebici Ünsal Aysun
Auditors	: Ayşe Asar dağ 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. Information about the persons and institutions that have qualified shares:**

Name / Commercial Name	Share Amount	Share Ratio	Paid Shares	Unpaid Shares
TEB Mali Yatirimlar A.S.	64,454	%84.25	64,454	-

The directly or indirectly authorized group that have the qualified shares in the Bank's capital is TEB Mali Yatirimlar A.S.

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

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.S. and TEB Yatirim Menkul Degerler A.S. As of December 31, 2006 Bank has 169 local branches and 1 foreign branch (December 31, 2005: 112 local branches, 1 foreign branch).

## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

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



**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**BALANCE SHEETS AS OF DECEMBER 31, 2006 AND 2005**  
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

**I- BALANCE SHEET – ASSETS**

	Note Ref.	Audited Current Period 31.12.2006			Audited Prior Period 31.12.2005		
		TRY	FC	Total	TRY	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(1)	<b>251,908</b>	<b>713,502</b>	<b>965,410</b>	<b>120,065</b>	<b>448,171</b>	<b>568,236</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	(2)	<b>97,710</b>	<b>5,440</b>	<b>103,150</b>	<b>89,866</b>	<b>3,003</b>	<b>92,869</b>
2.1 Trading financial assets		80,266	1,375	81,641	89,489	727	90,216
2.1.1 Public sector debt securities		80,266	522	80,788	89,489	129	89,618
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Other marketable securities		-	853	853	-	598	598
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Other marketable securities		-	-	-	-	-	-
2.3 Derivative financial assets held for trading		17,444	4,065	21,509	377	2,276	2,653
<b>III. BANKS AND OTHER FINANCIAL INSTITUTIONS</b>	(3)	<b>4,324</b>	<b>433,364</b>	<b>437,688</b>	<b>227,225</b>	<b>84,441</b>	<b>311,666</b>
<b>IV. MONEY MARKET PLACEMENTS</b>		-	-	-	<b>150,112</b>	-	<b>150,112</b>
4.1 Interbank money market placements		-	-	-	150,112	-	150,112
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(4)	<b>1,265,713</b>	<b>265,427</b>	<b>1,531,140</b>	<b>836,601</b>	<b>241,513</b>	<b>1,078,114</b>
5.1 Share certificates		9	59	68	9	-	9
5.2 Public sector debt securities		1,265,704	265,368	1,531,072	836,592	241,513	1,078,105
5.3 Other marketable securities		-	-	-	-	-	-
<b>VI. LOANS</b>	(5)	<b>3,430,285</b>	<b>1,521,151</b>	<b>4,951,436</b>	<b>1,761,680</b>	<b>1,207,445</b>	<b>2,969,125</b>
6.1 Loans		3,415,741	1,521,151	4,936,892	1,744,850	1,207,445	2,952,295
6.2 Non-performing loans		44,792	-	44,792	33,679	-	33,679
6.3 Specific provisions (-)		(30,248)	-	(30,248)	(16,849)	-	(16,849)
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. HELD TO MATURITY INVESTMENTS (Net)</b>	(6)	-	-	-	<b>101</b>	-	<b>101</b>
8.1 Public sector debt securities		-	-	-	101	-	101
8.2 Other marketable securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(7)	-	-	-	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		-	-	-	-	-	-
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(8)	<b>90,954</b>	<b>55,545</b>	<b>146,499</b>	<b>90,954</b>	<b>48,276</b>	<b>139,230</b>
10.1 Unconsolidated financial subsidiaries		90,954	55,545	146,499	90,954	48,276	139,230
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
<b>XI. ENTITIES UNDER COMMON CONTROL (Net)</b>	(9)	-	-	-	-	-	-
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
<b>XII. FINANCE LEASE RECEIVABLES (Net)</b>	(10)	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
<b>XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	(11)	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment risks in foreign operations		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	(12)	<b>56,118</b>	-	<b>56,118</b>	<b>38,728</b>	-	<b>38,728</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	(13)	<b>38,935</b>	-	<b>38,935</b>	<b>19,239</b>	-	<b>19,239</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		38,935	-	38,935	19,239	-	19,239
<b>XVI. TAX ASSET</b>	(14)	<b>20,186</b>	-	<b>20,186</b>	<b>40,190</b>	-	<b>40,190</b>
16.1 Current tax asset		7,811	-	7,811	32,118	-	32,118
16.2 Deferred tax asset		12,375	-	12,375	8,072	-	8,072
<b>XVII. ASSETS HELD FOR SALE (Net)</b>	(15)	-	-	-	-	-	-
<b>XVIII. OTHER ASSETS</b>	(16)	<b>22,733</b>	<b>8,362</b>	<b>31,095</b>	<b>14,661</b>	<b>1,710</b>	<b>16,371</b>
<b>TOTAL ASSETS</b>		<b>5,278,866</b>	<b>3,002,791</b>	<b>8,281,657</b>	<b>3,389,422</b>	<b>2,034,559</b>	<b>5,423,981</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**BALANCE SHEETS AS OF DECEMBER 31, 2006 AND 2005**  
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

**I- BALANCE SHEET - LIABILITIES**

	Note Ref.	Audited Current Period 31.12.2006			Audited Prior Period 31.12.2005		
		TRY	FC	Total	TRY	FC	Total
<b>I. DEPOSITS</b>	(1)	<b>2,370,384</b>	<b>3,055,523</b>	<b>5,425,907</b>	<b>1,113,698</b>	<b>2,138,382</b>	<b>3,252,080</b>
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)	<b>67,356</b>	<b>1,531</b>	<b>68,887</b>	<b>16,402</b>	<b>2,661</b>	<b>19,063</b>
<b>III. FUNDS BORROWED</b>	(3)	<b>266,078</b>	<b>652,916</b>	<b>918,994</b>	<b>195,560</b>	<b>465,452</b>	<b>661,012</b>
<b>IV. MONEY MARKET BALANCES</b>	(4)	<b>771,004</b>	-	<b>771,004</b>	<b>755,092</b>	-	<b>755,092</b>
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		771,004	-	771,004	755,092	-	755,092
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
<b>VII. SUNDRY CREDITORS</b>		<b>68,199</b>	<b>34,277</b>	<b>102,476</b>	<b>47,639</b>	<b>2,310</b>	<b>49,949</b>
<b>VIII. OTHER LIABILITIES</b>	(5)	<b>34,323</b>	<b>1,827</b>	<b>36,150</b>	<b>38,083</b>	<b>4,485</b>	<b>42,568</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. FINANCE LEASE PAYABLES (Net)</b>	(6)	-	<b>9,902</b>	<b>9,902</b>	-	<b>4,864</b>	<b>4,864</b>
10.1 Finance lease payables		-	12,825	12,825	-	7,478	7,478
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	(2,923)	(2,923)	-	(2,614)	(2,614)
<b>XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	(7)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(8)	<b>33,965</b>	<b>12,362</b>	<b>46,327</b>	<b>27,859</b>	-	<b>27,859</b>
12.1 General loan loss provisions		20,143	12,362	32,505	18,300	-	18,300
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		7,033	-	7,033	6,044	-	6,044
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		6,789	-	6,789	3,515	-	3,515
<b>XIV. TAX LIABILITY</b>	(9)	<b>50,131</b>	-	<b>50,131</b>	<b>57,879</b>	-	<b>57,879</b>
14.1 Current tax liability		50,131	-	50,131	57,879	-	57,879
14.2 Deferred tax liability		-	-	-	-	-	-
<b>XV. PAYABLES RELATED TO ASSETS HELD FOR SALE</b>	(10)	-	-	-	-	-	-
<b>XIII. SUBORDINATED LOANS</b>	(11)	-	<b>299,912</b>	<b>299,912</b>	-	<b>89,740</b>	<b>89,740</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(12)	<b>549,747</b>	<b>2,220</b>	<b>551,967</b>	<b>461,813</b>	<b>2,062</b>	<b>463,875</b>
16.1 Paid-in capital		76,500	-	76,500	57,800	-	57,800
16.2 Supplementary capital		242,037	2,220	244,257	259,761	2,062	261,823
16.2.1 Share premium		1,592	-	1,592	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(12,231)	2,220	(10,011)	7,085	2,062	9,147
16.2.4 Tangible assets revaluation reserve		-	-	-	-	-	-
16.2.5 Intangible assets revaluation reserve		-	-	-	-	-	-
16.2.6 Bonus shares obtained from associates, subsidiaries and jointly controlled entities		-	-	-	-	-	-
16.2.7 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.8 Value increase on assets held for resale		-	-	-	-	-	-
16.2.9 Other capital reserves		252,676	-	252,676	252,676	-	252,676
16.3 Profit reserves		125,510	-	125,510	59,136	-	59,136
16.3.1 Legal reserves		14,950	-	14,950	9,253	-	9,253
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		124,188	-	124,188	63,511	-	63,511
16.3.4 Other profit reserves		(13,628)	-	(13,628)	(13,628)	-	(13,628)
16.4 Profit or loss		105,700	-	105,700	85,116	-	85,116
16.4.1 Prior year income/loss		-	-	-	-	-	-
16.4.2 Current year income/loss		105,700	-	105,700	85,116	-	85,116
16.5 Minority shares	(13)	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,211,187</b>	<b>4,070,470</b>	<b>8,281,657</b>	<b>2,714,025</b>	<b>2,709,956</b>	<b>5,423,981</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**STATEMENTS OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS**  
**AS OF DECEMBER 31, 2006 AND 2005**

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

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

	Note Ref.	Audited Current Period 31.12.2006			Audited Prior Period 31.12.2005		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>		<b>2,851,566</b>	<b>3,902,161</b>	<b>6,753,727</b>	<b>1,686,475</b>	<b>2,519,962</b>	<b>4,206,437</b>
<b>I. GUARANTEES</b>	(1), (3)	<b>919,807</b>	<b>1,710,154</b>	<b>2,629,961</b>	<b>629,976</b>	<b>1,077,010</b>	<b>1,706,986</b>
1.1. Letters of guarantee		872,720	852,899	1,725,619	608,643	549,443	1,158,086
1.1.1. Guarantees subject to State Tender Law		43,310	137,411	180,721	29,271	44,051	73,322
1.1.2. Guarantees given for foreign trade operations		112,691	36,584	149,275	102,202	32,076	134,278
1.1.3. Other letters of guarantee		716,719	678,904	1,395,623	477,170	473,316	950,486
1.2. Bank loans		-	50,146	50,146	23	52,662	52,685
1.2.1. Import letter of acceptance		-	50,146	50,146	23	52,662	52,685
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		87	652,014	652,101	62	393,677	393,739
1.3.1. Documentary letters of credit		87	567,695	567,782	62	359,913	359,975
1.3.2. Other letters of credit		-	84,319	84,319	-	33,764	33,764
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Securities issue purchase guarantees		-	-	-	-	-	-
1.7. Factoring guarantees		-	-	-	-	-	-
1.8. Other guarantees		44,489	85,146	129,635	20,465	70,156	90,621
1.9. Other collaterals		2,511	69,949	72,460	783	11,072	11,855
<b>II. COMMITMENTS</b>	(1), (3)	<b>710,372</b>	<b>167,138</b>	<b>877,510</b>	<b>451,726</b>	<b>269,733</b>	<b>721,459</b>
2.1. Irrevocable commitments		710,372	155,207	865,579	451,726	245,532	697,258
2.1.1. Forward asset purchase commitments		-	155,207	155,207	-	138,188	138,188
2.1.2. Forward 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		170,914	-	170,914	104,337	-	104,337
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		259,573	-	259,573	175,952	-	175,952
2.1.8. Tax and fund liabilities from export commitments		10,094	-	10,094	10,242	-	10,242
2.1.9. Commitments for credit card expenditure limits		263,871	-	263,871	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		1,920	-	1,920	-	-	-
2.2. Revocable commitments		-	11,931	11,931	-	24,201	24,201
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	11,931	11,931	-	24,201	24,201
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	<b>1,221,387</b>	<b>2,024,869</b>	<b>3,246,256</b>	<b>604,773</b>	<b>1,173,219</b>	<b>1,777,992</b>
3.1. Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1. Fair value hedge		-	-	-	-	-	-
3.1.2. Cash flow hedge		-	-	-	-	-	-
3.1.3. Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2. Held for trading transactions		1,221,387	2,024,869	3,246,256	604,772	1,173,219	1,777,992
3.2.1. Forward foreign currency buy/sell transactions		280,381	361,334	641,715	113,268	388,975	502,243
3.2.1.1. Forward foreign currency transactions-buy		183,404	138,615	322,019	21,639	225,688	247,327
3.2.1.2. Forward foreign currency transactions-sell		96,977	222,719	319,696	91,629	163,287	254,916
3.2.2. Swap transactions related to f.c. and interest rates		733,356	891,599	1,624,955	249,633	420,844	670,477
3.2.2.1. Foreign currency swap-buy		17,493	767,077	784,570	-	256,918	256,918
3.2.2.2. Foreign currency swap-sell		703,630	119,836	823,466	182,013	91,551	273,564
3.2.2.3. Interest rate swaps-buy		7,488	2,716	10,204	-	69,650	69,650
3.2.2.4. Interest rate swaps-sell		4,745	1,970	6,715	67,620	2,725	70,345
3.2.3. Foreign currency, interest rate and securities options		207,650	520,541	728,191	241,711	306,390	548,101
3.2.3.1. Foreign currency options-buy		106,152	258,161	364,313	121,681	153,071	274,752
3.2.3.2. Foreign currency options-sell		101,498	262,380	363,878	120,030	153,319	273,349
3.2.3.3. Interest rate options-buy		-	-	-	-	-	-
3.2.3.4. Interest rate options-sell		-	-	-	-	-	-
3.2.3.5. Securities options-buy		-	-	-	-	-	-
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		-	53,299	53,299	161	28,207	28,368
3.2.4.1. Foreign currency futures-buy		-	53,299	53,299	161	28,053	28,214
3.2.4.2. Foreign currency futures-sell		-	-	-	-	154	154
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	-	-	-	-	-
3.2.6. Other		-	198,096	198,096	-	28,803	28,803
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>25,827,047</b>	<b>1,908,562</b>	<b>27,735,609</b>	<b>27,220,288</b>	<b>1,349,584</b>	<b>28,569,872</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>22,728,666</b>	<b>591,801</b>	<b>23,320,467</b>	<b>25,705,316</b>	<b>448,286</b>	<b>26,153,602</b>
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		20,055,470	148,047	20,203,517	23,851,318	156,779	24,008,097
4.3. Checks received for collection		2,362,043	227,038	2,589,081	1,695,786	146,001	1,841,787
4.4. Commercial notes received for collection		311,042	146,164	457,206	158,116	84,964	243,080
4.5. Other assets received for collection		-	70,552	70,552	23	60,422	60,445
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		111	-	111	73	120	193
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>3,098,288</b>	<b>1,315,947</b>	<b>4,414,237</b>	<b>1,514,880</b>	<b>901,298</b>	<b>2,416,178</b>
5.1. Marketable securities		249,914	80,605	330,519	307,785	21,613	329,398
5.2. Guarantee notes		3,699	2,297	5,996	4,865	3,635	8,500
5.3. Commodity		-	111,588	111,588	19	105,405	105,424
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		2,070,546	744,792	2,815,338	791,907	510,311	1,302,218
5.6. Other pledged items		774,130	376,666	1,150,796	410,304	260,334	670,638
5.7. Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>92</b>	<b>813</b>	<b>905</b>	<b>92</b>	<b>-</b>	<b>92</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>28,678,612</b>	<b>5,810,721</b>	<b>34,489,336</b>	<b>28,906,763</b>	<b>3,869,546</b>	<b>32,776,309</b>

The accompanying notes are an integral part of these statements.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**INCOME STATEMENTS FOR THE YEAR ENDED**  
**DECEMBER 31, 2006 AND 2005**

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

**III- STATEMENT OF INCOME**

	Note Ref.	Audited	Audited
		Current Period 31.12.2006	Prior Period 31.12.2005
		Total	Total
<b>I. INTEREST INCOME</b>	(1)	<b>809,580</b>	<b>473,969</b>
1.1 Interest on loans		560,520	302,741
1.2 Interest received from reserve deposits		19,534	8,730
1.3 Interest received from banks		38,395	42,222
1.4 Interest received from money market placements		27,965	17,882
1.5 Interest received from marketable securities portfolio		163,115	102,341
1.5.1 Held-for-trading financial assets		9,013	14,845
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		154,098	76,480
1.5.4 Investments held-to-maturity		4	11,016
1.6 Finance lease income		-	-
1.7 Other interest income		51	53
<b>II. INTEREST EXPENSE</b>	(2)	<b>504,268</b>	<b>254,621</b>
2.1 Interest on deposits		342,307	164,864
2.2 Interest on funds borrowed		77,619	39,232
2.3 Interest on money market borrowings		83,560	49,001
2.4 Interest on securities issued		-	-
2.5 Other interest expense		782	1,524
<b>III. NET INTEREST INCOME (I- II)</b>		<b>305,312</b>	<b>219,348</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>76,989</b>	<b>40,567</b>
4.1 Fees and commissions received		99,307	56,387
4.1.1 Cash loans		14,967	7,453
4.1.2 Non-cash loans		23,326	14,898
4.1.3 Other		61,014	34,036
4.2 Fees and commissions paid		22,318	15,820
4.2.1 Cash loans		1,822	4,414
4.2.2 Non-cash loans		64	46
4.2.3 Other		20,432	11,360
<b>V. DIVIDEND INCOME</b>	(3)	<b>18,531</b>	<b>7,942</b>
<b>VI. NET TRADING INCOME</b>	(4)	<b>(14,189)</b>	<b>52,994</b>
6.1 Profit/losses on trading account securities		13,577	61,545
6.2 Foreign exchange gains/losses		(27,766)	(8,551)
<b>VII. OTHER OPERATING INCOME</b>	(5)	<b>81,199</b>	<b>16,866</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>467,842</b>	<b>337,717</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	(6)	<b>35,947</b>	<b>17,629</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(7)	<b>297,268</b>	<b>198,736</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>134,627</b>	<b>121,352</b>
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XIII. GAIN / (LOSS) ON EQUITY METHOD</b>		-	-
<b>XIV. GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XV. INCOME/(LOSS) BEFORE TAXES (XI+XII+XIII+XIV)</b>	(8)	<b>134,627</b>	<b>121,352</b>
<b>XVI. PROVISION FOR TAXES ON INCOME (±)</b>	(9)	<b>(28,927)</b>	<b>(36,236)</b>
16.1 Provision for current income taxes		(26,807)	(41,458)
16.2 Provision for deferred taxes		(2,120)	5,222
<b>XVII. NET OPERATING INCOME AFTER TAXES (XV±XVI)</b>	(10)	<b>105,700</b>	<b>85,116</b>
17.1 Discontinued Operations		-	-
17.2 Other		-	-
<b>XVIII. NET PROFIT/(LOSS)</b>	(11)	<b>105,700</b>	<b>85,116</b>
18.1 Group's profit/loss		105,700	85,116
18.2 Minority shares		-	-
Earnings per share		1.4015	1.1454

The accompanying notes are an integral part of these statements.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

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

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

	Note Ref	Paid-in Capital	Effect of inflation Accounting on Capital and Capital Reserves	Share premium	Share certificate cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Value Increase Fund	Revaluation Fund	Marketable Securities Value Increase Fund	Total Equity
<b>Prior Period - 31.12.2005</b>																
<b>I</b>																
<b>I</b>		57,800	252,676	-	-	6,838	-	39,247	-	-	33,800	-	-	-	3,836	<b>394,197</b>
<b>II</b>		-	-	-	-	-	-	<b>2,293</b>	<b>(6,554)</b>	-	-	-	-	-	-	<b>(4,261)</b>
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	2,293	(6,554)	-	-	-	-	-	-	(4,261)
<b>III</b>		<b>57,800</b>	<b>252,676</b>	-	-	<b>6,838</b>	-	<b>41,540</b>	<b>(6,554)</b>	-	<b>33,800</b>	-	-	-	<b>3,836</b>	<b>389,936</b>
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	5,311	5,311
<b>VI</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX</b>		-	-	-	-	-	-	-	-	85,116	-	-	-	-	-	85,116
<b>X</b>		-	-	-	-	2,415	-	21,971	-	-	(33,800)	-	-	-	-	(9,414)
10.1		-	-	-	-	-	-	-	-	-	(9,414)	-	-	-	-	(9,414)
10.2		-	-	-	-	2,415	-	21,971	-	-	(24,386)	-	-	-	-	-
10.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.4		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.5		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.6		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.7		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI</b>		-	-	-	-	-	-	-	(7,074)	-	-	-	-	-	-	(7,074)
<b>Closing Balance</b>																
<b>(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI)</b>																
		<b>57,800</b>	<b>252,676</b>	-	-	<b>9,253</b>	-	<b>63,511</b>	<b>(13,628)</b>	<b>85,116</b>	-	-	-	-	<b>9,147</b>	<b>463,875</b>

The accompanying notes are an integral part of these statements.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

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

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

	Note Ref	Paid-in Capital	Effect of inflation Accounting on Capital and Capital Other Reserves	Share premium	Share certificate cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Revaluation Fund	Value Increase Fund	Marketable Securities Value Increase Fund	Total Equity
<b>Current Period – 31.12.2006</b>															
<b>I</b>		<b>57,800</b>	<b>252,676</b>	-	-	<b>9,253</b>	-	<b>63,511</b>	<b>(13,628)</b>	-	<b>85,116</b>	-	-	<b>9,147</b>	<b>463,875</b>
<b>II.</b>															
<b>III.</b>															
<b>IV.</b>									<b>7,920</b>						<b>7,920</b>
4.1															
4.2															
									7,920						7,920
<b>V.</b>									<b>(7,920)</b>						<b>(7,920)</b>
<b>VI.</b>															
6.1															
6.2									(7,920)						(7,920)
<b>VII.</b>										105,700					105,700
<b>VIII.</b>						<b>5,697</b>		<b>60,677</b>			<b>(85,116)</b>				<b>(18,742)</b>
8.1											(18,742)				(18,742)
8.2						5,697		54,278			(59,975)				
8.3								6,399			(6,399)				
<b>IX.</b>		<b>18,700</b>		<b>1,592</b>											<b>20,292</b>
9.1		18,700													18,700
9.2															
9.3															
9.4															
9.5															
9.6					1,592										1,592
9.7															
9.8															
<b>X.</b>															
<b>XI.</b>															
<b>XII.</b>															
<b>XIII.</b>															
<b>XIV.</b>															
<b>Closing Balance</b>															
<b>(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI)</b>															
		<b>76,500</b>	<b>252,676</b>	<b>1,592</b>	-	<b>14,950</b>	-	<b>124,188</b>	<b>(13,628)</b>	<b>105,700</b>	-	-	-	<b>(10,011)</b>	<b>551,967</b>

The accompanying notes are an integral part of these statements.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CASH FLOW STATEMENTS FOR THE YEARS ENDED**  
**DECEMBER 31, 2006 AND 2005**

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

**V. STATEMENT OF CASH FLOWS**

	Note Ref	Audited Current Period 31.12.2006	Audited Prior Period 31.12.2005
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1		<b>65,744</b>	<b>116,173</b>
<b>Operating profit before changes in operating assets and liabilities</b>			
1.1.1		726,580	436,248
1.1.2		(496,649)	(231,108)
1.1.3		18,531	7,942
1.1.4		99,307	56,387
1.1.5		94,776	78,411
1.1.6		3,665	1,911
1.1.7		(149,262)	101,316
1.1.8		(7,811)	(32,118)
1.1.9	(1)	(223,393)	(302,816)
1.2		<b>492,864</b>	<b>179,410</b>
<b>Changes in operating assets and liabilities</b>			
1.2.1		30,403	(92,201)
1.2.2	(1)	-	-
1.2.3		45,930	(28,220)
1.2.4		(1,967,886)	(1,357,586)
1.2.5		(52,051)	(9,782)
1.2.6		37,212	602,607
1.2.7		2,136,181	975,650
1.2.8		247,166	73,620
1.2.9		-	-
1.2.10	(1)	15,909	15,322
I.		<b>558,608</b>	<b>295,583</b>
<b>Net cash provided from banking operations</b>			
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
II.		<b>(462,196)</b>	<b>(680,714)</b>
<b>Net cash provided from investing activities</b>			
2.1		-	-
2.2		-	-
2.3		(45,692)	(43,455)
2.4		19	1,693
2.5		(1,323,210)	(1,370,347)
2.6		903,242	656,153
2.7		-	-
2.8		103	68,769
2.9		3,342	6,473
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
III.		<b>215,076</b>	<b>49,860</b>
<b>Net cash provided from financing activities</b>			
3.1		210,172	58,360
3.2		-	-
3.3		18,700	-
3.4		(18,742)	(9,414)
3.5		3,354	914
3.6		1,592	-
IV.		<b>38,690</b>	<b>3,350</b>
<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>			
V.		<b>350,178</b>	<b>(331,921)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>			
VI.	(2)	<b>768,488</b>	<b>1,100,409</b>
<b>Cash and cash equivalents at beginning of the period</b>			
VII.	(2)	<b>1,118,666</b>	<b>768,488</b>
<b>Cash and cash equivalents at end of the period</b>			

The accompanying notes are an integral part of these statements.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

**I- Basis of Presentation**

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

*Accounting Policies Used*

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

<b>As of December 31, 2005</b>	<b>Profit for the Period</b>	<b>Extraordinary Reserves</b>
As previously reported	78,717	61,218
Foreign currency difference adjustment for subsidiaries	7,074	6,554
Employee benefit liability adjustment	(964)	(6,087)
Deferred tax adjustment	289	1,826
<b>As restated</b>	<b>85,116</b>	<b>63,511</b>

*Preparation of Financial Statements at the Current Purchasing Power Parity*

The indicators which are explained in the BRSA resolution dated April 21, 2005 and numbered 1623 and April 28, 2005 dated circular and 5th Article of Number 14 Communique of Accounting Application Regulations – "Preparation of Financial Statements in Hyperinflationary Periods", which is revoked on November 1, 2006, are no longer valid and banks' obligation to prepare their financial statements according to this regulation is no longer in effect.

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

The Bank aims to fulfill the financial needs of each customer such as SMEs, multinational companies and even small individual investors in line with Banking Legislation. The priority objective of the Bank is to maintain liquidity while fulfilling customer needs. Thus, the Bank uses 41% on average of its resources on liquid items, while the Bank also aims for the highest yield possible with effective maturity management.

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

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



**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

Major segment that earns more than the average yield calculated for the Bank's segments is the marketable security portfolio transactions.

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

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

When the Bank's Asset-Liability Committee decides to invest in foreign currency available-for-sale capital instruments, it approves the purchase of various derivative instruments such as currency swaps, forwards and similar derivatives, as hedging instruments.

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

**III- 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 contractual forward rates discounted to the balance sheet date. The resulting gain or loss is reflected to the income statement. Discounted values calculated using the fixed and floating interest rates between the transaction date and repricing date are used in determination of the fair values of interest rate swaps. Fair value of option transactions are determined by comparing the option rates discounted to the balance sheet date with the period end foreign exchange rates of the 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 the income statement.

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

**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.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**V- Fees and Commission Income and Expenses**

Fees for various banking services are recorded as income when collected and prepaid commission income 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- Explanations and Disclosures on Financial Assets**

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

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

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

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

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

*Cash, Banks, and Other Financial Institutions*

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

*Financial Assets at Fair Value Through Profit and Loss*

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

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

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

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

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

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

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

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

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

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

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

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

*Loans and Provisions for Impairment*

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

The foreign exchange income of the foreign currency indexed loans are shown under other operating income and the foreign exchange difference expenses are shown under other operating expenses.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

*Loans and Provisions for Impairment (continued)*

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

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

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

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

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

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

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

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

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

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and 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.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

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

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

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

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

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

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

As of December 31, 2006, the Bank does not have any assets held for sale.

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately. As of December 31, 2006, the Bank does not have any discontinued operations.

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

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

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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. Leasehold improvements are depreciated over the lease period by straight-line method.

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.

**XII- Explanations on Tangible Fixed Assets**

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

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

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

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

Maintenance costs of 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.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**XIII- Explanations on Leasing Transactions**

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

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

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

The Bank does not have any leasing transactions as lessor.

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

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

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

*Defined Benefit Plans*

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

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

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Bank uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually. The carrying value of employee termination benefit provisions as of December 31, 2006 is TRY 7,033 (December 31, 2005 - TRY 6,044).

*Defined Contribution Plans*

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**XVI- Explanations on Taxation**

*Corporate tax*

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

The tax legislation, requires advance tax of 20% (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 December 31, 2006 TRY 2,503 (2005: TRY 776) deferred tax which is related with items recorded in the equity was netted-off under equity in "Marketable Securities Value Increase Fund".

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

*Deferred Tax Liability / Asset*

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

As of December 31, 2006 and December 31, 2005, in accordance with TAS No: 12 "Turkish Accounting Standard on Income Taxes" and the changes in the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004, the Bank calculated deferred tax asset on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are shown in the accompanying financial statements on a net basis.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax charge of TRY 2,120 is stated under the tax provision in the income statement (2005: TRY 5,222). The deferred tax asset of TRY 2,503 (2005: TRY 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 circular of BRSA, deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

**XVII- Additional Explanations on Borrowings**

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

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

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.



**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**XVIII- Explanations on Share Certificates**

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 capital increase has been decided to be used as pre-emptive rights to the shareholders and the unused pre-emptive rights to be traded on the Stock Exchange, and the whole amount to be paid in cash. The increase of TRY 18,700 was registered with Istanbul Trade Registry Office on September 20, 2006 and capital increase procedures were completed.

**XIX- Explanations on Acceptances**

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

**XX- Explanations on Government Incentives**

There are no government incentives utilized by the Bank.

**XXI- Explanations on Segment Reporting**

The Bank mainly operates in retail and corporate banking segments.

	<b>Retail</b>	<b>Corporate</b>	<b>Other</b>	<b>Total</b>
Net interest income	33,646	185,986	85,680	305,312
Net fees and commissions income and other operating income	17,407	83,743	57,038	158,188
Trading profit / loss	15,502	18,998	(48,689)	(14,189)
Dividend income	-	-	18,531	18,531
Impairment provision for loans	(3,396)	(25,160)	(7,391)	(35,947)
Other operating income	(44,598)	(90,179)	(162,491)	(297,268)
<b>Profit before tax</b>	<b>18,561</b>	<b>173,388</b>	<b>(57,322)</b>	<b>134,627</b>
Tax	-	-	(28,927)	(28,927)
<b>Net profit for the period</b>	<b>18,561</b>	<b>173,388</b>	<b>(86,249)</b>	<b>105,700</b>

**XXII- Explanations on Other Matters**

**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 reserves such as the revaluation fund. Foreign currency subsidiaries are accounted for at period end exchange rates. Only the difference between the indexed amounts until December 31, 2004 and balance sheet amounts are kept under shareholders' equity. Bank hedged its net investment risk in The Economy Bank NV ("TEB NV"), its subsidiary operating in Netherlands with capital of EUR 30 million in 2006. Bank has classified fair value differences arising from this investment in other profit reserves under shareholders' equity, and fair value differences arising from hedging instrument in "hedge fund" under shareholders' equity, in accordance with the Turkish Accounting Standards.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**XXII- Explanations Other Matters (continued)**

*Explanation for convenience translation to English*

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**SECTION FOUR**

**INFORMATION ON FINANCIAL STRUCTURE**

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

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks ", which was published on November 1, 2006 in the Official Gazette numbered 26333. The Bank's capital adequacy ratio in accordance with the related communiqué is 14.27%. The comparative bank only Capital Adequacy Standard Ratio for December 31, 2005 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 is 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 excluded while calculating risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and amortization among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

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

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

	<b>Risk Weight</b>			
	0%	20%	50%	100%
<b>Risk Weighted Assets, Liabilities and Non-Cash Loans</b>				
Balance Sheet items (Net)				
Cash	129,333	14	-	-
Matured Marketable Securities	-	-	-	-
Due From Central Bank of Turkey	550,023	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	437,205	-	131
Interbank Money Market Placements	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-
Reserve Deposits	279,373	-	-	-
Loans	182,562	46,976	972,615	3,669,373
Non-performing loans (Net)	-	-	-	14,544
Financial Lease Receivables	-	-	-	-
Available-For-Sale Financial Assets	1,466,503	-	-	61
Held to Maturity Investments	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-
Sundry Debtors	-	-	-	13,438
Interest and Income Accruals	71,245	352	-	67,325
Subsidiaries, Associates and Entities Under Common Control (Net)	-	-	-	146,499
Tangible Assets	-	-	-	56,118
Other Assets	20,545	-	-	4,031
Off-Balance Sheet Items	-	-	-	-
Guarantees and Commitments	61,080	688,698	392,042	647,437
Derivative Financial Instruments	-	77,524	-	9,371
Non Risk Weighted Accounts	-	-	-	-
<b>Total Value at Risk</b>	<b>2,760,664</b>	<b>1,250,769</b>	<b>1,364,657</b>	<b>4,628,328</b>
<b>Total Risk Weighted Assets</b>	<b>-</b>	<b>250,154</b>	<b>682,329</b>	<b>4,628,328</b>

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

	Current Period	Prior Period(*)
Total Risk Weighted Assets (TRWA)	5,560,811	3,196,838
Amount Subject to Market Risk (ASMR)	191,138	142,000
Amount Subject to Operational Risk (ASOR) (**)	-	-
Shareholders' Equity	820,725	411,722
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	14.27	12.33

**TRWA:** Total Risk Weighted Assets

**ASMR:** Amount Subject to Market Risk

**ASOR:** Amount Subject to Operational Risk

(\*) The comparative bank only Capital Adequacy Standard Ratio for December 31, 2005 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.

(\*\*) Effective after June 30, 2007.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

	Current Period	Prior Period(*)
<b>CORE CAPITAL</b>		
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	-	-
Statutory reserves	-	-
Extraordinary reserves	110,560	61,218
Reserves allocated by the General Assembly	110,560	61,218
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Profit	105,700	78,717
Current period profit	105,700	78,717
Prior years' profits	-	-
Loss (-)	-	-
Current period loss	-	-
Prior years' losses	-	-
Provision for possible losses up to 25% of the Core Capital	-	-
Gains on sale of associates and subsidiaries and properties to be added to capital	-	-
Primary subordinated loans up to 15% of the Core Capital	-	-
Losses that cannot be covered by reserves (-)	-	-
Net current period loss	-	-
Prior years' losses	-	-
Leasehold improvements (-)	33,069	15,287
Prepaid expenses (-)	11,306	4,869
Intangible assets (-)	5,867	-
Deferred tax asset exceeding 10% of the Core Capital	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law	-	-
<b>Total Core Capital</b>	<b>561,978</b>	<b>459,664</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Loan Loss Reserves	32,505	18,300
45% of the revaluation reserve for movable fixed assets	-	-
45% of the revaluation reserve for properties	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-
Secondary subordinated loans	280,989	83,997
Marketable securities value increase fund	(4,505)	9,147
Associates and subsidiaries	-	-
Available for sale securities	(4,505)	9,147
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-
<b>Total Supplementary Capital</b>	<b>308,989</b>	<b>111,444</b>
<b>TIER III CAPITAL</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>870,967</b>	<b>571,108</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>50,242</b>	<b>159,386</b>
Amounts related to investments in financial companies whose main activities are money and capital markets, insurance and that operate with licenses provided in accordance with special laws and financial entities accounted for under equity method but not consolidated	-	139,230
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than Ten percent of capitals which exceed the Ten Percent of Bank's Core and Supplementary Capital	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	-	-
Other	-	-
<b>Total Shareholder's Equity</b>	<b>820,725</b>	<b>411,722</b>

(\*)The comparative bank only December 31, 2005 equity 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.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**II- Explanations Related to Credit Risk**

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

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

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

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

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

The fulfillment of the benefits and acquirements related to forward transactions is normally realized at maturity. However, in order to minimize the risk, the risk is met by obtaining the reverse of the existing positions from the market.

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

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

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

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

As of December 31, 2006, the receivables of the Bank from its top 100 cash loan customers amount to TRY 1,006,002 (2005 – TRY 666,755) with a share of 20.38% in the total cash loans (2005 – 22.82%).

As of December 31, 2006, the receivables of the Bank from its top 100 non-cash loan customers amount to TRY 936,649 (2005 – TRY 582,790) with a share of 35.61% in the total non-cash loans (2005 – 34.14%).

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**II- Explanations Related to Credit Risk (continued)**

The share of cash and non-cash receivables of the Bank from its top 100 customers in total balance sheet and off-balance sheet assets is 19.77% as of December 31, 2006 (2005 – 20.48%).

As of December 31, 2006, the general loan loss provision related with the credit risk incurred by the Bank is TRY 32,505 (2005 – TRY 18,300).

**Information according to geographical concentration:**

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income/Loss
<b>Current Period</b>					
Domestic	7,595,168	6,518,159	2,534,246	-	105,700
European Union Countries	234,453	726,605	3,115	-	-
OECD Countries (*)	5,362	23,122	9	-	-
Off-shore Banking Regions	7,850	156,832	34,934	-	-
USA, Canada	239,952	227,159	30,457	-	-
Other Countries	52,373	77,813	27,199	-	-
Associates, Subsidiaries and Entities Under Common Control	-	-	-	146,499	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
<b>Total</b>	<b>8,135,158</b>	<b>7,729,690</b>	<b>2,629,960</b>	<b>146,499</b>	<b>105,700</b>
<b>Prior Period</b>					
Domestic	5,045,996	4,229,129	1,594,042	-	85,116
European Union Countries	158,984	261,636	811	-	-
OECD Countries (*)	2,405	197,352	228	-	-
Off-shore Banking Regions	4,230	93,471	1,905	-	-
USA, Canada	36,574	176,365	89,547	-	-
Other Countries	36,562	2,153	20,453	-	-
Associates, Subsidiaries and Entities Under Common Control	-	-	-	139,230	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
<b>Total</b>	<b>5,284,751</b>	<b>4,960,106</b>	<b>1,706,986</b>	<b>139,230</b>	<b>85,116</b>

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

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**II- Explanations Related to Credit Risk (continued)**

**Sector concentration for cash loans:**

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	85,594	2.51	48,019	3.16	36,336	2.08	39,215	3.25
Farming and Raising Livestock	64,711	1.90	44,867	2.95	25,904	1.49	35,579	2.95
Forestry, Wood and Paper	15,526	0.45	2,532	0.17	8,434	0.48	3,010	0.25
Fishery	5,357	0.16	620	0.04	1,998	0.11	626	0.05
Manufacturing	1,599,773	46.84	1,129,745	74.27	881,253	50.51	977,991	81.00
Mining and Quarry	87,861	2.57	47,700	3.14	71,088	4.08	34,421	2.85
Production	1,506,624	44.12	1,082,045	71.13	807,662	46.29	943,570	78.15
Electricity, Gas and Water	5,288	0.15	-	-	2,503	0.14	-	-
Construction	212,887	6.23	44,876	2.95	74,675	4.28	42,184	3.49
Services	724,212	21.20	282,076	18.54	362,690	20.78	147,353	12.20
Wholesale and Retail Trade	260,891	7.64	63,236	4.16	139,426	7.99	39,255	3.25
Hotel, Tourism, Food and Beverage Services	43,500	1.27	55,106	3.62	19,766	1.13	45,846	3.80
Transportation and Communication	138,565	4.06	52,259	3.44	74,804	4.29	27,274	2.26
Financial Institutions	147,625	4.32	45,704	3.00	77,193	4.42	31,491	2.61
Real Estate and Renting Services	43,923	1.29	59,678	3.92	20,795	1.19	2,433	0.20
Self-Employment Services	36,952	1.08	6,093	0.40	9,702	0.56	996	0.08
Education Services	5,918	0.17	-	-	3,195	0.18	-	-
Health and Social Services	46,838	1.37	-	-	17,809	1.02	58	-
Other	793,275	23.22	16,435	1.08	389,896	22.35	702	0.06
<b>Total</b>	<b>3,415,741</b>	<b>100.00</b>	<b>1,521,151</b>	<b>100.00</b>	<b>1,744,850</b>	<b>100.00</b>	<b>1,207,445</b>	<b>100.00</b>

**III- Explanations Related to Market Risk**

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

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

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

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



**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

a) Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	13,323
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	1,968
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	15,291
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	191,138

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

	Current Period		Prior Period			
	Average	Maximum	Average	Maximum	Average	Maximum
Interest Rate Risk	9,201	13,535	6,592	4,546	7,786	2,621
Common Stock Risk	-	-	-	-	-	-
Currency Risk	1,619	4,450	168	1,119	3,126	311
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	203	635	-	454	3,588	2
<b>Total Value Subject to Risk</b>	<b>137,787</b>	<b>191,138</b>	<b>109,500</b>	<b>76,489</b>	<b>152,563</b>	<b>36,713</b>

**IV- Explanations Related to Operational Risk:**

The obligations related to Operational Risk will be effective from June 30, 2007.

**V- Explanations Related to Currency Risk**

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

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

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

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

As of December 31, 2006, the Bank's net short position is TRY 11,571 (December 31, 2005 - TRY 45,232 net short) resulting from short position amounting to TRY 572,612 (December 31, 2005 - TRY 338,818 short) on the balance sheet and long position amounting to TRY 561,041 (December 31, 2005 - TRY 293,586 long) on the off-balance sheet.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

The announced current foreign exchange buying rates of the Bank at December 31, 2006 and the previous five working days in full TRY are as follows:

	22.12.2006	25.12.2006	26.12.2006	27.12.2006	28.12.2006	29.12.2006
<b>USD</b>	1.4186	1.4222	1.4198	1.4192	1.4131	1.4056
<b>CHF</b>	1.1666	1.1646	1.1623	1.1614	1.1543	1.1503
<b>GBP</b>	2.7869	2.7937	2.7806	2.7803	2.7689	2.7569
<b>JPY</b>	1.1958	1.1952	1.1919	1.1937	1.1872	1.1797
<b>EURO</b>	1.8725	1.8686	1.8650	1.8668	1.8586	1.8515

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before December 31, 2006 are as follows:

	Monthly Average Foreign Exchange Rate
<b>USD</b>	1.42350
<b>CHF</b>	1.17521
<b>GBP</b>	2.79430
<b>JPY</b>	1.17741
<b>EURO</b>	1.88006

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

Current Period	EUR	USD	YEN	OTHER	TOTAL
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	273,565	434,566	50	5,321	<b>713,502</b>
Due From Other Banks and Financial Institutions	147,171	262,096	723	23,374	<b>433,364</b>
Financial Assets at Fair Value Through Profit and Loss (*****)	254	3,143	-	853	<b>4,250</b>
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	59	265,368	-	-	<b>265,427</b>
Loans (**)	1,033,746	846,885	15,211	106,364	<b>2,002,206</b>
Subsidiaries, Associates and Entities Under Common Control	55,545	-	-	-	<b>55,545</b>
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets (***)	195	7,803	-	-	<b>7,998</b>
<b>Total Assets</b>	<b>1,510,535</b>	<b>1,819,861</b>	<b>15,984</b>	<b>135,912</b>	<b>3,482,292</b>
<b>Liabilities</b>					
Bank Deposits	50,616	24,917	668	25,134	<b>101,335</b>
Foreign Currency Deposits (*)	804,943	2,071,407	6,133	71,705	<b>2,954,188</b>
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	622,999	309,826	-	20,003	<b>952,828</b>
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	4,901	39,237	32	9	<b>44,179</b>
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	1,004	1,204	-	167	<b>2,375</b>
<b>Total Liabilities</b>	<b>1,484,463</b>	<b>2,446,591</b>	<b>6,833</b>	<b>117,018</b>	<b>4,054,905</b>
<b>Net Balance Sheet Position</b>	<b>26,072</b>	<b>(626,730)</b>	<b>9,151</b>	<b>18,894</b>	<b>(572,613)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(18,475)</b>	<b>605,884</b>	<b>(9,069)</b>	<b>(17,299)</b>	<b>561,041</b>
Financial Derivative Assets (*****)	196,608	1,100,270	4,835	68,101	<b>1,369,814</b>
Financial Derivative Liabilities (*****)	215,082	494,386	13,904	85,401	<b>808,773</b>
Non-Cash Loans (*****)	648,150	995,305	6,777	59,921	<b>1,710,153</b>
<b>Prior Period</b>					
Total Assets	824,192	1,469,785	11,812	60,790	<b>2,366,579</b>
Total Liabilities	854,206	1,768,429	8,637	74,125	<b>2,705,397</b>
Net Balance Sheet Position	(30,014)	(298,644)	3,175	(13,335)	<b>(338,818)</b>
Net Off-Balance Sheet Position	28,413	253,987	(3,023)	14,209	<b>293,586</b>
Financial Derivative Assets	196,497	520,916	5,011	73,105	<b>795,529</b>
Financial Derivative Liabilities	168,084	266,929	8,034	58,896	<b>501,943</b>
Non-Cash Loans (*****)	351,571	676,805	6,042	42,592	<b>1,077,010</b>

- (\*) Gold account deposits amounting to TRY 15,247 (December 31, 2005 - TRY 1,329) are included in the foreign currency deposits.  
(\*\*) Foreign currency indexed loans amounting to TRY 481,055 (December 31, 2005 - TRY 334,434) are included in the loan portfolio.  
(\*\*\*) TRY 364 of prepaid expenses is deducted from other assets, and TRY 983 of expense accruals from derivative financial instruments, and TRY 12,362 of provision for general loan losses are deducted from other liabilities.  
(\*\*\*\*) Forward asset purchase-sale commitments of TRY 76,854 are added to derivative financial assets and TRY 76,864 has been added to derivative liabilities..  
(\*\*\*\*\*)TRY 1,190 of income accruals from derivative financial instruments is deducted from Financial Assets at Fair Value Through Profit and Loss.  
(\*\*\*\*\*)There are no effects on the net off-balance sheet position.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**VI- Explanations Related to Interest Rate Risk**

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

The first priority of the 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
<b>Current Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	645,653	-	-	-	-	319,757	<b>965,410</b>
Due From Other Banks and Financial Institutions	82,111	-	2,290	1,000	-	352,287	<b>437,688</b>
Financial Assets at Fair Value Through Profit and Loss	45,046	12,713	3,268	2,983	38,287	853	<b>103,150</b>
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	291,988	663,403	76,104	74,449	425,129	67	<b>1,531,140</b>
Loans	2,599,403	333,953	360,262	390,693	1,252,581	-	<b>4,936,892</b>
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	307,377	<b>307,377</b>
<b>Total Assets</b>	<b>3,664,201</b>	<b>1,010,069</b>	<b>441,924</b>	<b>469,125</b>	<b>1,715,997</b>	<b>980,341</b>	<b>8,281,657</b>
<b>Liabilities</b>							
Bank Deposits	74,323	1,806	-	-	-	47,875	<b>124,004</b>
Other Deposits	4,859,484	402,218	30,645	9,415	141	-	<b>5,301,903</b>
Money Market Borrowings	771,004	-	-	-	-	-	<b>771,004</b>
Sundry Creditors	-	-	-	-	-	102,476	<b>102,476</b>
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	319,187	106,291	735,398	47,365	10,665	-	<b>1,218,906</b>
Other Liabilities	18,899	11,175	4,952	14,144	29,619	684,575	<b>763,364</b>
<b>Total Liabilities</b>	<b>6,042,897</b>	<b>521,490</b>	<b>770,995</b>	<b>70,924</b>	<b>40,425</b>	<b>834,926</b>	<b>8,281,657</b>
Balance Sheet Long Position	-	488,579	-	398,201	1,675,572	145,415	<b>2,707,767</b>
Balance Sheet Short Position	2,378,696	-	329,071	-	-	-	<b>2,707,767</b>
Off-Balance Sheet Long Position	10,204	-	-	-	-	-	<b>10,204</b>
Off-Balance Sheet Short Position	6,716	-	-	-	-	-	<b>6,716</b>
<b>Total Position</b>	<b>(2,375,208)</b>	<b>488,579</b>	<b>(329,071)</b>	<b>398,201</b>	<b>1,675,572</b>	<b>145,415</b>	<b>3,488</b>

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

The other assets line in the non-interest bearing column consists of tangible assets amounting to TRY 56,118; intangible assets amounting to TRY 38,935, TRY 1,959 of accrued interest and income receivables, subsidiaries amounting to TRY 146,499 and the other liabilities line includes the shareholders' equity of TRY 551,967.

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

	EURO %	USD %	YEN %	TRY %
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash In Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	1.73%	2.52%	-	-
Due From Other Banks And Financial Institutions		5.26%	-	16.85%
Financial Assets At Fair Value Through Profit And Loss	5.45%	7.08%	-	21.15%
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets		6.78%	-	21.57%
Loans	5.07%	6.89%	3.88%	15.16%
Held-To-Maturity Investments	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	2.87%	4.50%	-	18.59%
Other Deposits	3.18%	5.21%	-	20.32%
Money Market Borrowings	-	-	-	17.50%
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4.81%	7.23%	-	17.57%

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
<b>Prior Period</b>							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	388,695	-	-	-	-	179,541	<b>568,236</b>
Due From Other Banks and Financial Institutions	247,898	14,548	32,747	16,473	-	-	<b>311,666</b>
Financial Assets at Fair Value Through Profit and Loss	1,577	19,105	14,837	1,066	55,686	598	<b>92,869</b>
Money Market Placements	150,112	-	-	-	-	-	<b>150,112</b>
Available-For-Sale Financial Assets	34,545	596,605	81,557	45,553	319,845	9	<b>1,078,114</b>
Loans	942,162	423,607	462,848	391,443	732,235	-	<b>2,952,295</b>
Held-To-Maturity Investments	-	101	-	-	-	-	<b>101</b>
Other Assets	-	-	-	-	-	270,588	<b>270,588</b>
<b>Total Assets</b>	<b>1,764,989</b>	<b>1,053,966</b>	<b>591,989</b>	<b>454,535</b>	<b>1,107,766</b>	<b>450,736</b>	<b>5,423,981</b>
Liabilities							
Bank Deposits	89,208	12,928	30	7	2	-	<b>102,175</b>
Other Deposits	2,122,750	252,037	44,154	6,670	80	724,214	<b>3,149,905</b>
Money Market Borrowings	755,092	-	-	-	-	-	<b>755,092</b>
Sundry Creditors	-	-	-	-	-	49,949	<b>49,949</b>
Marketable Securities Issued	-	-	-	-	-	-	<b>-</b>
Funds Provided From Other Financial Institutions	116,040	113,467	430,387	24,860	65,998	-	<b>750,752</b>
Other Liabilities	5,343	2,940	4,584	3,356	11,418	588,467	<b>616,108</b>
<b>Total Liabilities</b>	<b>3,088,433</b>	<b>381,372</b>	<b>479,155</b>	<b>34,893</b>	<b>77,498</b>	<b>1,362,630</b>	<b>5,423,981</b>
Balance Sheet Long Position	-	672,594	112,834	419,642	1,030,268	-	<b>2,235,338</b>
Balance Sheet Short Position	1,323,444	-	-	-	-	911,894	<b>2,235,338</b>
Off-Balance Sheet Long Position	69,650	-	-	-	-	-	<b>69,650</b>
Off-Balance Sheet Short Position	70,345	-	-	-	-	-	<b>70,345</b>
<b>Total Position</b>	<b>(1,324,139)</b>	<b>672,594</b>	<b>112,834</b>	<b>419,642</b>	<b>1,030,268</b>	<b>(911,894)</b>	<b>(695)</b>

The other assets line at the non-interest bearing column consists of tangible assets amounting to TRY 38,728; intangible assets amounting to TRY 19,239, TRY 2,062 of accrued interest and income receivables, subsidiaries amounting to TRY 139,230 and the other liabilities line includes the shareholders' equity of TRY 463,875.

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

	EURO %	USD %	YEN %	TRY %
<b>Prior Period</b>				
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 Other Banks And Financial Institutions	2.53	4.34	-	15.14
Financial Assets At Fair Value Through Profit And Loss	-	5.21	-	14.45
Money Market Placements	-	-	-	14.98
Available-For-Sale Financial Assets	-	5.70	-	15.14
Loans	6.03	6.51	4.06	25.14
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	2.55	4.00	-	17.61
Other Deposits	2.47	3.93	-	15.67
Money Market Borrowings	-	-	-	13.93
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	2.84	6.85	-	14.64

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**VII- Explanations Related to Liquidity Risk**

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

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

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

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Over</b>	<b>Undistributed (*)</b>	<b>Total</b>
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	319,757	645,653	-	-	-	-	-	<b>965,410</b>
Due From Other Banks and Financial Institutions	352,287	82,111	-	2,290	1,000	-	-	<b>437,688</b>
Financial Assets at Fair Value Through Profit and Loss	853	7,273	4,880	3,112	3,044	83,988	-	<b>103,150</b>
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	68	-	1,878	-	107,359	1,421,835	-	<b>1,531,140</b>
Loans	-	2,046,364	529,361	637,808	457,014	1,266,345	-	<b>4,936,892</b>
Held-To-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	-	20,515	7,584	-	29	-	279,249	<b>307,377</b>
<b>Total Assets</b>	<b>672,965</b>	<b>2,801,916</b>	<b>543,703</b>	<b>643,210</b>	<b>568,446</b>	<b>2,772,168</b>	<b>279,249</b>	<b>8,281,657</b>
<b>Liabilities</b>								
Bank Deposits	47,875	74,323	1,806	-	-	-	-	<b>124,004</b>
Other Deposits	964,478	3,895,006	402,218	30,645	9,415	141	-	<b>5,301,903</b>
Funds Provided From Other Financial Institutions	-	184,567	74,898	71,254	448,098	440,089	-	<b>1,218,906</b>
Money Market Borrowings	-	771,004	-	-	-	-	-	<b>771,004</b>
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	102,476	-	-	-	-	-	-	<b>102,476</b>
Other Liabilities	-	78,069	11,140	5,001	40,847	30,015	598,292	<b>763,364</b>
<b>Total Liabilities</b>	<b>1,114,829</b>	<b>5,002,969</b>	<b>490,062</b>	<b>106,900</b>	<b>498,360</b>	<b>470,245</b>	<b>598,292</b>	<b>8,281,657</b>
<b>Liquidity Gap</b>	<b>(441,864)</b>	<b>(2,201,053)</b>	<b>53,641</b>	<b>536,310</b>	<b>70,086</b>	<b>2,301,923</b>	<b>(319,043)</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>233,599</b>	<b>1,720,060</b>	<b>439,203</b>	<b>520,412</b>	<b>566,626</b>	<b>1,716,714</b>	<b>227,367</b>	<b>5,423,981</b>
<b>Total Liabilities</b>	<b>788,130</b>	<b>3,062,577</b>	<b>369,150</b>	<b>123,718</b>	<b>411,310</b>	<b>177,362</b>	<b>491,734</b>	<b>5,423,981</b>
<b>Liquidity Gap</b>	<b>(554,531)</b>	<b>(1,342,517)</b>	<b>70,053</b>	<b>396,694</b>	<b>155,316</b>	<b>1,539,352</b>	<b>(264,367)</b>	<b>-</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

The table below shows the book value and the fair value of the financial assets and liabilities which cannot be shown with their fair value in the financial statements of the Bank.

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

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

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Current Period
<b>Financial Assets</b>	<b>6,920,264</b>	<b>4,509,118</b>	<b>6,835,097</b>	<b>4,524,567</b>
Money Market Placements	-	150,112	-	150,112
Due From Other Banks and Financial Institutions	437,688	311,666	437,688	311,666
Available-For-Sale Financial Assets	1,531,140	1,078,114	1,531,140	1,078,114
Held-To-Maturity Investments	-	101	-	101
Loans	4,951,436	2,969,125	4,866,269	2,984,574
<b>Financial Liabilities</b>	<b>7,518,293</b>	<b>4,807,873</b>	<b>7,535,077</b>	<b>4,802,479</b>
Bank Deposits	124,004	102,175	124,291	102,190
Other Deposits	5,301,903	3,149,905	5,318,400	3,144,496
Funds Provided From Other Financial Institutions (*)	1,989,910	1,505,844	1,989,910	1,505,844
Marketable Securities Issued	-	-	-	-
Sundry creditors	102,476	49,949	102,476	49,949

(\*) Funds provided under repo transactions are included in funds borrowed from other financial institutions.

**IX- Explanations Related To Transactions Made on Behalf of Others and Fiduciary Transactions**

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

The Bank does not deal with fiduciary transactions.



**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON  
UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations Related to the Assets**

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	50,157	75,313	25,854	60,028
Balances with the Central Bank of Turkey	200,718	635,346	94,211	386,697
Other	1,033	2,843	-	1,446
<b>Total</b>	<b>251,908</b>	<b>713,502</b>	<b>120,065</b>	<b>448,171</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposit (*)	200,718	281,142	94,211	212,306
Unrestricted time deposit	-	354,204	-	174,391
Restricted time deposit	-	-	-	-
<b>Total</b>	<b>200,718</b>	<b>635,346</b>	<b>94,211</b>	<b>386,697</b>

(\*) TRY 281,142 of foreign currency unrestricted demand deposit balance comprises of reserve deposits (2005 – TRY 212,306). Unrestricted demand deposit in TRY includes average reserve deposit held in Central Bank amounting to TRY 162,087 (2005 – TRY 83,542). As of December 31, 2006, the interest rates applied for reserve deposits are 13.72% for TRY deposits and 1.73% - 2.52% for foreign currency deposits (2005 – 10.25% for TRY, 1.14% - 2.03% for foreign currency), respectively.

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	542	-	334	-
Other	-	-	-	-
<b>Total</b>	<b>542</b>	<b>-</b>	<b>334</b>	<b>-</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	4,223	-	62,883	-
Treasury bills	642	-	89	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>4,865</b>	<b>-</b>	<b>62,972</b>	<b>-</b>

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 76,234 (2005 – TRY 26,910).

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	8,659	562	221	1,040
Swap Transactions	8,072	3,302	-	1,234
Futures Transactions	-	-	-	-
Options	713	148	156	2
Other	-	53	-	-
<b>Total</b>	<b>17,444</b>	<b>4,065</b>	<b>377</b>	<b>2,276</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	4,324	21,109	83,503	29,753
Foreign	-	412,255	143,722	54,688
Branches and head office abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
<b>Total</b>	<b>4,324</b>	<b>433,364</b>	<b>227,225</b>	<b>84,441</b>

b) Information on Foreign Bank Accounts :

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	167,666	159,106	-	-
USA and Canada	239,096	36,574	-	-
OECD Countries*	5,362	2,405	-	-
Off-shore banking regions	47	219	-	-
Other	84	106	-	-
<b>Total</b>	<b>412,255</b>	<b>198,410</b>	<b>-</b>	<b>-</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	-	188,531	36,431	173,069
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>188,531</b>	<b>36,431</b>	<b>173,069</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	856,760	-	779,438	-
Treasury bills	-	-	17,517	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>856,760</b>	<b>-</b>	<b>796,955</b>	<b>-</b>

Net book value of unrestricted financial assets available-for-sale is TRY 485,849 (2005 – TRY 71,659).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	1,544,514	1,081,401
Quoted on a stock exchange	1,355,983	1,005,500
Not quoted	188,531	75,901
Share certificates	68	9
Quoted on a stock exchange	-	-
Not quoted	68	9
Impairment provision(-)	(13,442)	(3,296)
<b>Total</b>	<b>1,531,140</b>	<b>1,078,114</b>

**5. Information on loans:**

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	1,384	2,768	-	16,179
Corporate shareholders	1,384	2,768	-	16,179
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	4,513	-	2,850	-
<b>Total</b>	<b>5,897</b>	<b>2,768</b>	<b>2,850</b>	<b>16,179</b>

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	4,932,047	-	-	4,845
Discount notes	102,307	-	-	-
Export loans	1,047,635	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	120,725	-	-	-
Foreign loans	118,724	-	-	-
Consumer loans	689,362	-	-	-
Credit cards	50,460	-	-	-
Precious metals loans	84,065	-	-	-
Other	2,718,769	-	-	4,845
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>4,932,047</b>	<b>-</b>	<b>-</b>	<b>4,845</b>

c) Loans according to their maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term loans and other receivables	3,431,733	-	-	440
Non-specialized loans	3,431,733	-	-	440
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	1,500,314	-	-	4,405
Non-specialized loans	1,500,314	-	-	4,405
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>4,932,047</b>	<b>-</b>	<b>-</b>	<b>4,845</b>

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

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

	Short Term	Medium and Long Term	Total
<b>Consumer Loans-TRY</b>	<b>31,095</b>	<b>588,298</b>	<b>619,393</b>
Housing Loans	896	273,944	274,840
Car Loans	5,432	179,967	185,399
General Purpose Loans	22,625	130,232	152,857
Other	2,142	4,155	6,297
<b>Consumer Loans -Indexed to FC</b>	<b>498</b>	<b>55,382</b>	<b>55,880</b>
Housing Loans	-	28,108	28,108
Car Loans	354	25,220	25,574
General Purpose Loans	144	2,054	2,198
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards-TRY</b>	<b>44,887</b>	<b>-</b>	<b>44,887</b>
With Installments	6,043	-	6,043
Without Installments	38,844	-	38,844
<b>Individual Credit Cards-FC</b>	<b>1,092</b>	<b>-</b>	<b>1,092</b>
With Installments	-	-	-
Without Installments	1,092	-	1,092
<b>Personnel Loans-TRY</b>	<b>752</b>	<b>1,880</b>	<b>2,632</b>
Housing Loans	-	-	-
Car Loans	-	8	8
General Purpose Loans	752	1,872	2,624
Other	-	-	-
<b>Personnel Loans - Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TRY</b>	<b>1,511</b>	<b>-</b>	<b>1,511</b>
With Installments	100	-	100
Without Installments	1,411	-	1,411
<b>Personnel Credit Cards-FC</b>	<b>20</b>	<b>-</b>	<b>20</b>
With Installments	-	-	-
Without Installments	20	-	20
<b>Overdraft Account-TRY(Real Person) (*)</b>	<b>11,457</b>	<b>-</b>	<b>11,457</b>
<b>Overdraft Account-FC(Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>91,312</b>	<b>645,560</b>	<b>736,872</b>

(\*) Overdraft Account includes TRY 350 of personnel loans.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

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

	Short Term	Medium and Long Term	Total
<b>Commercial loans with installment facility-TRY</b>	<b>49,148</b>	<b>333,901</b>	<b>383,049</b>
Business Loans	13	10,729	10,742
Car Loans	12,374	152,370	164,744
General Purpose Loans	36,761	169,738	206,499
Other	-	1,064	1,064
<b>Commercial loans with installment facility - Indexed to FC</b>	<b>11,721</b>	<b>143,996</b>	<b>155,717</b>
Business Loans	-	1,314	1,314
Car Loans	2,295	84,513	86,808
General Purpose Loans	9,426	55,953	65,379
Other	-	2,216	2,216
<b>Commercial loans with installment facility -FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards-TRY</b>	<b>2,742</b>	<b>-</b>	<b>2,742</b>
With Installments	-	-	-
Without Installments	2,742	-	2,742
<b>Corporate Credit Cards-FC</b>	<b>209</b>	<b>-</b>	<b>209</b>
With Installments	-	-	-
Without Installments	209	-	209
<b>Overdraft Account-TRY(Legal Entity)</b>	<b>65,560</b>	<b>-</b>	<b>65,560</b>
<b>Overdraft Account-FC(Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>129,380</b>	<b>477,897</b>	<b>607,277</b>

f) Loans according to borrowers:

	Current Period	Prior Period
Public	-	-
Private	4,936,892	2,952,295
<b>Total</b>	<b>4,936,892</b>	<b>2,952,295</b>

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	4,818,168	2,911,352
Foreign loans	118,724	40,943
<b>Total</b>	<b>4,936,892</b>	<b>2,952,295</b>

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	210	-
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>210</b>	<b>-</b>

i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	1,270	1,950
Loans and receivables with doubtful collectibility	1,778	1,716
Uncollectible loans and receivables	27,200	13,183
<b>Total</b>	<b>30,248</b>	<b>16,849</b>

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period end balance	11,866	4,068	17,745
Additions (+)	19,509	3,771	2,073
Transfers from other categories of non-performing loans (+)	-	17,953	18,491
Transfers to other categories of non-performing loans (-)	17,953	18,491	4
Collections (-)	4,093	3,622	4,851
Write-offs (-)	-	3	1,667
Effect of Inflation (-)	-	-	-
Current period end balance	9,329	3,676	31,787
Specific provision (-)	1,270	1,778	27,200
<b>Net Balances on Balance Sheet</b>	<b>8,059</b>	<b>1,898</b>	<b>4,587</b>

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

k) Main principles of liquidating loans and receivables:

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

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

a.1) Information on held-to-maturity investments given as collateral or blocked:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	-	-	101	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>101</b>	<b>-</b>

a.2) Held-to-maturity investments subject to repurchase agreements: None (2005 – None).

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

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

	Current Period	Prior Period
Government Bonds	-	101
Treasury Bills	-	-
Other public sector debt securities	-	-
<b>Total</b>	<b>-</b>	<b>101</b>

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	-	101
Quoted on a stock exchange	-	101
Not quoted on a stock exchange	-	-
Provision for impairment (-)	-	-
<b>Total</b>	<b>-</b>	<b>101</b>

d) Movement of held-to-maturity investments:

	Current Period	Prior Period
Beginning balance	101	65,449
Indexation difference (-)	-	-
Foreign currency differences on monetary assets	-	-
Purchases during year	-	898
Disposals through sales and redemptions	(101)	(66,246)
Impairment provision (-)	-	-
<b>Closing Balance</b>	<b>-</b>	<b>101</b>

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

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

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

b.2) Valuation of consolidated associates: None.

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



**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

a) Information on the unconsolidated subsidiaries: None.

b) Information on the consolidated subsidiaries:

b.1) Information on the consolidated subsidiaries:

Description	Address (City/ Country)	Bank's share percentage-If different voting percentage(%)	Bank's risk group share percentage (%)
The Economy Bank N.V.	Netherlands	100.00	100.00
TEB Finansal Kiralama A.S.	Istanbul/Turkey	100.00	100.00
TEB Factoring A.S.	Istanbul/Turkey	100.00	100.00
TEB Yatırım Menkul Değerler A.S.	Istanbul/Turkey	74.94	100.00
TEB Portföy Yönetimi A.S.	Istanbul/Turkey	46.77	100.00

Information on the consolidated subsidiaries with the order as presented in the table above:

Total Assets	Shareholders ' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (* )	Fair Value
(i) 1,451,751	116,359	7,547	87,702	1,554	9,708	7,442	-
(ii) 70,681	35,895	1,401	8,815	(42)	9,837	5,784	-
(iii) 453,438	64,856	43,577	40,008	310	(18,303)	4,110	-
(iii) 236,362	19,436	139	26,362	-	7,447	4,000	-
(iv) 12,548	11,564	651	941	801	4,713	4,161	-

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

(i) Represents financial figures of foreign currency subsidiaries translated at period end foreign exchange rates for balance sheet and annual average rates for profit and loss as of December 31, 2006.

(ii) Represents consolidated financial figures of TEB Yatırım and TEB Portföy based on Capital Markets Board regulations as of December 31, 2006.

(iii) Represents statutory financial figures based on tax procedural law as of December 31, 2006.

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

b.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	139,230	146,474
Movements during the period	7,269	(7,244)
Purchases	-	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (*)	(651)	-
Revaluation increase (**)	7,920	(7,180)
Provision for impairment	-	(64)
<b>Balance at the end of the period</b>	<b>146,499</b>	<b>139,230</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

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

			Current Period	Prior Period
Banks	/	The Economy Bank N.V.	55,545	47,625
Leasing Companies	/	TEB Finansal Kiralama A.S	40,190	40,190
Factoring Companies	/	TEB Factoring A.S.	22,324	22,324
Other Financial Subs	/	TEB Yatırım Menkul Değerler A.S.	26,382	26,382
		TEB Portföy Yönetimi A.S.	2,058	2,058
		Petek International Holdings B.V.	-	651
<b>Total</b>			<b>146,499</b>	<b>139,230</b>

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

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

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

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

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

	Ending balance December 31, 2005	Additions	Disposals	Other	Ending balance December 31, 2006
<b>Cost:</b>					
Land and buildings	9,637	-	-	-	9,637
Leased tangible assets	36,455	6,846	(59)	-	43,242
Vehicles	378	-	-	-	378
Other	58,022	21,456	(163)	-	79,315
<b>Total Cost</b>	<b>104,492</b>	<b>28,302</b>	<b>(222)</b>	<b>-</b>	<b>132,572</b>
<b>Accumulated Depreciation:</b>					
Land and buildings	(2,737)	(200)	-	-	(2,937)
Leased tangible assets	(29,328)	(1,359)	59	-	(30,628)
Vehicles	(244)	(45)	-	-	(289)
Other	(33,455)	(9,289)	144	-	(42,600)
<b>Total Accumulated Depreciation</b>	<b>(65,764)</b>	<b>(10,893)</b>	<b>203</b>	<b>-</b>	<b>(76,454)</b>
<b>Net Book Value</b>	<b>38,728</b>	<b>17,409</b>	<b>(19)</b>	<b>-</b>	<b>56,118</b>

a) If impairment amount on individual asset recorded or reversed in the current period is material for the overall financial statements:

a.1) Events and conditions for recording or reversing impairment: None.

a.2) Amount of recorded or reversed impairment in the financial statements: None.

b) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.

c) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

**13. Information on intangible assets :**

	Ending balance December 31, 2005	Additions	Disposals	Other	Ending balance December 31, 2006
<b>Cost:</b>					
Leasehold improvements	29,897	23,358	(800)	-	52,455
Other intangible assets	12,890	4,212	-	-	17,102
<b>Total Cost</b>	<b>42,787</b>	<b>27,570</b>	<b>(800)</b>	<b>-</b>	<b>69,557</b>
<b>Accumulated Depreciation:</b>					
Leasehold improvements	(14,610)	(4,824)	16	-	(19,418)
Other intangible assets	(8,938)	(2,266)	-	-	(11,204)
<b>Total Accumulated Depreciation</b>	<b>(23,548)</b>	<b>(7,090)</b>	<b>16</b>	<b>-</b>	<b>(30,622)</b>
<b>Net Book Value</b>	<b>19,239</b>	<b>20,480</b>	<b>(784)</b>		<b>38,935</b>

- a) Disclosures for book value, description and remaining depreciation time for a specific intangible fixed asset that is material to the financial statements: None.
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition : None.
- d) The book value of intangible fixed assets that are pledged or restricted for use: None.
- e) Amount of purchase commitments for intangible fixed assets: None.
- f) Information on revalued intangible assets according to their types: None.
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis that comes from consolidated entities: Not applicable.
- i) Information on goodwill: None.
- j) Reconciliation of movements on goodwill in the current period: None.
- k) Reconciliation of movements on negative goodwill in the current period: None.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

- a) As of December 31, 2006, deferred tax asset computed on the temporary differences is TRY 12,375 (December 31, 2005 – TRY 8,072). 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.
- e) Movement of deferred tax:

	Current Period	Prior Period
<b>At January 1, 2006</b>	<b>8,072</b>	<b>3,626</b>
Effect of change in tax rate	(807)	(109)
Deferred tax (charge)/credit	(1,313)	5,331
<b>Deferred tax expense (Net)</b>	<b>(2,120)</b>	<b>5,222</b>
Deferred tax journalized in Shareholders' Equity	6,423	(776)
<b>Deferred Tax Asset</b>	<b>12,375</b>	<b>8,072</b>

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

**16. Information on other assets:**

- a) Breakdown of other assets

	Current Period	Prior Period
Collateral Given for Derivative Financial Assets	7,965	1,453
Prepaid Rent Expenses	3,275	1,479
Transaction Cost Related to Financial Liabilities	2,786	1,097
Advances Given	360	-
Receivables From Fund Participation Certificates	-	4,097
Others	16,709	8,245
<b>Total</b>	<b>31,095</b>	<b>16,371</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**SECTION FIVE**

**II. Explanations Related to the Liabilities**

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

**a.1) Current period:**

	Demand	7 day Call Accounts	Up to 1 month	1-3 Month	3-6 Month- Month	1 Year 1 Year And over	Accumulated Deposits	Total
Saving deposits	78,146	-	544,406	939,730	5,135	4,374	243	- 1,572,034
Foreign currency deposits	615,465	-	1,530,759	647,230	90,690	52,744	2,053	- 2,938,941
Residents in Turkey	573,219	-	1,474,744	639,698	76,623	50,598	2,053	- 2,816,935
Residents abroad	42,246	-	56,015	7,532	14,067	2,146	-	- 122,006
Public sector deposits	725	-	2,794	-	-	-	-	- 3,519
Commercial deposits	242,203	-	361,184	101,654	791	148	-	- 705,980
Other institutions deposits	13,009	-	16,241	36,902	20	9	-	- 66,181
Precious metals deposits	14,930	-	-	115	57	145	-	- 15,247
Interbank deposits	47,875	-	51,760	23,335	1,035	-	-	- 124,005
Central Bank of Turkey	-	-	-	-	-	-	-	- -
Domestic Banks	69	-	40	1,011	1,035	-	-	- 2,155
Foreign Banks	13,044	-	51,720	22,324	-	-	-	- 87,088
Special finance houses	34,762	-	-	-	-	-	-	- 34,762
Other	-	-	-	-	-	-	-	- -
<b>Total</b>	<b>1,012,353</b>	<b>-</b>	<b>2,507,144</b>	<b>1,748,966</b>	<b>97,728</b>	<b>57,420</b>	<b>2,296</b>	<b>- 5,425,907</b>

**a.2) Prior period:**

	Demand	7 day Call Accounts	Up to 1 month	1-3 Month	3-6 Month- Month	1 Year 1 Year And over	Accumulated Deposits	Total
Saving deposits	53,620	-	174,695	192,713	15,186	1,260	1,927	- 439,401
Foreign currency deposits	504,668	-	836,935	604,803	117,199	34,167	7,933	- 2,105,705
Residents in Turkey	473,316	-	819,658	589,045	110,739	33,548	6,284	- 2,032,590
Residents abroad	31,352	-	17,277	15,758	6,460	619	1,649	- 73,115
Public sector deposits	332	-	200	153	-	-	-	- 685
Commercial deposits	153,933	-	376,821	39,735	1,121	616	-	- 572,226
Other institutions deposits	10,638	-	6,804	13,081	18	10	-	- 30,551
Precious metals deposits	1,338	-	-	-	-	-	-	- 1,338
Interbank deposits	14,827	-	37,522	47,309	1,352	1,164	-	- 102,174
Central Bank of Turkey	-	-	-	-	-	-	-	- -
Domestic Banks	93	-	31	-	-	-	-	- 124
Foreign Banks	9,054	-	37,491	47,309	1,352	1,164	-	- 96,370
Special finance houses	5,680	-	-	-	-	-	-	- 5,680
Other	-	-	-	-	-	-	-	- -
<b>Total</b>	<b>739,356</b>	<b>-</b>	<b>1,432,977</b>	<b>897,794</b>	<b>134,876</b>	<b>37,217</b>	<b>9,860</b>	<b>- 3,252,080</b>

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

Saving Deposits	Under the guarantee of saving deposit insurance	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit	Exceeding the limit of saving deposit
	Current Period(*)	Prior Period	Current Period(*)	Prior Period
Saving deposits	516,610	207,662	1,043,618	224,120
Foreign currency saving deposits	310,722	243,997	1,076,286	982,966
Other deposits in the form of saving deposits	1,113	263	5,008	1,033
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
<b>Total</b>	<b>828,445</b>	<b>451,922</b>	<b>2,124,912</b>	<b>1,208,119</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

	Current Period	Prior Period
Foreign branches' saving deposits	-	-
Off-shore banking regions' saving deposits	8,124	8,730
<b>Total</b>	<b>8,124</b>	<b>8,730</b>

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Time Transactions	8,989	302	3,570	2,289
Swap Transactions	58,079	834	12,572	351
Futures Transactions	-	-	-	-
Options	288	168	260	21
Other	-	227	-	-
<b>Total</b>	<b>67,356</b>	<b>1,531</b>	<b>16,402</b>	<b>2,661</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	56,560	109,213	41,998	80,554
From Foreign Banks, Institutions and Funds	209,518	543,703	153,562	384,898
<b>Total</b>	<b>266,078</b>	<b>652,916</b>	<b>195,560</b>	<b>465,452</b>

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	204,492	509,116	147,556	379,137
Medium and long-term	61,586	143,800	48,004	86,315
<b>Total</b>	<b>266,078</b>	<b>652,916</b>	<b>195,560</b>	<b>465,452</b>

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

Bank diversifies its funding resources by the customer deposits and by the foreign borrowings. As of December 31, 2006, the Bank has replaced its EUR 210,000,000 syndication loan under foreign borrowings with maturity of one year contracted on November 18, 2005 with the loan of EUR 205,000,000 maturing on November 13, 2007 for two years.

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

81.72% of the Bank deposits and 55.72% of other deposits of the Bank consist of foreign currency deposits.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>From domestic transactions</b>	<b>770,983</b>	-	<b>755,082</b>	-
Financial institutions and organizations	765,830	-	745,624	-
Other institutions and organizations	584	-	1,682	-
Real persons	4,569	-	7,776	-
<b>From foreign transactions</b>	<b>21</b>	-	<b>10</b>	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	21	-	10	-
<b>Total</b>	<b>771,004</b>	-	<b>755,092</b>	-

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

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

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

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

- b) The explanation on modifications in agreements and new obligations that these modifications cause: None.
- c) Explanation on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	7,036	5,213	-	-
Between 1-4 Years	5,789	4,689	6,609	3,081
More than 4 Years	-	-	869	1,783
<b>Total</b>	<b>12,825</b>	<b>9,902</b>	<b>7,478</b>	<b>4,864</b>

- d) Explanations regarding operational leases:

Except for the Head-Office-Istanbul and Izmir-Ege Kurumsal Branch buildings, all branch premises of TEB are leased under operational leases. During the year ended December 31, 2006, operational lease expenses amounting to TRY 26,984 have been recorded in the profit and loss accounts. The lease periods vary between 1 and 10 years and lease agreements are cancelable subject to a period of notice which does not exceed 6 months.

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

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

**8. Information on provisions:**

a) Information on general provisions:

	Current Period	Prior Period
General Provisions	32,505	18,300
Provisions for First Group Loans and Receivables	25,649	14,043
Provisions for Second Group Loans and Receivables	-	-
Provisions for non-Cash Loans	3,958	2,210
Other	2,898	2,047
<b>Total</b>	<b>32,505</b>	<b>18,300</b>

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses on the foreign currency indexed loans amounting to TRY 12,108 (2005 - TRY 7,416) is netted of from loans on the balance sheet.

c) The specific provisions provided for unindemnified non cash loans amount to TRY 207 (2005 - TRY 203).

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

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

As of December 31, 2006, TRY 7,033 (2005 - TRY 6,044) reserve for employee termination benefits was provided against a total liability of TRY 19,506. The ratio of provision of this benefit to undiscounted total liabilities is 36.06%.

As of December 31, 2006, the Bank provided a reserve of TRY 5,770 (2005- TRY 3,313) for the unused vacations.

d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	6,044	4,078
Utilized / Paid	1,800	2,577
Arising during the year	(811)	(611)
<b>Total</b>	<b>7,033</b>	<b>6,044</b>

e) Information on other provisions:

e.1) Provisions for possible losses: None.

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

	Current Period	Prior Period
Provision for employee benefits	5,770	3,313
Provision for promotion of credit cards and banking services	812	-
Other	207	202
<b>Total</b>	<b>6,789</b>	<b>3,515</b>



**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

f) Liabilities on pension rights: None.

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

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

**9. Explanations on taxes payable:**

a) Information on current tax liability:

a.1) Corporate taxes:

	Current Period	Prior Period
Provision for corporate taxes	26,807	42,959

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	-	-
Taxation of securities	5,909	4,796
Property tax	517	268
Banking Insurance Transaction Tax (BITT)	6,517	3,169
Foreign Exchange Transaction Tax	1,071	622
Value Added Tax Payable	543	330
Other (*)	3,062	1,984
<b>Total</b>	<b>17,619</b>	<b>11,169</b>

(\*) Others include stamp taxes payable amounting to TRY 300 (2005 – TRY 234).

b) Information on premiums :

	Current Period	Prior Period
Social Security Premiums -Employee	2,174	1,430
Social Security Premiums -Employer	3,070	2,018
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment insurance-Employee	153	101
Unemployment insurance-Employer	308	202
Other	-	-
<b>Total</b>	<b>5,705</b>	<b>3,751</b>

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

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

The Bank has signed an agreement with the International Finance Corporation (IFC) on July 17, 2002, for a subordinated loan of USD 15 million. The maturity of the loan was extended to October 14, 2011 and interest rate was decreased to LIBOR+2.85% from LIBOR+4.5% in accordance with the amendment signed with the IFC on June 27, 2005. The convertibility option of this loan into share is no longer applicable upon the payment of such attributable rights in cash to IFC on February 11, 2005.

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

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

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

a) Information on subordinated loans:

	Current Period		Prior Period	
	TRY	TRY	TRY	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	299,912	-	89,740
<b>Total</b>	<b>-</b>	<b>299,912</b>	<b>-</b>	<b>89,740</b>

**12. 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 ceiling applicable at bank if so amount of registered share capital:

Capital System	Paid-in capital	Ceiling
Registered Capital System	76,500	100,000

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

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

Based on the 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 capital increase has been decided to be used as pre-emptive rights to the shareholders and the unused pre-emptive rights to be traded on the Stock Exchange, and the whole amount to be paid in cash. The increase of TRY 18,700 was registered with Istanbul Trade Registry Office on September 20, 2006 and capital increase procedures were completed. Bank has obtained share premium amounting to TRY 1,592 by the sales of unused preemptive rights on the Stock Exchange.

Date of increase	Amount of increase	Cash	Profit Reserves	Capital Reserves
September 20, 2006	18,700	18,700	-	-

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

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

- g) Information on preferred shares:

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

- h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Associates, Subsidiaries, and Entities				
Under Common Control	-	-	-	-
Valuation Difference	(12,231)	2,220	7,085	2,062
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(12,231)</b>	<b>2,220</b>	<b>7,085</b>	<b>2,062</b>

	Current Period	Prior Period
Foreign currency marketable securities value increase fund	2,220	2,062
Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities available for sale related to the above amount	-	-
<b>Total</b>	<b>2,220</b>	<b>2,062</b>

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

**13. Information on legal reserves:**

	Current Period	Prior Period
First legal reserves	9,414	5,479
Second legal reserves	5,536	3,774
Other legal reserves appropriated in accordance with special legislation	-	-
<b>Total</b>	<b>14,950</b>	<b>9,253</b>

**14. Information on extraordinary reserves:**

	Current Period	Prior Period
Reserves appropriated by the General Assembly	124,188	63,511
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
<b>Total</b>	<b>124,188</b>	<b>63,511</b>

- 15. Other Information on Shareholders' Equity:** Bank hedged its net investment risk in TEB NV, its subsidiary operating in Netherlands with capital of EUR 30 million. Bank has classified fair value differences arising from this investment in other profit reserves under shareholders' equity, and fair value differences arising from hedging instrument in "hedge fund" under shareholders' equity, in accordance with the Turkish Accounting Standards.

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**SECTION FIVE**

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

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

a) Nature and amount of irrevocable loan commitments: Credit card expenditure limit commitments are TRY 263,871 and TRY 161,195; payment commitments for checks are TRY 259,573 and TRY 175,952 as of December 31, 2006 and December 31, 2005 respectively.

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

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

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

As of December 31, 2006 total guarantees and commitments consist of letters of guarantee amounting to TRY 1,725,619, (December 31, 2005 - TRY 1,158,086) acceptances amounting to TRY 50,146 (December 31, 2005 - TRY 52,685) and letters of credit amounting to TRY 652,101 (December 31, 2005 -TRY 393,739).

b.2) Guarantees, suretyships, and similar transactions: The Bank has other guarantees and suretyships amounting to TRY 202,095 as of December 31, 2006 (2005 – TRY 102,476).

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

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	208,044	72,139
With maturity of 1 year or less than 1 year	38,436	35,341
With maturity of more than 1 year	169,608	36,798
Other non-cash loans	2,421,917	1,634,847
<b>Total</b>	<b>2,629,961</b>	<b>1,706,986</b>

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	13,872	1.51	12,737	0.74	8,301	1.32	12,653	1.17
Farming and Raising livestock	10,702	1.17	12,652	0.74	6,300	1.00	12,352	1.14
Forestry	2,953	0.32	85	-	1,824	0.29	115	0.01
Fishery	217	0.02	-	-	177	0.03	186	0.02
Manufacturing	502,475	54.63	958,657	56.06	385,408	61.18	648,583	60.22
Mining	33,412	3.63	24,756	1.45	28,108	4.46	13,312	1.24
Production	465,769	50.64	911,627	53.31	349,995	55.56	633,441	58.81
Electric, gas and water	3,294	0.36	22,274	1.30	7,305	1.16	1,830	0.17
Construction	142,803	15.53	268,917	15.72	66,613	10.57	78,659	7.30
Services	247,371	26.89	243,073	14.21	164,802	26.17	135,353	12.58
Wholesale and retail trade	115,931	12.61	56,811	3.32	76,649	12.17	34,968	3.25
Hotel, food and beverage services	4,186	0.46	9,698	0.57	1,364	0.22	9,170	0.85
Transportation and telecommunication	33,878	3.68	53,278	3.12	33,031	5.24	33,232	3.09
Financial institutions	32,141	3.49	86,573	5.06	26,351	4.18	20,955	1.95
Real estate and renting services	12,224	1.33	29,839	1.74	6,059	0.96	30,785	2.86
Self-employment services	28,644	3.11	2,122	0.12	6,593	1.05	3,405	0.32
Education services	841	0.09	-	-	229	0.04	-	-
Health and social services	19,526	2.12	4,752	0.28	14,526	2.31	2,838	0.26
Other	13,286	1.44	226,769	13.27	4,852	0.76	201,762	18.73
<b>Total</b>	<b>919,807</b>	<b>100.00</b>	<b>1,710,153</b>	<b>100.00</b>	<b>629,976</b>	<b>100.00</b>	<b>1,077,010</b>	<b>100.00</b>

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

c.3) Information on Ist and IInd Group non-cash loans:

Non-cash loans	I st Group - Standard loans and other receivables		II nd Group – Loans and other receivables under close follow-up	
	TRY	FC	TRY	FC
Letters of guarantee	872,720	852,899	-	-
Bank acceptances	-	50,146	-	-
Letters of credit	87	652,014	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Other commitments and contingencies	47,000	155,095	-	-
<b>Total</b>	<b>919,807</b>	<b>1,710,154</b>	<b>-</b>	<b>-</b>

The Bank provided reserve of TRY 207 for non-cash loans amount to TRY 544 not yet indemnified.

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

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
<b>Types of trading transactions</b>				
Foreign currency related derivative transactions (I):	3,031,240	1,609,194	-	-
Forward transactions	641,714	502,243	-	-
Swap transactions	1,608,036	530,482	-	-
Futures transactions	53,299	28,368	-	-
Option transactions	728,191	548,101	-	-
Interest related derivative transactions (II) :	16,920	139,996	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	16,920	139,996	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Other trading derivative transactions (III)	198,096	28,803	-	-
A.Total trading derivative transactions (I+II+III)	3,246,256	1,777,992	-	-
<b>Types of hedging transactions</b>				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
<b>Total Derivative Transactions (A+B)</b>	<b>3,246,256</b>	<b>1,777,992</b>	<b>-</b>	<b>-</b>

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

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

Breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TRY equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Future Buy	Future Sell
Current Period								
TRY	183,404	96,977	24,981	708,375	106,152	101,498	-	-
USD	32,804	172,927	724,655	61,164	161,294	165,514	53,299	-
EURO	82,374	48,321	-	28,698	96,867	96,866	-	-
Other	23,437	1,471	45,138	31,945	-	-	-	-
<b>Total</b>	<b>322,019</b>	<b>319,696</b>	<b>794,774</b>	<b>830,182</b>	<b>364,313</b>	<b>363,878</b>	<b>53,299</b>	<b>-</b>
Prior Period								
TRY	21,639	91,629	-	249,633	121,681	120,030	161	-
USD	79,456	113,487	265,701	26,323	106,144	106,371	28,053	154
EURO	133,404	30,220	7,461	61,913	38,646	38,566	-	-
Other	12,828	19,582	53,406	6,040	8,281	8,382	-	-
<b>Total</b>	<b>247,327</b>	<b>254,918</b>	<b>326,568</b>	<b>343,909</b>	<b>274,752</b>	<b>273,349</b>	<b>28,214</b>	<b>154</b>

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

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

**4. Custodian and intermediary services:**

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

**5. The information on the Bank's rating by 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: June 2006**

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

**Fitch Ratings: August 2006**

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



**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**SECTION FIVE**

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

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

	Group I		Group II	
	TRY	FC	TRY	FC
Interest on loans				
Short term loans	340,812	63,615	-	-
Medium and long term loans	129,965	25,346	-	-
Interest on non-performing loans	782	-	-	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>471,559</b>	<b>88,961</b>	<b>-</b>	<b>-</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	2,488	-	3,366
Domestic banks	8,796	1,577	18,771	842
Foreign banks	4,639	20,895	8,878	10,365
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>13,435</b>	<b>24,960</b>	<b>27,649</b>	<b>14,573</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	8,911	102	14,734	111
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	133,551	20,547	64,683	11,797
Held-to-maturity securities	4	-	11,016	-
<b>Total</b>	<b>142,466</b>	<b>20,649</b>	<b>90,433</b>	<b>11,908</b>

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	171	27

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
The Central Bank of Turkey	-	-	-	-
Domestic banks	5,964	6,608	5,014	3,892
Foreign banks	32,430	22,220	11,394	12,535
Branches and head office abroad	-	-	-	-
Other financial institutions	-	10,397	-	6,397
<b>Total</b>	<b>38,394</b>	<b>39,225</b>	<b>16,408</b>	<b>22,824</b>

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

**b. Information on interest expense to associates and subsidiaries:**

	Current Period	Prior Period
Interest expense to associates and subsidiaries	229	93

**c. Information on interest expense to marketable securities issued: None.**

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

Account name	Time Deposits						Accumulated Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>TRY</b>								
Bank deposits	-	5,169	-	-	-	-	-	5,169
Saving deposits	40	71,532	75,450	1,407	562	46	-	149,037
Public sector deposits	-	99	4	-	-	-	-	103
Commercial deposits	26	66,887	14,417	262	63	-	-	81,655
Other deposits	-	2,999	4,449	2	1	-	-	7,451
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>66</b>	<b>146,686</b>	<b>94,320</b>	<b>1,671</b>	<b>626</b>	<b>46</b>	<b>-</b>	<b>243,415</b>
<b>Foreign Currency</b>								
Foreign currency deposits	101	42,596	42,334	9,352	2,031	180	-	96,595
Bank deposits	-	2,292	-	-	-	-	-	2,292
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	1	-	1	1	2	-	-	5
<b>Total</b>	<b>102</b>	<b>44,888</b>	<b>42,335</b>	<b>9,353</b>	<b>2,033</b>	<b>180</b>	<b>-</b>	<b>98,892</b>
<b>Grand Total</b>	<b>168</b>	<b>191,574</b>	<b>136,655</b>	<b>11,024</b>	<b>2,659</b>	<b>226</b>	<b>-</b>	<b>342,307</b>

**3. Information on dividend income :**

	Current Period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	-	-
Other	18,531	7,942
<b>Total</b>	<b>18,531</b>	<b>7,942</b>

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

	Current Period	Prior Period
<b>Income</b>	<b>1,239,730</b>	<b>508,732</b>
Profit on capital market operations	238,962	156,344
Profit on derivative financial instruments	201,846	116,062
Other	37,116	40,282
Foreign exchange gains	1,000,768	352,388
<b>Losses (-)</b>	<b>1,253,919</b>	<b>455,738</b>
Losses on capital market operations	225,385	94,799
Losses on derivative financial instruments	207,566	82,301
Other	17,819	12,498
Foreign exchange losses	1,028,534	360,939

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

**5. 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 the Official Gazette on November 2, 2005; the foreign exchange gain on the "Assets Indexed to Foreign Currencies" can be recorded to the "Foreign Exchange Gains on the Principal of the Foreign Currency Indexed Loans" 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 losses on these assets are recorded to the "Foreign Exchange Losses on the Principal of the Foreign Currency Indexed Loans" under the account "Other operating expenses".

As of December 31, 2006; TRY 58,013 foreign exchange gains on assets indexed to foreign currency are presented as 'Other operating income' and TRY 16,043 foreign exchange losses are presented as 'Other operating expenses' in the Bank's financial statements. If the effects of these amounts are excluded, 'Other operating income' of the bank would be TRY 23,186, 'Other operating expenses' would be TRY 281,225 and the 'Net Foreign Exchange Loss' excluding Net Derivative Instruments would be TRY 14,204.

As of December 31, 2005; TRY 5,079 of foreign exchange gains resulting from foreign exchange indexed loans are presented as 'Interest on Loans' and foreign exchange losses amounting to TRY 12,799 are presented as 'Provision for Loans and Other Receivables'.

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	17,217	7,791
III. Group Loans and Receivables	1,288	1,965
IV. Group Loans and Receivables	1,563	1,743
V. Group Loans and Receivables	14,366	4,083
General loan loss provision expenses	14,205	8,148
Provision expenses for possible losses	-	-
Marketable securities impairment losses	2,068	1,626
Financial assets at fair value through profit and loss	1	21
Investment securities available for sale	2,067	1,605
Impairment provision expense	-	64
Associates	-	-
Subsidiaries	-	64
Entities under common control	-	-
Investments held to maturity	-	-
Other	2,457	-
<b>Total</b>	<b>35,947</b>	<b>17,629</b>

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

	Current Period	Prior Period
Personnel expenses	149,262	101,316
Reserve for employee termination benefits	989	1,966
Bank social aid provision fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	10,893	8,725
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	7,090	4,601
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets held for resale	-	-
Depreciation expenses of assets held for resale	-	-
Impairment expenses of assets held for sale	-	-
Other operating expenses	91,926	56,479
Rent expenses	26,984	17,512
Maintenance expenses	2,465	1,308
Advertisement expenses	20,507	13,470
Other expenses	41,970	24,189
Loss on sales of assets	252	47
Other(*)	36,045	24,991
<b>Total</b>	<b>297,268</b>	<b>198,736</b>

(\*)There is an amount of TRY 4,068 (2005 – TRY 2,375) for premiums paid to Saving Deposit Insurance Fund and TRY 16,043 (2005 – TRY 12,799) for foreign exchange losses for loans indexed to foreign currencies in Other Operating Expenses.

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

The Bank increased its profit before tax by 10.9% for the year ended December 31, 2006 as compared to the revised prior year figure according to the decree issued on November 1, 2006. In comparison with prior year, The Bank's net interest income, net fees and commissions income and provision and operating expenses increased by 39%, 90% and 54%, respectively.

**9. Information on tax provision:**

- As of December 31, 2006, current tax expense is TRY 26,807 (December 31, 2005 – TRY 41,458) and deferred tax charge is TRY 2,120 (December 31, 2005 – TRY 5,222 deferred tax benefit).
- Deferred tax charge on temporary differences is TRY 2,120 (December 31, 2005 – TRY 5,222 deferred tax benefit).
- Deferred tax benefit or charge for temporary differences, on carried forward tax losses or tax exemptions or deductions: None.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**IV. Explanations Related to the Income Statement (devami)**

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

d) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	134,627	121,352
Corporate tax rate	20%	30%
Tax calculated:	26,926	36,406
Effect of TAS adjustments	-	(1,833)
Effect of disallowables	20,623	18,813
Effect of income not taxable	(20,742)	(11,928)
Deferred tax expense	2,120	(5,222)
<b>Total</b>	<b>28,927</b>	<b>36,236</b>

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

The Bank increased its profit for the year ended December 31, 2006 by 24.18% as compared to the revised prior year profit according to the decree issued on November 1, 2006.

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

- a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None.
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.
- e) Profit or loss attributable to minority shares: None.
- d) If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

	Current Period	Prior Period
<b><u>Other fees and commissions received</u></b>		
Credit cards	14,172	7,495
Import letters of credit	6,065	4,964
Other	40,777	21,577
<b>Total</b>	<b>61,014</b>	<b>34,036</b>

	Current Period	Prior Period
<b><u>Other fees and commissions given</u></b>		
Credit cards	13,794	7,045
Other	6,638	4,315
<b>Total</b>	<b>20,432</b>	<b>11,360</b>

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**SECTION FIVE**

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

- a) Decrease resulting from revaluation of financial assets available for sale is TRY 19,158.

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

The amount deducted from equity and added to net income/loss account if the loss or gain related with measurement at fair value is recorded to equity for the financial assets available-for-sale (excluding the assets related to hedging) is TRY 4,568.

- b) Increase in cash flow risk hedging items: None.

b.1) Reconciliation of beginning and ending balances : None.

b.2) Amount recorded in the current period if a gain or loss from a cash flow hedging derivative or non-derivative financial asset is accounted for under shareholders' equity: None.

- c) The reconciliation related with foreign exchange amounts in the beginning and end of the period: None.

- d) Bank hedged its net investment risk in TEB NV, its subsidiary operating in Netherlands with capital of EUR 30 million. Bank has classified fair value differences arising from this investment in other profit reserves under shareholders' equity, and fair value differences arising from hedging instrument in "hedge fund" under shareholders' equity, in accordance with the Turkish Accounting Standards.

- e) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.

- f) Dividends per share proposed subsequent to the balance sheet date: Profit appropriation will be resolved in the General Assembly meeting which has not been conducted as of the date of the accompanying financial statements are authorized for issue.

- g) Proposals to General Assembly for the payment times of dividend and if it will not be appropriated the reasons of this: The Board of Directors has net decided for profit appropriation as of the date of the financial statements are authorized for issue.

- h) Amounts transferred to legal reserves: Amount transferred to legal reserves from retained earnings is TRY 5,697.

- i) Information on shares issued:

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

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**VI. Explanations Related To Statement Of Cash Flows**

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

“Other items” amounting to TRY 223,393 in “Operating profit before changes in operating assets and liabilities” consist of other expenses except for personnel expenses, leasing expenses, reserve for employee termination benefits, depreciation expenses, taxes paid and fees and commissions paid.

“Net increase/decrease in other liabilities” with a total amount of TRY 15,909 in “Changes in operating assets and liabilities” consist of changes in sundry creditors, other liabilities and interbank money market borrowings. “Net increase/decrease in other assets” with a total amount of TRY 52,051 consists of changes in sundry creditors and other assets.

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

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

Beginning of the period	Current Period	Prior Period
<b>Cash</b>	<b>355,930</b>	<b>855,583</b>
Cash in TRY/Foreign Currency	85,882	80,049
Central Bank – Unrestricted amount	268,602	774,003
Other	1,446	1,531
<b>Cash equivalents</b>	<b>412,558</b>	<b>244,826</b>
Banks and other financial institutions	262,446	149,826
Money market placements	150,112	95,000
<b>Total cash and cash equivalents</b>	<b>768,488</b>	<b>1,100,409</b>

End of the period	Current Period	Prior Period
<b>Cash</b>	<b>684,268</b>	<b>355,930</b>
Cash in TRY/Foreign Currency	125,470	85,882
Central Bank – Unrestricted amount	554,922	268,602
Other	3,876	1,446
<b>Cash equivalents</b>	<b>434,398</b>	<b>412,558</b>
Banks and other financial institutions	434,398	262,446
Money market placements	-	150,112
<b>Total cash and cash equivalents</b>	<b>1,118,666</b>	<b>768,488</b>

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**VII. Explanations on the Risk Group of the Bank**

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

a) Current Period:

Related Parties (*)	Subsidiaries 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	210	9,276	4,081	2,768	14,845	36,540
Interest and commission income	136	35	3,011	2	2,183	42

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

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	22	394	120	593	45

In addition to balances mentioned above, the Bank has foreign bank accounts amounting to TRY 143,600 with respect to direct and indirect shareholders.

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	24,849	26,104	377,579	580,396	72,584	49,618
Interest on deposits	229	93	25,706	23,004	3,043	1,258

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	707	13,983	169,091	177,256	11,768	2,867
Total income/loss	(813)	(1,488)	3,276	1,738	179	462
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".



**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

**2. Disclosures for related parties:**

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

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

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

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	19,136	0.39
Non-cash loans	48,584	1.85
Deposits	475,012	8.75
Forward transactions and option agreements	181,566	5.59
Bank placements	4,863	1.11

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

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

The Bank enters into lease agreements with TEB Finansal Kiralama A.S. As of December 31, 2006 the total leasing obligations related to these agreements amounted to TRY 9,902. Additionally, the Bank provides agency services for TEB Yatirim Menkul Degerler A.S. and TEB Sigorta A.S via its branches.

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.89%. Details of these loans are explained in the Section V, Note VII- 1a.

As of December 31, 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.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

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

	Number	Employees			
Domestic branches	169	3,563			
			<u>Country</u>		
Rep-offices abroad	-	-	-		
				<u>Total Assets</u>	<u>Capital</u>
Branches abroad	-	-	-	-	-
Off-shore branches	1	2	Bahrain	508,093	-

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

The Bank opened 57 new branches in 2006.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**  
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

**SECTION SIX**

**OTHER EXPLANATIONS AND FOOTNOTES**

**I. Other Explanations Related to the Operations of the Bank**

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

**SECTION SEVEN**

**INDEPENDENT AUDITORS' REPORT**

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

The unconsolidated interim financial statements of the Bank were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and the auditors' report dated March 1, 2007 is presented preceding the financial statements.

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