

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

**INDEPENDENT AUDITORS' REPORT,
CONSOLIDATED 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 EKONOMI BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT FOR THE YEAR JANUARY 1 – DECEMBER 31, 2006

We have been appointed to audit the accompanying consolidated balance sheet of Türk Ekonomi Bankasi A.S. (“the Bank”) and its subsidiaries (together “the Group”) as at 31 December 2006, and the related consolidated 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 consolidated 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 consolidated financial statements based on our audit. We planned and performed our audit to obtain reasonable assurance whether the consolidated 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 consolidated 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 consolidated financial statements of the Group 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 consolidated financial statements for the year ended December 31, 2005 which have been audited by other auditors.

Independent Auditors' Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group 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 Articles 37 and 38 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 CONSOLIDATED 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

E-mail Address : investor.relations@teb.com.tr

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

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

The subsidiaries, financial statements of which are consolidated within the framework of the reporting package are as follows:

Subsidiaries

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

The consolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **thousands of New Turkish Lira**, 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	Alain Pierre André Bailly	Ismail Yanik	Varol Civil	E. Sevinç Özsen	B. İlğaz Doğan
President of the Board of Directors	Head of Audit Committee	Vice Chairman of the Audit Committee	General Manager	Assistant General Manager Responsible of Financial Reporting	Manager Responsible of Financial Reporting

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

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

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

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TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE 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. The Parent Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue

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

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

As of December 31, 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
	76,500	100.00	57,800	100.00

Based on the resolution of the Board of Directors no. 3840/28 on March 31, 2006, the Parent Bank has increased its paid in capital of TRY 57,800 within the registered capital ceiling of TRY 100,000 by TRY 18,700, to TRY 76,500. TRY 18,700 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 Parent 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 Parent Bank, it 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>Title</u>	<u>Name</u>
Chairman of the Board of Directors	: Yavuz Canevi
Members of the Board of Directors	: Dr.Akin Akbaygil Alain Pierre André Bailly (Head of Audit Committee) Ismail Yanik (Vice Chairman of Audit Committee) Jean-Jacques Marie Santini Metin Togay Michel Roger Chevalier Refael Taranto Varol Civil (General Manager)
Chairman of Inspection Committee	: Hakan 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 Parent 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 in the Parent Bank :

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 Parent Bank's capital is TEB Mali Yatirimlar A.S.

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

The Parent Bank's operating areas include, retail, commercial and corporate banking, fund management operations and project financing. Besides the daily banking operations, the Parent Bank is handling agency functions 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

CONSOLIDATED FINANCIAL STATEMENTS

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

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

I- CONSOLIDATED BALANCE SHEET – ASSETS

	Note Ref.	Audited Current Period 31.12.2006			Audited Prior Period 31.12.2005		
		TRY	FC	Total	TRY	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	251,973	713,513	965,486	120,085	448,183	568,268
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	101,888	11,319	113,207	98,459	18,612	117,071
2.1 Trading financial assets		84,205	6,723	90,928	98,082	12,762	110,844
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		3,939	6,201	10,140	8,593	12,633	21,226
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		17,683	4,596	22,279	377	5,850	6,227
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	(3)	4,428	1,059,737	1,064,165	287,107	696,810	983,917
IV. MONEY MARKET PLACEMENTS		1,194	-	1,194	156,650	-	156,650
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		1,194	-	1,194	6,538	-	6,538
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1,289,983	265,427	1,555,410	857,682	241,513	1,099,195
5.1 Share certificates		9	59	68	9	-	9
5.2 Public sector debt securities		1,289,974	265,368	1,555,342	836,592	241,513	1,078,105
5.3 Other marketable securities		-	-	-	21,081	-	21,081
VI. LOANS	(5)	3,538,736	2,203,525	5,742,261	1,817,687	1,674,049	3,491,736
6.1 Loans		3,524,192	2,203,525	5,727,717	1,800,857	1,674,049	3,474,906
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)
VII. FACTORING RECEIVABLES	(17)	209,281	91,580	300,861	137,490	30,973	168,463
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	1,655	9,402	11,057	2,195	9,614	11,809
8.1 Public sector debt securities		1,655	9,402	11,057	2,195	9,614	11,809
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	12	-	12	1,535	-	1,535
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		12	-	12	1,535	-	1,535
9.2.1 Financial investments		12	-	12	1,535	-	1,535
9.2.2 Non-financial investments		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)	(10)	51,216	276,466	327,682	19,705	194,954	214,659
12.1 Finance lease receivables		63,703	310,822	374,525	23,786	219,081	242,867
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(12,487)	(34,356)	(46,843)	(4,081)	(24,127)	(28,208)
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	57,335	7,363	64,698	39,889	6,599	46,488
XV. INTANGIBLE ASSETS (Net)	(13)	41,351	183	41,534	21,065	265	21,330
15.1 Goodwill		1,205	-	1,205	1,205	-	1,205
15.2 Other		40,146	183	40,329	19,860	265	20,125
XVI. TAX ASSET	(14)	22,317	4,408	26,725	45,323	4,099	49,422
16.1 Current tax asset		7,811	4,408	12,219	35,231	4,099	39,330
16.2 Deferred tax asset		14,506	-	14,506	10,092	-	10,092
XVII. ASSETS HELD FOR SALE (Net)	(15)	-	-	-	-	-	-
XVIII. OTHER ASSETS	(16)	55,993	28,035	84,028	27,877	7,720	35,597
TOTAL ASSETS		5,627,362	4,670,958	10,298,320	3,632,749	3,333,391	6,966,140

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

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

I- CONSOLIDATED BALANCE SHEET - LIABILITIES

	Note Ref.	Audited Current Period 31.12.2006			Audited Prior Period 31.12.2005		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	2,489,200	4,236,505	6,725,705	1,202,419	3,118,063	4,320,482
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	67,380	1,738	69,118	16,402	5,397	21,799
III. FUNDS BORROWED	(3)	387,291	1,009,132	1,396,423	287,295	711,853	999,148
IV. MONEY MARKET BALANCES	(4)	794,689	-	794,689	757,246	-	757,246
4.1 Interbank money market takings		23,685	-	23,685	2,154	-	2,154
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		771,004	-	771,004	755,092	-	755,092
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
VII. SUNDRY CREDITORS		74,038	60,275	134,313	52,765	15,299	68,064
VIII. OTHER LIABILITIES	(5)	39,301	2,365	41,666	40,196	4,251	44,447
IX. FACTORING PAYABLES		67,213	43,859	111,072	43,633	17,294	60,927
X. FINANCE LEASE PAYABLES (Net)	(6)	-	-	-	-	-	-
10.1 Finance lease payables		-	-	-	-	-	-
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(7)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(8)	41,136	12,362	53,498	31,893	-	31,893
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		7,516	-	7,516	6,490	-	6,490
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		13,477	-	13,477	7,103	-	7,103
XIV. TAX LIABILITY	(9)	51,428	4,208	55,636	65,894	3,413	69,307
14.1 Current tax liability		51,428	4,208	55,636	65,880	3,413	69,293
14.2 Deferred tax liability		-	-	-	14	-	14
XV. PAYABLES RELATED TO ASSETS HELD FOR SALE	(10)	-	-	-	-	-	-
XIII. SUBORDINATED LOANS	(11)	-	299,912	299,912	-	89,740	89,740
XVI. SHAREHOLDERS' EQUITY	(12)	553,204	63,084	616,288	457,463	45,624	503,087
16.1 Paid-in capital		76,500	-	76,500	57,800	-	57,800
16.2 Supplementary capital		241,993	2,220	244,213	260,037	2,062	262,099
16.2.1 Share premium		1,661	-	1,661	69	-	69
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(12,344)	2,220	(10,124)	7,292	2,062	9,354
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		121,098	51,156	172,254	38,255	35,726	73,981
16.3.1 Legal reserves		28,756	-	28,756	19,955	-	19,955
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		111,333	50,868	162,201	44,428	36,109	80,537
16.3.4 Other profit reserves		(18,991)	288	(18,703)	(26,128)	(383)	(26,511)
16.4 Profit or loss		113,613	9,708	123,321	101,371	7,836	109,207
16.4.1 Prior year income/loss		-	-	-	-	-	-
16.4.2 Current year income/loss		113,613	9,708	123,321	101,371	7,836	109,207
16.5 Minority shares	(13)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		4,564,880	5,733,440	10,298,320	2,955,206	4,010,934	6,966,140

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- CONSOLIDATED 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
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		2,879,707	4,329,843	7,209,550	1,691,222	4,104,039	5,795,261
I. GUARANTEES	(1), (3)	941,311	1,993,013	2,934,324	634,624	1,408,309	2,042,933
1.1. Letters of guarantee		894,223	873,447	1,767,670	613,291	571,714	1,185,005
1.1.1. Guarantees subject to State Tender Law		43,310	139,001	182,311	29,271	48,899	78,170
1.1.2. Guarantees given for foreign trade operations		134,124	52,513	186,637	102,202	34,849	137,051
1.1.3. Other letters of guarantee		716,789	681,933	1,398,722	481,818	487,966	969,784
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		88	911,618	911,706	62	698,712	698,774
1.3.1. Documentary letters of credit		88	827,300	827,388	62	648,018	648,080
1.3.2. Other letters of credit		-	84,319	84,319	-	50,694	50,694
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	87,852	132,341	20,465	74,149	94,614
1.9. Other collaterals		2,511	69,949	72,460	783	11,072	11,855
II. COMMITMENTS	(1), (3)	710,473	167,993	878,466	451,825	270,587	722,412
2.1. Irrevocable commitments		710,473	156,062	866,535	451,825	246,386	698,211
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	855	264,726	161,195	854	162,049
2.1.10. Receivables from short sale commitments		-	-	-	-	-	-
2.1.11. Payables for short sale commitments		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		2,021	-	2,021	99	-	99
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
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1,227,923	2,168,837	3,396,760	604,773	2,425,143	3,029,916
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		1,227,923	2,168,837	3,396,760	604,773	2,425,143	3,029,916
3.2.1. Forward foreign currency buy/sell transactions		282,584	501,086	783,670	113,268	1,640,899	1,754,167
3.2.1.1. Forward foreign currency transactions-buy		185,026	208,155	393,181	21,639	851,968	873,607
3.2.1.2. Forward foreign currency transactions-sell		97,558	292,931	390,489	91,629	788,931	880,560
3.2.2. Swap transactions related to f.c. and interest rates		737,689	895,815	1,633,504	249,633	420,844	670,477
3.2.2.1. Foreign currency swap-buy		21,826	767,077	788,903	-	256,918	256,918
3.2.2.2. Foreign currency swap-sell		703,630	124,052	827,682	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. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		26,069,562	1,955,231	28,024,793	27,429,271	1,393,560	28,822,831
IV. ITEMS HELD IN CUSTODY		22,970,831	638,470	23,609,301	25,913,949	492,262	26,406,211
4.1. Assets under management		204,851	-	204,851	124,131	-	124,131
4.2. Investment securities held in custody		20,092,784	194,716	20,287,500	23,935,820	200,755	24,136,575
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		-	-	-	-	-	-
V. PLEDGED ITEMS		3,098,639	1,315,948	4,414,587	1,515,230	901,298	2,416,528
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		774,480	376,666	1,151,146	410,654	260,334	670,988
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		92	813	905	92	-	92
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		28,949,269	6,285,074	35,234,343	29,120,493	5,497,599	34,618,092

The accompanying notes are an integral part of these statements.

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

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

III- CONSOLIDATED STATEMENT OF INCOME

		Audited Current Period 31.12.2006	Audited Prior Period 31.12.2005
		Total	Total
		Note Ref.	Total
I.	INTEREST INCOME	(1)	962,550
1.1	Interest on loans		614,815
1.2	Interest received from reserve deposits		20,127
1.3	Interest received from banks		68,428
1.4	Interest received from money market placements		28,717
1.5	Interest received from marketable securities portfolio		168,586
1.5.1	Held-for-trading financial assets		9,718
1.5.2	Financial assets at fair value through profit and loss		-
1.5.3	Available-for-sale financial assets		157,698
1.5.4	Investments held-to-maturity		1,170
1.6	Finance lease Income		31,638
1.7	Other interest income		30,239
II.	INTEREST EXPENSE	(2)	612,121
2.1	Interest on deposits		413,826
2.2	Interest on funds borrowed		112,903
2.3	Interest on money market borrowings		85,144
2.4	Interest on securities issued		-
2.5	Other interest expense		248
III.	NET INTEREST INCOME (I- II)		350,429
IV.	NET FEES AND COMMISSIONS INCOME		109,266
4.1	Fees and commissions received		135,317
4.1.1	Cash loans		18,472
4.1.2	Non-cash loans		28,992
4.1.3	Other		87,853
4.2	Fees and commissions paid		26,051
4.2.1	Cash loans		1,822
4.2.2	Non-cash loans		76
4.2.3	Other		24,153
V.	DIVIDEND INCOME	(3)	4
VI.	NET TRADING INCOME	(4)	(3,720)
6.1	Profit/losses on trading account securities		25,336
6.2	Foreign exchange gains/losses		(29,056)
VII.	OTHER OPERATING INCOME	(5)	81,168
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		537,147
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	36,383
X.	OTHER OPERATING EXPENSES (-)	(7)	339,605
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		161,159
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-
XIII.	GAIN / (LOSS) ON EQUITY METHOD		-
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION		-
XV.	INCOME/(LOSS) BEFORE TAXES (XI+XII+XIII+XIV)	(8)	161,159
XVI.	PROVISION FOR TAXES ON INCOME (±)	(9)	(37,838)
16.1	Provision for current income taxes		(35,724)
16.2	Provision for deferred taxes		(2,114)
XVII.	NET OPERATING INCOME AFTER TAXES (XV±XVI)	(10)	123,321
17.1	Discontinued Operations		-
17.2	Other		-
XVIII.	NET PROFIT/(LOSS)	(11)	123,321
18.1	Group's profit/loss		123,321
18.2	Minority shares		-
	Earnings per share		1,6351

The accompanying notes are an integral part of these statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED 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- CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note Ref	Paid-in Capital	Effect of inflation Accounting on Capital and 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
Prior Period - 31.12.2005															
I		57,800	252,676	69	-	16,515	-	34,445	(3,250)	-	53,496	-	-	3,995	415,746
II.		-	-	-	-	-	-	6,233	(10,439)	-	-	-	-	-	(4,206)
2.1	The effect of corrections of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	The effects of changes in accounting policy.	-	-	-	-	-	-	6,233	(10,439)	-	-	-	-	-	(4,206)
III.		57,800	252,676	69	-	16,515	-	40,678	(13,689)	-	53,496	-	-	3,995	411,540
	Changes in period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Increase/Decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Investments securities available for sale	-	-	-	-	-	-	-	-	-	-	-	-	5,359	5,359
VI.	Hedging Transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Transfer to hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Investments securities available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Hedging transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Period net income/(loss)	-	-	-	-	-	-	-	-	109,207	-	-	-	-	109,207
X.	Profit distribution	-	-	-	-	3,440	-	39,859	-	-	(53,496)	-	-	-	(10,197)
10.1	Dividends distributed	-	-	-	-	-	-	-	-	-	(9,414)	-	-	-	(9,414)
10.2	Transfers to reserves	-	-	-	-	3,440	-	40,642	-	-	(44,082)	-	-	-	-
10.3	Other	-	-	-	-	-	-	(783)	-	-	-	-	-	-	(783)
XI.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Tangible assets value increase in revaluation fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3	Bonus shares from associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.4	Marketable securities value increase fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.5	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.6	Issuance of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.7	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.8	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	The disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	The reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Primary subordinated loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Secondary subordinated loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	The effect of change in associate's equity	-	-	-	-	-	-	-	(12,822)	-	-	-	-	-	(12,822)
Closing Balance															
(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI)															
		57,800	252,676	69	-	19,955	-	80,537	(26,511)	109,207	-	-	-	9,354	503,087

The accompanying notes are an integral part of these statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED 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- CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note Ref	Paid-in Capital	Effect of inflation Accounting on Capital and Capital Other Reserves	Share certificate cancellation premium	Share 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
I Current Period – 31.12.2006															
I Prior period balance		57,800	252,676	69	-	19,955	-	80,537	(26,511)	-	109,207	-	-	9,354	503,087
Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
II Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III Investments securities available for sale		-	-	-	-	-	-	-	-	-	-	-	-	(19,478)	(19,478)
IV Hedging Transactions		-	-	-	-	-	-	-	7,920	-	-	-	-	-	7,920
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Transfer to hedge of net investment in foreign operations		-	-	-	-	-	-	-	7,920	-	-	-	-	-	7,920
V Investments securities available for sale		-	-	-	-	-	-	-	(7,920)	-	-	-	-	-	(7,920)
VI Hedging transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash-flow hedge		-	-	-	-	-	-	-	(7,920)	-	-	-	-	-	(7,920)
6.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII Period net income/(loss)		-	-	-	-	-	-	-	-	123,321	-	-	-	-	123,321
VIII Profit distribution		-	-	-	-	8,801	-	81,664	-	-	(109,027)	-	-	-	(18,742)
8.1 Dividends distributed		-	-	-	-	-	-	-	-	-	(18,742)	-	-	-	(18,742)
8.2 Transfers to reserves		-	-	-	-	8,801	-	75,265	-	-	(84,066)	-	-	-	-
8.3 Other		-	-	-	-	-	-	6,399	-	-	(6,399)	-	-	-	-
IX Capital increase		18,700	-	1,592	-	-	-	-	-	-	-	-	-	-	20,292
9.1 Cash		18,700	-	-	-	-	-	-	-	-	-	-	-	-	18,700
9.2 Tangible assets value increase in revaluation fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.3 Bonus shares from associates, subsidiaries and jointly controlled entities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.4 Marketable securities value increase fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.5 Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.6 Issuance of share certificates		-	-	1,592	-	-	-	-	-	-	-	-	-	-	1,592
9.7 Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.8 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII Primary subordinated loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII Secondary subordinated loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV The effect of change in associate's equity		-	-	-	-	-	-	-	7,808	-	-	-	-	-	7,808
Closing Balance															
(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI)		76,500	252,676	1,661	-	28,756	-	162,201	(18,703)	123,321	-	-	-	(10,124)	616,288

The accompanying notes are an integral part of these statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED 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. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note Ref	Audited Current Period 31.12.2006	Audited Prior Period 31.12.2005
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1		63,801	133,318
Operating profit before changes in operating assets and liabilities			
1.1.1		877,014	547,790
1.1.2		(604,502)	(307,089)
1.1.3		4	224
1.1.4		135,317	91,675
1.1.5		106,504	91,692
1.1.6		3,665	2,856
1.1.7		(175,871)	(121,067)
1.1.8		(12,219)	(39,330)
1.1.9	(1)	(266,111)	(133,433)
1.2		442,873	145,115
Changes in operating assets and liabilities			
1.2.1		44,549	(108,795)
1.2.2	(1)	-	-
1.2.3		70,938	(45,341)
1.2.4		(2,236,100)	(1,417,738)
1.2.5		(327,257)	(91,308)
1.2.6		58,743	609,369
1.2.7		2,367,576	1,039,499
1.2.8		386,458	148,438
1.2.9		2,536	(88)
1.2.10	(1)	75,430	11,079
I.		506,674	278,433
Net cash provided from banking operations			
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.		(469,557)	(683,412)
Net cash provided from investing activities			
2.1		-	(879)
2.2		1,535	279
2.3		(48,071)	(25,539)
2.4		36	3,781
2.5		(1,549,407)	(2,201,134)
2.6		1,126,250	1,485,660
2.7		-	-
2.8		754	64,797
2.9		(654)	(10,377)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.		219,530	60,281
Net cash provided from financing activities			
3.1		210,172	69,695
3.2		-	-
3.3		18,700	-
3.4		(18,742)	(9,414)
3.5		-	-
3.6		9,400	-
IV.		67,465	5,894
Effect of change in foreign exchange rate on cash and cash equivalents			
V.		324,112	(338,804)
Net increase / (decrease) in cash and cash equivalents			
VI.	(2)	1,421,108	1,759,912
Cash and cash equivalents at beginning of the period			
VII.	(2)	1,745,220	1,421,108
Cash and cash equivalents at end of the period			

The accompanying notes are an integral part of these statements.

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SECTION THREE
ACCOUNTING PRINCIPLES

I- Basis of Presentation

Parent Bank prepares its financial statements and notes according to Communique on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, 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:

As of December 31, 2005	Profit for the Period	Extraordinary Reserves
As previously reported	102,239	74,304
Foreign currency difference adjustment for subsidiaries	7,423	10,439
Employee benefit liability adjustment	(744)	(6,032)
Deferred tax adjustment	289	1,826
As restated	109,207	80,537

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

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

As a component of risk management strategy of the Group, management of risk 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.

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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 Parent Bank's segments is the marketable security portfolio transactions.

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

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

When the Parent 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 Parent Bank's foreign currency position by spot and foreign currency forward transactions, in accordance with the legal limits.

III- Information about the Consolidated Parent Bank and its Subsidiaries

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

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

Explanations on Consolidation Method and Scope

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

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

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

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the principle of materiality. The financial statements of the subsidiaries are prepared as of December 31, 2006 and 2005.

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

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

Explanations on Foreign Currency Transactions

Gains or losses arising from foreign currency transactions are reflected to the income statement as they are realized during the year. Foreign currency assets and liabilities at each period-end are translated into Turkish lira at the period-end foreign exchange buying rates announced by the Parent Bank and the resulting foreign exchange gains or losses are recorded in the income statement as foreign exchange gain or loss. The USD exchange rate used for translating foreign currency transactions into New Turkish Lira and reflecting these to consolidated financial statements as of December 31, 2006, is TRY 1.4056 (December 31, 2005 - TRY 1.3418 (in full TRY)).

There are no capitalized foreign exchange differences.

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

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

The foreign currency net investment in consolidated foreign subsidiaries are translated into New Turkish Lira using the exchange rate prevailing at the balance sheet date for their assets and liabilities and 12 months average exchange rate for their income statement items. The currency translation loss derived from the consolidated subsidiaries' inflation and devaluation differences amounting to TRY 18,323 (December 31, 2005- TRY 26,511 YTL currency translation loss) has been reflected in "Other Profit Reserves" under shareholders' equity.

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

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

V- Interest Income and Expenses

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

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VI- 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.

VII- Explanations and Disclosures on Financial Assets

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

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

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

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

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

Cash, Banks, and Other Financial Institutions

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

Financial Assets at Fair Value Through Profit and Loss

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

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

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VII- Explanations and Disclosures on Financial Assets (continued)

Held to Maturity Investments, 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 Group classifies its securities as referred to above at the acquisition date of related assets .

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

Loans and Provisions for Impairment

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

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.

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VII- Explanations and Disclosures on Financial Assets (continued)

Loans and Provisions for Impairment (continued)

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

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

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

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

In addition to specific loan loss provisions, within the framework of the regulation and principles referred to above; the Parent Bank records general loan loss provisions for loans and other receivables. The Parent Bank 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.

VIII- Explanations on Impairment of Financial Assets

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

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence (or 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.

IX- Offsetting of Financial Assets and Liabilities

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

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

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

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

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

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

XI- Explanations on Assets Held for Sale and Discontinued Operations

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

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

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

XII- Explanations on Goodwill and Other Intangible Assets

The positive difference of TRY 1,205 (December 31, 2005 - TRY 1,205), between the acquisition cost and share in equity of acquired subsidiaries is reflected under the intangible fixed assets as goodwill in the accompanying consolidated financial statements.

Intangible assets are accounted for at restated cost until December 31, 2004 in accordance with inflation accounting and are amortized with straight-line method, after December 31, 2004 the acquisition cost and any other cost incurred so as to prepare the intangible asset ready for use less reserve for impairment, if any, and 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.

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

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

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

XIII- Explanations on Tangible Fixed Assets

Properties are accounted for at their restated costs until December 31, 2004; 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.

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

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XIV- Explanations on Leasing Transactions

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

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

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

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

XV- Explanations on Provisions and Contingent Liabilities

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

XVI- Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service 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 Group 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 Group uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually. The carrying value of employee termination benefit provisions as of December 31, 2006 is TRY 7,516 (December 31, 2005 - TRY 6,490).

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XVI- Explanations on Liabilities Regarding Employee Benefits (continued)

Defined Contribution Plans

For defined contribution plans the Group pays contributions to Social Security Funds on a mandatory basis. In addition to this, the employees of the Group are members of the Foundation of TEB Employees (“TEB’liler Vakfı”). For the employees of the Group 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.

XVII- 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 2,618 (2005: TRY 863) deferred tax which is related with items recorded in the equity was netted-off under equity in “Marketable Securities Value Increase Fund”.

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

Deferred Tax Liability / Asset

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

As of December 31, 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 2,114 is stated under the tax provision in the income statement (2005: TRY 5,113). The deferred tax asset of TRY 2,618 (2005: TRY 863) resulting from differences related to items that are credited or charged directly to equity is netted with these accounts.

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

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XVIII- Additional Explanations on Borrowings

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

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

There are no debt securities issued by the Parent Bank.

The Group has not issued convertible bonds.

XIX- Explanations on Share Certificates

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

XX- Explanations on Acceptances

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

XXI- Explanations on Government Incentives

There are no government incentives utilized by the Group.

XXII- Explanations on Segment Reporting

The Group mainly operates in retail and corporate banking segments.

	Retail	Corporate	Other	Elimination	Total
Net interest income	11,636	223,714	115,079	-	350,429
Net fees and commissions income and other operating income	17,407	95,188	79,057	(1,218)	190,434
Trading profit / loss	15,502	17,897	(36,849)	(270)	(3,720)
Dividend income	-	-	22,668	(22,664)	4
Impairment provision for loans	(3,396)	(25,160)	(7,827)	-	(36,383)
Other operating income	(44,598)	(102,446)	(194,009)	1,448	(339,605)
	-	-	-	-	-
Profit before tax	(3,449)	209,193	(21,881)	(22,704)	161,159
Tax	-	(4,088)	(33,750)	-	(37,838)
	-	-	-	-	-
Net profit for the period	(3,449)	205,105	(55,631)	(22,704)	123,321

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XXIII- 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.

Explanation for convenience translation to English

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

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SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP

I- Explanations Related to the Consolidated Capital Adequacy Standard Ratio

The method used for risk measurement in determining consolidated capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks ", which was published on November 1, 2006 in the Official Gazette numbered 26333. The Group's consolidated capital adequacy ratio in accordance with the related communiqué is 13.00%. The comparative consolidated 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 13.76%.

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

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

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

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

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

Information related to the consolidated capital adequacy ratio:

	Consolidated				Parent Bank			
	Risk Weight				Risk Weight			
	0%	20%	50%	100%	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non-Cash Loans								
Balance Sheet items (Net)								
Cash	129,346	77	-	-	129,333	14	-	-
Matured Marketable Securities	-	-	-	-	-	-	-	-
Due From Central Bank of Turkey	550,023	-	-	-	550,023	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	1,062,678	-	131	-	437,205	-	131
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-	-
Reserve Deposits	279,373	-	-	-	279,373	-	-	-
Loans	400,772	317,076	972,615	4,598,689	182,562	46,976	972,615	3,669,373
Non-performing loans (Net)	-	-	-	14,544	-	-	-	14,544
Financial Lease Receivables	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1,490,773	-	-	61	1,466,503	-	-	61
Held to Maturity Investments	-	-	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	-	-	-	-
Sundry Debtors	-	-	-	44,131	-	-	-	13,438
Interest and Income Accruals	72,987	1,356	-	73,541	71,245	352	-	67,325
Subsidiaries, Associates and Entities Under Common Control (Net)	-	-	-	-	-	-	-	146,499
Tangible Assets	-	-	-	64,698	-	-	-	56,118
Other Assets	27,084	-	-	25,418	20,545	-	-	4,031
Off-Balance Sheet Items								
Guarantees and Commitments	68,321	688,698	570,810	663,104	61,080	688,698	392,042	647,437
Derivative Financial Instruments	-	78,278	-	9,710	-	77,524	-	9,371
Non Risk Weighted Accounts								
	-	-	-	-	-	-	-	-
Total Value at Risk	3,018,679	2,148,163	1,543,425	5,494,027	2,760,664	1,250,769	1,364,657	4,628,329
Total Risk Weighted Assets	-	429,633	771,713	5,494,027	-	250,154	682,329	4,628,329

Summary information related to the capital adequacy ratio:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	6,695,374	4,118,386	5,560,812	3,196,838
Amount Subject to Market Risk (ASMR)	193,613	145,788	191,138	142,000
Amount Subject to Operational Risk (ASOR) (**)				
Shareholders' Equity	895,687	586,808	820,725	411,722
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	13.00	13.76	14.27	12.33

TRWA: Total Risk Weighted Assets

ASMR: Amount Subject to Market Risk

ASOR: Amount Subject to Operational Risk

(*) The comparative 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.

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

Information related to the components of shareholders' equity:

	Consolidated		Parent Bank	
	Current Period	Prior Period(*)	Current Period	Prior Period(*)
CORE CAPITAL				
Paid-in capital	76,500	57,800	76,500	57,800
Nominal capital	76,500	57,800	76,500	57,800
Capital commitments (-)	-	-	-	-
Other capital reserves	252,676	252,676	252,676	252,676
Share premium and cancellation profits	1,661	69	1,592	-
Legal reserves	28,756	11,332	14,950	9,253
First legal reserve (Turkish Commercial Code 466/1)	20,303	15,243	9,414	5,479
Second legal reserve (Turkish Commercial Code 466/2)	8,453	4,712	5,536	3,774
Other legal reserve per special legislation	-	(8,633)	-	-
Statutory reserves	-	-	-	-
Extraordinary reserves	143,498	74,304	110,560	61,218
Reserves allocated by the General Assembly	143,498	74,304	110,560	61,218
Retained earnings	-	-	-	-
Accumulated losses	-	-	-	-
Foreign currency share capital exchange difference	-	-	-	-
Profit	123,321	102,239	105,700	78,717
Current period profit	123,321	102,239	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 (-)	33,520	15,480	33,069	15,287
Prepaid expenses (-)	12,157	5,032	11,306	4,869
Intangible assets (-)	6,808	-	5,867	-
Deferred tax asset exceeding 10% of the Core Capital	-	-	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law	-	-	-	-
Total Core Capital	626,412	498,410	561,978	459,664
SUPPLEMENTARY CAPITAL				
General Loan Loss Reserves	32,505	18,300	32,505	18,300
45% of the revaluation reserve for movable fixed assets	-	-	-	-
45% of the of revaluation reserve for properties	-	-	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control	-	-	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-	-	-
Secondary subordinated loans	295,029	83,997	280,989	83,997
Marketable securities value increase fund	(4,556)	9,354	(4,505)	9,147
Associates and subsidiaries	-	-	-	-
Available for sale securities	(4,556)	9,354	(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)	-	-	-	-
Total Supplementary Capital	322,978	111,651	308,989	111,444
TIER III CAPITAL				
CAPITAL	949,390	610,061	870,967	571,108
DEDUCTIONS FROM THE CAPITAL	53,703	23,253	50,242	159,386
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				
	12	1,535	-	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	1,205	1,205	-	-
Total Shareholder's Equity	895,686	586,807	820,725	411,722

(*)The comparative 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.

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II-Explanations Related to Consolidated Credit Risk

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

The credit allocation is performed on a debtor and a group of debtors 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 Parent Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Parent 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 Parent 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 Parent 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 of existing positions, counter positions are undertaken through the market to close such risks.

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 Parent 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 Parent 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 Group from its top 100 cash loan customers amount to TRY 1,742,329 (2005 – TRY 1,171,007) with a share of 30.42% in the total cash loans (2005 – 34.02%).

As of December 31, 2006, the receivables of the Group from its top 100 non-cash loan customers amount to TRY 1,189,292 (2005 – TRY 884,594) with a share of 40.53% in the total non-cash loans (2005 – 43.39%).

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II- Explanations Related to Consolidated Credit Risk (continued)

The share of cash and non-cash receivables of the Group from its top 100 customers in total balance sheet and off-balance sheet assets is 33.84% as of December 31, 2006 (2005 – 37.14%).

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

Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income/Loss
Current Period					
Domestic	8,690,089	7,078,928	2,638,987	-	115,086
European Union Countries	913,177	1,103,854	92,742	-	8,235
OECD Countries (*)	120,272	56,223	19,587	-	-
Off-shore Banking Regions	107,557	1,068,508	56,508	-	-
USA, Canada	389,698	284,152	56,550	-	-
Other Countries	77,515	90,367	69,949	-	-
Associates, Subsidiaries and Entities Under Common Control	-	-	-	12	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	10,298,308	9,682,032	2,934,323	12	123,321
Prior Period					
Domestic	5,835,535	4,637,864	1,709,390	-	101,127
European Union Countries	713,192	471,655	40,661	-	8,080
OECD Countries (*)	80,940	215,554	17,198	-	-
Off-shore Banking Regions	118,499	930,631	103,248	-	-
USA, Canada	141,157	192,406	124,761	-	-
Other Countries	75,282	14,943	47,675	-	-
Associates, Subsidiaries and Entities Under Common Control	-	-	-	1,535	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	6,964,605	6,463,053	2,042,933	1,535	109,207

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

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

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II- Explanations Related to Consolidated Credit Risk (continued)

Sector concentration for cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	85,594	2.43	138,926	6.30	36,336	2.02	104,262	6.23
Farming and Raising Livestock	64,711	1.84	126,513	5.73	25,904	1.44	94,569	5.65
Forestry, Wood and Paper	15,526	0.44	11,793	0.54	8,434	0.47	9,067	0.54
Fishery	5,357	0.15	620	0.03	1,998	0.11	626	0.04
Manufacturing	1,645,503	46.69	1,160,989	52.69	881,253	48.94	1,003,943	59.97
Mining and Quarry	87,861	2.49	75,843	3.44	71,088	3.95	57,544	3.44
Production	1,552,354	44.05	1,085,146	49.25	807,662	44.85	946,399	56.53
Electricity, Gas and Water	5,288	0.15	-	-	2,503	0.14	-	-
Construction	212,887	6.04	64,619	2.93	75,426	4.19	53,676	3.21
Services	774,000	21.96	608,104	27.60	402,364	22.34	416,399	24.87
Wholesale and Retail Trade	261,939	7.43	69,827	3.17	140,475	7.80	62,446	3.72
Hotel, Tourism, Food and Beverage Services	43,500	1.23	63,147	2.87	19,766	1.10	56,713	3.39
Transportation and Communication	138,565	3.93	114,947	5.22	74,804	4.15	75,034	4.48
Financial Institutions	196,365	5.57	294,412	13.35	115,818	6.43	218,719	13.07
Real Estate and Renting Services	43,923	1.25	59,678	2.71	20,795	1.15	2,433	0.15
Self-Employment Services	36,952	1.05	6,093	0.28	9,702	0.54	996	0.06
Education Services	5,918	0.17	-	-	3,195	0.18	-	-
Health and Social Services	46,838	1.33	-	-	17,809	0.99	58	0.00
Other	806,208	22.88	230,887	10.48	405,478	22.51	95,769	5.72
Total	3,524,192	100.00	2,203,525	100.00	1,800,857	100.00	1,674,049	100.00

III- Explanations Related to Consolidated Market Risk

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

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

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.

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III- Explanations Related to Consolidated Market Risk (continued)

a) Information Related to Market Risk

	ConsolidatedParent Bank	
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	13,327	13,323
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	232	-
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	1,930	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)	15,489	15,291
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	193,613	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	10,052	13,513	7,180	5,209	8,057	3,700
Common Stock Risk	26	46	3	2	5	-
Currency Risk	2,121	4,457	1,003	1,419	3,158	692
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	91	190	0	335	568	8
Total Value Subject to Risk	153,619	193,613	132,400	87,065	145,788	59,259

IV- Explanations Related to Consolidated Operational Risk:

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

V- Explanations Related to Consolidated Currency Risk

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

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

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

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

As of December 31, 2006, the Group's net long position is TRY 49,602 (December 31, 2005 - TRY 3,998 net short) resulting from short position amounting to TRY 506,552 (December 31, 2005 - TRY 298,220 short) on the balance sheet and long position amounting to TRY 556,154 (December 31, 2005 - TRY 294,222 long) on the off-balance sheet.

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V- Explanations Related to Currency Risk (continued)

The announced current foreign exchange buying rates of the Parent 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
USD	1.4186	1.4222	1.4198	1.4192	1.4131	1.4056
CHF	1.1666	1.1646	1.1623	1.1614	1.1543	1.1503
GBP	2.7869	2.7937	2.7806	2.7803	2.7689	2.7569
JPY	1.1958	1.1952	1.1919	1.1937	1.1872	1.1797
EURO	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 Parent Bank for the thirty days before December 31, 2006 are as follows:

	Monthly Average Foreign Exchange Rate
USD	1.42350
CHF	1.17521
GBP	2.79430
JPY	1.17741
EURO	1.88006

Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	YEN	OTHER	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	273,577	434,566	50	5,320	713,513
Due From Other Banks and Financial Institutions	216,773	816,589	791	25,584	1,059,737
Financial Assets at Fair Value Through Profit and Loss (*****)	734	8,542	-	853	10,129
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	59	265,368	-	-	265,427
Loans (**)	1,132,482	1,423,740	15,211	113,147	2,684,580
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-	-
Held-To-Maturity Investments	-	9,402	-	-	9,402
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	7,363	-	-	-	7,363
Intangible Assets	183	-	-	-	183
Other Assets (***)	281,098	100,184	-	18,843	400,125
Total Assets	1,912,269	3,058,391	16,052	163,747	5,150,459
Liabilities					
Bank Deposits	66,965	53,154	668	25,099	145,886
Foreign Currency Deposits (*)	873,067	3,131,284	6,139	80,129	4,090,619
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	875,394	402,227	-	31,423	1,309,044
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	23,575	36,002	657	41	60,275
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	32,817	9,466	-	8,904	51,187
Total Liabilities	1,871,818	3,632,133	7,464	145,596	5,657,011
Net Balance Sheet Position	40,451	(573,742)	8,588	18,151	(506,552)
Net Off-Balance Sheet Position	28,568	553,955	(9,069)	(17,300)	556,154
Financial Derivative Assets (*****)	255,137	1,110,934	4,835	68,448	1,439,354
Financial Derivative Liabilities (*****)	226,569	556,979	13,904	85,748	883,200
Non-Cash Loans (*****)	698,630	1,215,380	8,132	70,870	1,993,012
Prior Period					
Total Assets	1,039,611	2,525,119	11,829	85,292	3,661,851
Total Liabilities	1,057,160	2,784,621	11,647	106,643	3,960,071
Net Balance Sheet Position	(17,549)	(259,502)	182	(21,351)	(298,220)
Net Off-Balance Sheet Position	59,815	216,285	(3,023)	21,145	294,222
Financial Derivative Assets	519,369	816,007	5,011	81,422	1,421,809
Financial Derivative Liabilities	459,554	599,722	8,034	60,277	1,127,587
Non-Cash Loans (*****)	446,262	907,481	8,175	43,779	1,405,697

- (*) 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.

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VI- Explanations Related to Consolidated Interest Rate Risk

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

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

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

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

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

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

	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	645,715	-	-	-	-	319,771	965,486
Due From Other Banks and Financial Institutions	659,262	-	2,290	1,000	-	401,613	1,064,165
Financial Assets at Fair Value Through Profit and Loss	45,855	13,281	8,167	2,983	39,744	3,177	113,207
Money Market Placements	1,194	-	-	-	-	-	1,194
Available-For-Sale Financial Assets	292,283	663,403	76,104	88,041	435,511	68	1,555,410
Loans	2,856,121	557,846	506,331	499,950	1,268,793	38,676	5,727,717
Held-To-Maturity Investments	4,054	3,298	3,705	-	-	-	11,057
Other Assets	217,076	97,400	92,004	80,236	167,810	205,558	860,084
Total Assets	4,721,560	1,335,228	688,601	672,210	1,911,858	968,863	10,298,320
Liabilities							
Bank Deposits	135,527	4,334	-	-	-	48,339	188,200
Other Deposits	5,575,247	681,345	111,083	39,622	2,320	127,888	6,537,505
Money Market Borrowings	794,689	-	-	-	-	-	794,689
Sundry Creditors	175	-	-	-	-	134,138	134,313
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	383,785	203,933	796,106	140,951	165,510	6,050	1,696,335
Other Liabilities	137,761	27,162	10,395	12,987	25,690	733,283	947,278
Total Liabilities	7,027,184	916,774	917,584	193,560	193,520	1,049,698	10,298,320
Balance Sheet Long Position	-	418,454	-	478,650	1,718,338	-	2,615,442
Balance Sheet Short Position	2,305,624	-	228,983	-	-	80,835	2,615,442
Off-Balance Sheet Long Position	10,204	-	-	-	-	-	10,204
Off-Balance Sheet Short Position	6,716	-	-	-	-	-	6,716
Total Position	(2,302,137)	418,454	(228,983)	478,650	1,718,338	(80,835)	3,488

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

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

The other assets line in the non-interest bearing column consists of tangible assets amounting to TRY 64,698; intangible assets amounting to TRY 41,534, TRY 26,725 of tax asset, and the other liabilities line includes the shareholders' equity of TRY 616,288.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TRY %
Current Period				
Assets				
Cash (Cash In Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	2.52%	2.52%	-	-
Due From Other Banks And Financial Institutions	3.45%	5.23%	-	18.21%
Financial Assets At Fair Value Through Profit And Loss	5.45%	9.08%	-	11.47%
Money Market Placements	-	-	-	17.95%
Available-For-Sale Financial Assets	-	6.78%	-	19.28%
Loans	5.19%	6.60%	3.88%	17.58%
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	3.12%	4.86%	-	18.80%
Other Deposits	3.02%	5.09%	-	19.25%
Money Market Borrowings	-	-	-	18.05%
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4.89%	6.48%	-	18.82%

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VI- Explanations Related to Interest Rate Risk (continued)

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

	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-interest bearing	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	388,696	-	-	-	-	179,572	568,268
Due From Other Banks and Financial Institutions	822,560	85,935	32,747	16,473	-	26,202	983,917
Financial Assets at Fair Value Through Profit and Loss	24,228	20,827	14,837	1,066	55,686	427	117,071
Money Market Placements	156,650	-	-	-	-	-	156,650
Available-For-Sale Financial Assets	34,545	596,605	81,557	66,374	320,105	9	1,099,195
Loans	1,074,665	607,144	600,660	425,462	742,400	24,575	3,474,906
Held-To-Maturity Investments	-	101	-	716	10,992	-	11,809
Other Assets	110,976	66,816	53,487	55,624	100,431	166,990	554,324
Total Assets	2,612,320	1,377,428	783,288	565,715	1,229,614	397,775	6,966,140
Liabilities							
Bank Deposits	104,430	12,928	30	178	2	1,733	119,301
Other Deposits	2,830,634	409,615	119,670	32,087	498	808,677	4,201,181
Money Market Borrowings	757,246	-	-	-	-	-	757,246
Sundry Creditors	173	-	-	-	-	67,891	68,064
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	188,015	161,229	495,027	176,986	67,631	-	1,088,888
Other Liabilities	57,475	9,940	7,543	2,763	8,890	644,849	731,460
Total Liabilities	3,937,973	593,712	622,270	212,014	77,021	1,523,150	6,966,140
Balance Sheet Long Position	-	783,716	161,018	353,701	1,152,593	-	2,451,028
Balance Sheet Short Position	1,325,653	-	-	-	-	1,125,375	2,451,028
Off-Balance Sheet Long Position	69,650	-	-	-	-	-	-
Off-Balance Sheet Short Position	70,345	-	-	-	-	-	695
Total Position	(1,326,348)	783,716	161,018	353,701	1,152,593	(1,125,375)	(695)

The other assets line at the non-interest bearing column consists of tangible assets amounting to TRY 46,488; intangible assets amounting to TRY 21,330, TRY 49,422 of tax asset and the other liabilities line includes the shareholders' equity of TRY 503,087.

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VI- Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments

	EURO %	USD %	YEN %	YTL %
Prior Period				
Assets				
Cash (Cash In Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	1.61	2.05	-	10.65
Due From Other Banks And Financial Institutions	2.23	4.03	-	15.96
Financial Assets At Fair Value Through Profit And Loss	6.77	8.80	-	16.30
Money Market Placements	-	-	-	14.87
Available-For-Sale Financial Assets	-	5.70	-	15.14
Finansal Kiralama Alacaklari	9.26	10.33	-	22.04
Factoring Alacaklari	6.06	7.16	-	19.84
Loans	5.21	5.95	4.06	19.84
Held-To-Maturity Investments	-	10.97	-	15.83
Liabilities				
Bank Deposits	2.55	4.00	-	17.61
Other Deposits	2.47	4.00	-	14.80
Money Market Borrowings	-	4.59	-	14.61
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4.08	7.55	-	21.33

VII- Explanations Related to Consolidated Liquidity Risk

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

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

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

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

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

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VII- Explanations Related to Consolidated Liquidity Risk (continued)

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	319,771	645,715	-	-	-	-	-	965,486
Due From Other Banks and Financial Institutions	401,613	659,262	-	2,290	1,000	-	-	1,064,165
Financial Assets at Fair Value Through Profit and Loss	3,177	14,564	5,319	3,115	3,044	83,988	-	113,207
Money Market Placements	-	1,194	-	-	-	-	-	1,194
Available-For-Sale Financial Assets	68	296	1,879	-	120,951	1,432,216	-	1,555,410
Loans	38,676	2,293,244	709,229	758,561	594,445	1,333,562	-	5,727,717
Held-To-Maturity Investments	-	-	-	-	1,640	9,417	-	11,057
Other Assets	382	242,034	105,112	91,877	80,265	167,011	173,403	860,084
Total Assets	763,687	3,856,309	821,539	855,843	801,345	3,026,194	173,403	10,298,320
Liabilities								
Bank Deposits	48,339	135,527	4,334	-	-	-	-	188,200
Other Deposits	1,092,367	4,597,500	663,026	76,744	68,770	39,098	-	6,537,505
Funds Provided From Other Financial Institutions	-	305,963	219,835	175,481	480,034	515,022	-	1,696,335
Money Market Borrowings	-	794,689	-	-	-	-	-	794,689
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	108,479	4,347	-	-	-	-	21,487	134,313
Other Liabilities	-	120,226	71,177	9,789	39,690	72,986	633,410	947,278
Total Liabilities	1,249,185	5,958,252	958,372	262,014	588,494	627,106	654,897	10,298,320
Liquidity Gap	(485,498)	(2,101,943)	(136,833)	593,829	212,851	2,399,088	(481,494)	-
Prior Period								
Total Assets	284,315	2,560,168	724,055	676,377	719,038	1,885,042	117,145	6,966,140
Total Liabilities	876,451	3,492,247	875,321	232,687	633,789	298,019	557,626	6,966,140
Liquidity Gap	(592,136)	(932,079)	(151,266)	443,690	85,249	1,587,023	(440,481)	-

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

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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 are not stated at their fair value in the financial statements of the Group.

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
Financial Assets	8,374,087	5,743,307	8,291,551	5,766,125
Money Market Placements	1,194	156,650	1,203	156,690
Due From Other Banks and Financial Institutions	1,064,165	983,917	1,064,107	983,841
Available-For-Sale Financial Assets	1,555,410	1,099,195	1,555,410	1,099,195
Held-To-Maturity Investments	11,057	11,809	10,626	11,810
Loans	5,742,261	3,491,736	5,660,205	3,514,589
Financial Liabilities	9,351,042	6,234,680	9,367,437	6,228,147
Bank Deposits	188,200	119,301	188,480	119,310
Other Deposits	6,537,505	4,201,181	6,553,620	4,194,648
Funds Provided From Other Financial Institutions (*)	2,491,024	1,846,134	2,491,024	1,846,125
Marketable Securities Issued	-	-	-	-
Sundry creditors	134,313	68,064	134,313	68,064

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

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

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

The Group does not deal with fiduciary transactions.

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SECTION FIVE

**EXPLANATIONS AND DISCLOSURES ON
CONSOLIDATED FINANCIAL STATEMENTS**

I. Explanations Related to the Consolidated Assets

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	50,159	75,324	25,874	60,040
Balances with the Central Bank of Turkey	200,718	635,346	94,211	386,697
Other	1,096	2,843	-	1,446
Total	251,973	713,513	120,085	448,183

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	-	-	-	-
Total	200,718	635,346	94,211	386,697

(*) 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	-	-	-	-
Total	542	-	334	-

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	-	-	-	-
Total	4,865	-	62,972	-

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 85,521 (2005 – TRY 47,538).

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I. Explanations Related to the Consolidated Assets (continued)

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	8,720	1,162	222	4,614
Swap Transactions	8,250	3,233	-	1,234
Futures Transactions	-	-	-	-
Options	713	148	155	2
Other	-	53	-	-
Total	17,683	4,596	377	5,850

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	4,428	30,825	83,522	31,399
Foreign	-	1,028,912	203,585	665,411
Branches and head office abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	4,428	1,059,737	287,107	696,810

b) Information on Foreign Bank Accounts :

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	581,975	582,503	-	-
USA and Canada	375,720	176,717	-	-
OECD Countries*	71,086	49,590	-	-
Off-shore banking regions	47	40,039	-	20,041
Other	84	106	-	-
Total	1,028,912	848,955	-	20,041

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

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I. Explanations Related to the Consolidated Assets (continued)

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	881,030	-	798,533	-
Treasury bills	-	-	19,503	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	881,030	-	818,036	-

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	1,568,698	1,102,454
Quoted on a stock exchange	1,380,167	1,026,553
Not quoted	188,531	75,901
Share certificates	68	9
Quoted on a stock exchange	-	-
Not quoted	68	9
Impairment provision(-)	(13,356)	(3,268)
Total	1,555,410	1,099,195

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	4,563	-	2,850	-
Total	5,947	2,768	2,850	16,179

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I. Explanations Related to the Consolidated Assets (continued)

5. Information on loans: (continued)

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	5,722,872	-	-	4,845
Discount notes	142,169	-	-	-
Export loans	1,047,635	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	307,830	-	-	-
Foreign loans	451,243	-	-	-
Consumer loans	696,229	-	-	-
Credit cards	50,460	-	-	-
Precious metals loans	84,065	-	-	-
Other	2,943,241	-	-	4,845
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	5,722,872	-	-	4,845

c) Loans according to their maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term loans and other receivables	4,042,613	-	-	440
Non-specialized loans	4,042,613	-	-	440
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans	1,680,259	-	-	4,405
Non-specialized loans	1,680,259	-	-	4,405
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	5,722,872	-	-	4,845

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I. Explanations Related to the Consolidated Assets (continued)

5. Information on loans: (continued)

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	31,269	588,298	619,567
Housing Loans	896	273,944	274,840
Car Loans	5,432	179,967	185,399
General Purpose Loans	22,799	130,232	153,031
Other	2,142	4,155	6,297
Consumer Loans -Indexed to FC	498	55,382	55,880
Housing Loans	-	28,108	28,108
Car Loans	354	25,220	25,574
General Purpose Loans	144	2,054	2,198
Other	-	-	-
Consumer Loans-FC	2,359	4,284	6,643
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	2,359	4,284	6,643
Other	-	-	-
Individual Credit Cards-TRY	44,887	-	44,887
With Installments	6,043	-	6,043
Without Installments	38,844	-	38,844
Individual Credit Cards-FC	1,092	-	1,092
With Installments	-	-	-
Without Installments	1,092	-	1,092
Personnel Loans-TRY	752	1,880	2,632
Housing Loans	-	-	-
Car Loans	-	8	8
General Purpose Loans	752	1,872	2,624
Other	-	-	-
Personnel Loans - Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	11	39	50
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	11	39	50
Other	-	-	-
Personnel Credit Cards-TRY	1,511	-	1,511
With Installments	100	-	100
Without Installments	1,411	-	1,411
Personnel Credit Cards-FC	20	-	20
With Installments	-	-	-
Without Installments	20	-	20
Overdraft Account-TRY(Real Person) (*)	11,457	-	11,457
Overdraft Account-FC(Real Person)	-	-	-
Total	93,856	649,883	743,739

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

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I. Explanations Related to the Consolidated Assets (continued)

5. Information on loans: (continued)

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

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRY	49,148	333,901	383,049
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
Commercial loans with installment facility - Indexed to FC	11,721	143,996	155,717
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
Commercial loans with installment facility -FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TRY	2,742	-	2,742
With Installments	-	-	-
Without Installments	2,742	-	2,742
Corporate Credit Cards-FC	209	-	209
With Installments	-	-	-
Without Installments	209	-	209
Overdraft Account-TRY(Legal Entity)	65,560	-	65,560
Overdraft Account-FC(Legal Entity)	-	-	-
Total	129,380	477,897	607,277

f) Loans according to borrowers:

	Current Period	Prior Period
Public	793,501	519,450
Private	4,934,216	2,955,456
Total	5,727,717	3,474,906

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	5,276,475	3,230,927
Foreign loans	451,242	243,979
Total	5,727,717	3,474,906

h) Loans granted to subsidiaries and associates:

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

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
Total	30,248	16,849

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I. Explanations Related to the Consolidated Assets (continued)

5. Information on loans: (continued)

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period end balance	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
Net Balances on Balance Sheet	8,059	1,898	4,587

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	-	-	-	-
Total	-	-	101	-

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

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I. Explanations Related to the Consolidated Assets (continued)

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

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

	Current Period	Prior Period
Government Bonds	9,402	9,614
Treasury Bills	1,655	2,094
Other public sector debt securities	-	-
Total	11,057	11,708

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	11,057	11,809
Quoted on a stock exchange	11,057	11,809
Not quoted on a stock exchange	-	-
Provision for impairment (-)	-	-
Total	11,057	11,809

d) Movement of held-to-maturity investments:

	Current Period	Prior Period
Beginning balance	11,809	75,239
Indexation difference (-)	-	-
Foreign currency differences on monetary assets	183	(866)
Purchases during year	-	12,606
Disposals through sales and redemptions	(935)	(75,170)
Impairment provision (-)	-	-
Closing Balance	11,057	11,809

7. Information on associates (Net):

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

	Current Period	Prior Period
Participations		
Other Financial Associates / Gelisen İşletmeler Piyasası A.Ş.	12	-
Total	12	-

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

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

	Current Period	Prior Period
Balance at the Beginning of the Period	1,535	656
Movements During the Period	(1,535)	879
Purchases	-	660
Free Shares Obtained Profit from Current Year's Share	-	-
Dividends from Current Year Income	-	279
Sales	(1,535)	-
Revaluation Decrease	-	-
Provision for Impairment	-	-
Balance at the End of the Period	-	1,535
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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I. Explanations Related to the Consolidated Assets (continued)

b.2) Valuation of consolidated associates:

	Current Period	Prior Period
Valuation With Cost	-	-
Valuation With Fair Value	-	-
Valuation With Equity Method	-	1,535
Total	-	1,535

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

8. Information on subsidiaries (Net):

a) Information on the unconsolidated subsidiaries: None.

b) Information on the consolidated subsidiaries:

b.1) Information on the consolidated subsidiaries:

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

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I. Explanations Related to the Consolidated Assets (continued)

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

b.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	151,141	156,783
Movements during the period	(4,378)	(5,642)
Purchases	-	1,636
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (*)	(651)	-
Revaluation increase (**)	(3,727)	(7,278)
Provision for impairment	-	-
Balance at the end of the period	146,763	151,141
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.

(**) Effect of foreign currency difference of foreign subsidiaries.

These amounts are eliminated from the accompanying consolidated financial statements.

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	47,624
Leasing Companies	/ TEB Finansal Kiralama A.S.	40,191	40,191
Factoring Companies	/ TEB Factoring A.S.	22,324	22,324
Other Financial Subs	/ TEB Yatırım Menkul Değerler A.S.	26,382	34,770
	TEB Portföy Yönetimi A.S.	2,058	5,354
	Petek International Holdings B.V.	-	651
	Stichting Custody Services TEB	231	198
	Kronenburg Vastgoed B.V.	32	29
Total		146,763	151,141

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

9. Information on entities under common control: None.

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

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	181,606	155,942	129,295	114,772
Between 1-4 years	191,806	170,659	111,102	97,483
Over 4 years	1,113	1,081	2,470	2,314
Total	374,525	327,682	242,867	214,569

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

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I. Explanations Related to the Consolidated Assets (continued)

12. Information on tangible assets (Net) :

	Ending balance December 31, 2005	Additions	Disposals	Other	Ending balance December 31, 2006
Cost:					
Land and buildings	16,295	13	-	1,070	17,378
Leased tangible assets	39,859	6,846	(497)		46,208
Vehicles	556	-	-	30	586
Other	64,163	22,131	(356)	260	86,198
Total Cost	120,873	28,990	(853)	1,360	150,370
Accumulated Depreciation:					
Land and buildings	(3,015)	(392)	-	(46)	(3,453)
Leased tangible assets	(32,732)	(1,359)	497	-	(33,594)
Vehicles	(320)	(76)	-	(13)	(409)
Other	(38,318)	(9,788)	320	(430)	(48,216)
Total Accumulated Depreciation	(74,385)	(11,615)	817	(489)	(85,672)
Net Book Value	46,488				64,698

- 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.

13. Information on intangible assets :

	Ending balance December 31, 2005	Additions	Disposals	Other	Ending balance December 31, 2006
Cost:					
Leasehold improvements	31,546	23,634	(800)	-	54,380
Other intangible assets	17,199	4,832	-	222	22,253
Total Cost	48,745	28,466	(800)	222	76,633
Accumulated Depreciation:					
Leasehold improvements	(16,064)	(4,976)	16	-	(21,024)
Other intangible assets	(11,351)	(2,590)	-	(134)	(14,075)
Total Accumulated Depreciation	(27,415)	(7,566)	16	(134)	(35,099)
Net Book Value	21,330				41,534

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

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I. Explanations Related to the Consolidated Assets (continued)

13. Information on intangible assets (continued):

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

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

- k) Reconciliation of movements on negative goodwill in the current period: None.

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14. Explanations on deferred tax asset:

- a) As of December 31, 2006, deferred tax asset computed on the temporary differences is TRY 14,506 (December 31, 2005 – TRY 10,092). There are no carried forward tax losses or tax exemptions or deductions over which deferred tax asset is computed.
- b) Temporary differences over which deferred tax asset are not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.
- d) Movement of deferred tax:

	Current Period	Prior Period
At January 1, 2006	10,092	3,702
Effect of change in tax rate	(1,009)	(111)
Deferred tax (charge)/credit	(1,105)	5,224
Deferred tax expense (Net)	(2,114)	5,113
Deferred tax journalized in Shareholders' Equity	6,528	1,277
Deferred Tax Asset	14,506	10,092

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	3,401	1,496
Transaction Cost Related to Financial Liabilities	2,786	1,097
Advances Given	9,186	2,791
Receivables From Fund Participation Certificates	-	4,097
Leasing contracts in progress	6,769	4,755
Customer accounts	29,818	6,422
Others	24,103	13,486
Total	84,028	35,597

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

17. Information on factoring receivables:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short term	209,281	91,580	137,490	30,973
Medium and Long Term	-	-	-	-
Total	209,281	91,580	137,490	30,973

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SECTION FIVE

II. Explanations Related to the Consolidated Liabilities

1. a) Information on maturity structure of deposits :

a.1) Current period:

	Demand	7 day Call Accounts	Up to 1 month	1-3 Month	3-6 Month- Month	6 Month- 1 Year	1 Year And over	Accumulated Deposits	Total
Saving deposits	124,756	-	655,784	995,395	33,848	24,820	2,510	-	1,837,113
Foreign currency deposits	599,092	-	1,530,759	647,231	90,691	52,743	2,053	-	2,922,569
Residents in Turkey	556,846	-	1,474,744	639,698	76,623	50,598	2,053	-	2,800,562
Residents abroad	42,246	-	56,015	7,533	14,068	2,145	-	-	122,007
Public sector deposits	725	-	2,794	-	-	-	-	-	3,519
Commercial deposits	339,854	-	952,299	306,799	18,175	39,056	36,692	-	1,692,875
Other institutions deposits	13,009	-	16,242	36,902	20	9	-	-	66,182
Precious metals deposits	14,931	-	-	114	57	145	-	-	15,247
Interbank deposits	48,339	-	112,965	25,862	1,034	-	-	-	188,200
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	441	-	58,854	1,011	1,034	-	-	-	61,340
Foreign Banks	13,136	-	54,111	24,851	-	-	-	-	92,098
Special finance houses	34,762	-	-	-	-	-	-	-	34,762
Other	-	-	-	-	-	-	-	-	-
Total	1,140,706	-	3,270,843	2,012,303	143,825	116,773	41,255	-	6,725,705

a.2) Prior period:

	Demand	7 day Call Accounts	Up to 1 month	1-3 Month	3-6 Month- Month	6 Month- 1 Year	1 Year And over	Accumulated Deposits	Total
Saving deposits	98,492	-	306,581	231,806	39,755	22,500	5,926	-	705,060
Foreign currency deposits	479,434	-	836,935	604,803	117,199	34,167	7,934	-	2,080,472
Residents in Turkey	448,082	-	819,658	589,045	110,739	33,548	6,285	-	2,007,357
Residents abroad	31,352	-	17,277	15,758	6,460	619	1,649	-	73,115
Public sector deposits	332	-	200	153	-	-	-	-	685
Commercial deposits	218,759	-	529,672	451,645	14,707	49,557	118,736	-	1,383,076
Other institutions deposits	10,638	-	6,804	13,080	18	10	-	-	30,550
Precious metals deposits	1,338	-	-	-	-	-	-	-	1,338
Interbank deposits	16,560	-	52,743	47,309	1,351	1,336	-	-	119,301
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	93	-	8,415	-	-	-	-	-	8,508
Foreign Banks	10,788	-	44,328	47,309	1,351	1,336	-	-	105,112
Special finance houses	5,681	-	-	-	-	-	-	-	5,681
Other	-	-	-	-	-	-	-	-	-
Total	825,554	-	1,732,935	1,348,796	173,030	107,570	132,596	-	4,320,482

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	-	-	-	-
Total	828,445	451,922	2,124,912	1,208,119

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

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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
Total	8,124	8,730

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	9,013	497	3,570	5,024
Swap Transactions	58,079	847	12,572	351
Futures Transactions	-	-	-	-
Options	288	168	260	22
Other	-	226	-	-
Total	67,380	1,738	16,402	5,397

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	86,953	109,213	95,798	80,553
From Foreign Banks, Institutions and Funds	300,338	899,919	191,497	631,300
Total	387,291	1,009,132	287,295	711,853

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	321,375	714,816	238,826	402,365
Medium and long-term	65,916	294,316	48,469	309,488
Total	387,291	1,009,132	287,295	711,853

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

Parent Bank diversifies its funding resources by the customer deposits and by the foreign borrowings. As of December 31, 2006, the Parent 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.

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

77.52% of the Group's deposits and 62.57% of other deposits of the Group consist of foreign currency deposits.

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II. Explanations Related to the Consolidated Liabilities (continued)

4. Information on funds provided from repurchase agreement transactions:

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

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

6. Explanations on financial lease obligations (Net):

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

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

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

Except for the Head-Office-Istanbul and Izmir-Ege Kurumsal Branch buildings, all branch premises of TEB are leased under operational leases. During the 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.

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II. Explanations Related to the Consolidated Liabilities (continued)

8. Information on provisions:

- a) Information on general provisions:

	Current Period	Prior Period
General Provisions	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
Total	32,505	18,300

- 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:

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

As of December 31, 2006, TRY 7,516 (2005 - TRY 6,490) reserve for employee termination benefits was provided against a total liability of TRY 21,039. The ratio of provision of this benefit to undiscounted total liabilities is 35.72%.

As of December 31, 2006, the Bank provided a reserve of TRY 6,460 (2005- TRY 3,900) for the unused vacations.

- d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	6,490	4,434
Utilized / Paid	1,971	2,741
Arising during the year	(945)	(685)
Total	7,516	6,490

- 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	6,460	3,900
Provision for promotion of credit cards and banking services	812	-
Specific provision for factoring and leasing receivables	5,997	3,001
Other	208	202
Total	13,477	7,103

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II. Explanations Related to the Consolidated Liabilities (continued)

8. Information on provisions (continued)

f) Liabilities on pension rights: None.

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

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

9. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Corporate taxes:

	Current Period	Prior Period
Provision for corporate taxes	32,101	48,004

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	3,446
Foreign Exchange Transaction Tax	1,071	622
Value Added Tax Payable	543	375
Other (*)	3,062	7,377
Total	17,619	16,884

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

b) Information on premiums :

	Current Period	Prior Period
Social Security Premiums -Employee	2,193	1,537
Social Security Premiums -Employer	3,097	2,168
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	155	146
Unemployment insurance-Employer	309	273
Other	162	281
Total	5,916	4,405

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

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

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II. Explanations Related to the Consolidated Liabilities (continued)

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

The Parent Bank has signed an agreement with the International Finance Corporation (IFC) on July 17, 2002, for a subordinated loan of USD 15 million. The maturity of the loan 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 Parent Bank has signed another agreement with the IFC on June 27, 2005, for a subordinated loan. The facility is a USD 50 million, subordinated loan, with a maturity of June 29, 2015 and with an interest rate of LIBOR+3.18%.

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

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

a) Information on subordinated loans:

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

12. Explanations on factoring payables:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Domestic	67,213	-	43,633	-
Short-term	67,213	-	43,633	-
Medium and long-term	-	-	-	-
Foreign	-	43,859	-	17,294
Short-term	-	43,859	-	17,294
Medium and long-term	-	-	-	-
Total	67,213	43,859	43,633	17,294

13. 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

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II. Explanations Related to the Consolidated Liabilities (continued)

13. Information on Shareholders' Equity: (continued)

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

Based on the resolution of the Board of Directors no. 3840/28 on March 31, 2006, the Parent Bank has increased its paid in capital of TRY 57,800 within the registered capital ceiling of TRY 100,000 by TRY 18,700, to TRY 76,500. TRY 18,700 capital increase has been decided to be used as pre-emptive rights to the shareholders and the unused pre-emptive rights to be traded on the Stock Exchange, and the whole amount to be paid in cash. 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 Parent Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions due to the uncertainty of these indicators on the Parent Bank's equity:

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

- g) Information on preferred shares:

7% of the Group's remaining net income after tax subsequent to deducting legal reserves and first dividends, corresponding to the Bank's 60,000 shares of YTL 30 (in full TRY) is distributed to the founder shares. In the Board of Directors meeting dated February 10, 2005 numbered 3702/11, it is decided to transfer 6 founder shares to the Bank's parent company, TEB Mali 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	(12,344)	2,220	7,292	2,062
Foreign Exchange Difference	-	-	-	-
Total	(12,344)	2,220	7,292	2,062

	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	-	-
Total	2,220	2,062

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II. Explanations Related to the Consolidated Liabilities (continued)

14. Information on legal reserves:

	Current Period	Prior Period
First legal reserves	20,303	15,243
Second legal reserves	8,453	4,712
Other legal reserves appropriated in accordance with special legislation	-	-
Total	28,756	19,955

15. Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	161,821	80,537
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Total	161,821	80,537

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

17. Information on minority shares: None.

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SECTION FIVE

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

1. Information on off-balance sheet liabilities:

- a) Nature and amount of irrevocable loan commitments: Credit card expenditure limit commitments are TRY 264,726 and TRY 162,049; 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 Group, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

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

As of December 31, 2006 total guarantees and commitments consist of letters of guarantee amounting to TRY 1,767,670, (December 31, 2005 - TRY 1,185,005) acceptances amounting to TRY 50,146 (December 31, 2005 - TRY 52,685) and letters of credit amounting to TRY 911,707 (December 31, 2005 -TRY 698,774).

- b.2) Guarantees, suretyships, and similar transactions: The Group has other guarantees and suretyships amounting to TRY 204,800 as of December 31, 2006 (2005 – TRY 106,469).

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

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	213,246	151,241
With maturity of 1 year or less than 1 year	43,639	53,901
With maturity of more than 1 year	169,607	97,340
Other non-cash loans	2,721,078	1,891,692
Total	2,934,324	2,042,933

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	13,872	1.47	17,990	0.90	8,301	1.31	14,650	1.04
Farming and Raising livestock	10,702	1.14	15,766	0.79	6,300	0.99	23,423	1.66
Forestry	2,953	0.31	2,223	0.11	1,824	0.29	2,112	0.15
Fishery	217	0.02	-	-	177	0.03	186	0.01
Manufacturing	502,475	53.38	980,057	49.17	385,408	60.73	710,826	50.47
Mining	33,412	3.55	37,418	1.88	28,108	4.43	13,312	0.95
Production	465,769	49.48	920,364	46.18	349,995	55.15	669,520	47.54
Electric, gas and water	3,294	0.35	22,274	1.12	7,305	1.15	27,994	1.99
Construction	142,803	15.17	273,451	13.72	66,613	10.50	83,194	5.91
Services	244,592	25.98	387,019	19.42	161,328	25.42	384,165	27.28
Wholesale and retail trade	115,931	12.32	69,025	3.46	76,649	12.08	113,968	8.09
Hotel, food and beverage services	4,186	0.44	9,698	0.49	1,364	0.21	9,170	0.65
Transportation and telecommunication	33,878	3.60	55,870	2.80	33,031	5.20	33,232	2.36
Financial institutions	29,362	3.12	215,712	10.82	22,877	3.60	190,767	13.55
Real estate and renting services	12,224	1.30	29,839	1.50	6,059	0.95	30,785	2.19
Self-employment services	28,644	3.04	2,122	0.11	6,593	1.04	3,405	0.24
Education services	841	0.09	-	-	229	0.04	-	-
Health and social services	19,526	2.07	4,752	0.24	14,526	2.29	2,838	0.20
Other	37,569	3.99	334,497	16.78	12,974	2.04	204,403	14.51
Total	941,311	100.00	1,993,013	100.00	634,624	100.00	1,408,309	100.00

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III. Explanations Related to the Consolidated 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	894,223	873,447	-	-
Bank acceptances	-	50,146	-	-
Letters of credit	88	911,618	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Other commitments and contingencies	47,000	157,802	-	-
Total	941,311	1,993,013	-	-

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
Types of trading transactions				
Foreign currency related derivative transactions (I):	3,181,745	2,861,118	-	-
Forward transactions	783,670	1,754,167	-	-
Swap transactions	1,616,585	530,482	-	-
Futures transactions	53,299	28,368	-	-
Option transactions	728,191	548,101	-	-
Interest related derivative transactions (II) :	16,919	139,995	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	16,919	139,995	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Other trading derivative transactions (III)	198,096	28,803	-	-
A.Total trading derivative transactions (I+II+III)	3,396,760	3,029,916	-	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
Total Derivative Transactions (A+B)	3,396,760	3,029,916	-	-

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

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

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

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

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Future Buy	Future Sell
Current Period								
TRY	184,672	97,912	29,313	708,375	106,152	101,498	-	-
USD	43,819	230,953	724,655	65,380	161,294	165,514	53,299	-
EURO	140,904	59,808	-	28,698	96,867	96,866	-	-
Other	23,784	1,818	45,139	31,944	-	-	-	-
Total	393,179	390,491	799,107	834,397	364,313	363,878	53,299	-
Prior Period								
TRY	21,639	91,629	-	249,633	121,681	120,030	161	-
USD	374,547	446,282	265,701	26,323	106,144	106,371	28,053	154
EURO	456,276	321,690	7,461	61,913	38,646	38,566	-	-
Other	21,145	20,959	53,406	6,040	8,281	8,382	-	-
Total	873,607	880,560	326,568	343,909	274,752	273,349	28,214	154

3. Explanations on contingent liabilities and assets:

- a.1) The Group's share in contingent liabilities arising from entities under common control together with other venturer: None.
- a.2) Share of entity under common control in its own contingent liabilities: None.
- a.3) The Group's contingent liabilities resulting from liabilities of other venturers in entity under common control: None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
 - b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes. As of December 31, 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 Parent Bank provides trading and safe keeping services in the name and account of third parties, which are presented in the statement of contingencies and commitments.

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

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

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

Moody's Investor Services: June 2006

Bank Financial Strength	D+
Foreign Currency Deposits	B1

Fitch Ratings: August 2006

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

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SECTION FIVE

IV. Explanations Related to the Consolidated Income Statement

1. a) Information on interest on loans:

	Group I		Group II	
	TRY	FC	TRY	FC
Interest on loans				
Short term loans	359,598	90,267	-	-
Medium and long term loans	130,148	34,020	-	-
Interest on non-performing loans	782	-	-	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	490,528	124,287	-	-

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	8,843	2,152	18,865	1,453
Foreign banks	5,552	49,393	10,519	29,717
Branches and head office abroad	-	-	-	-
Total	14,395	54,033	29,384	34,536

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	9,310	408	15,647	470
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	137,151	20,547	73,320	11,797
Held-to-maturity securities	634	536	11,256	476
Total	147,095	21,491	100,223	12,743

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	-	-

2. a) Information on interest on funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
The Central Bank of Turkey	-	-	-	-
Domestic banks	9,962	19,972	7,152	10,642
Foreign banks	30,792	41,780	10,268	25,445
Branches and head office abroad	-	-	-	-
Other financial institutions	-	10,397	-	6,397
Total	40,754	72,149	17,420	42,484

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

b. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest expense to associates and subsidiaries	-	-

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		
TRY								
Bank deposits	9	8,188	174	2	13	23	-	8,409
Saving deposits	5,208	72,987	86,674	3,002	1,555	1,270	-	170,697
Public sector deposits	-	99	4	-	-	-	-	103
Commercial deposits	2,317	78,106	38,998	729	375	7,100	-	127,625
Other deposits	-	2,999	4,449	2	-	1	-	7,451
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	7,534	162,379	130,299	3,736	1,943	8,394	-	314,285
Foreign Currency								
Foreign currency deposits	101	42,596	42,334	9,352	2,031	180	-	96,594
Bank deposits	84	2,618	224	-	16	-	-	2,942
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	1	-	1	1	2	-	-	5
Total	186	45,214	42,559	9,353	2,049	180	-	99,541
Grand Total	7,720	207,593	172,858	13,089	3,992	8,574	-	413,826

3. Information on dividend income:

	Current Period	Prior Period
Trading Securities	4	224
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	-	-
Other	-	-
Total	4	224

4. Information on net trading income:

	Current Period	Prior Period
Income	1,384,639	582,242
Profit on capital market operations	253,022	170,979
Profit on derivative financial instruments	202,449	118,962
Other	50,573	52,017
Foreign exchange gains	1,131,617	411,263
Losses (-)	1,388,359	516,610
Losses on capital market operations	227,686	97,105
Losses on derivative financial instruments	207,579	84,418
Other	20,107	12,687
Foreign exchange losses	1,160,673	419,505

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IV. Explanations Related to the Consolidated 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 Parent Bank's financial statements. If the effects of these amounts are excluded, 'Other operating income' of the Group would be TRY 23,155, 'Other operating expenses' would be TRY 323,562 and the 'Net Foreign Exchange Loss' excluding Net Derivative Instruments would be TRY 12,914.

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	14,641	9,163
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	-
Total	36,383	18,644

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

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	175,871	121,067
Reserve for employee termination benefits	1,026	2,056
Bank social aid provision fund deficit provision	-	-
Impairment expenses of fixed assets	-	31
Depreciation expenses of fixed assets	11,615	9,969
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	7,566	4,842
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	107,293	70,309
Rent expenses	27,672	18,358
Maintenance expenses	2,756	1,760
Advertisement expenses	20,867	13,874
Other expenses	55,998	36,317
Loss on sales of assets	292	101
Other(*)	35,942	25,599
Total	339,605	233,974

(*)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 Group increased its profit before tax by 3.7% for the year ended December 31, 2005 as compared to prior year figure according to the decree issued on November 1, 2006. In comparison with prior year, the Group's net interest income, net fees and commissions income and provision and operating expenses increased by 36%, 63% and 49%, respectively.

9. Information on tax provision:

- As of December 31, 2006, current tax expense is TRY 35,724 (December 31, 2005 – TRY 51,387) and deferred tax charge is TRY 2,114 (December 31, 2005 – TRY 5,113 deferred tax benefit).
- Deferred tax charge on temporary differences is TRY 2,114 (December 31, 2005 – TRY 5,113 deferred tax benefit).
- Deferred tax benefit or charge for temporary differences, on carried forward tax losses or tax exemptions or deductions: None.

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

9. Information on tax provision (continued)

d) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	161,159	155,481
Corporate tax rate	20%	30%
Tax calculated:	32,233	46,644
Effect of TAS adjustments	-	(2,000)
Effect of disallowables	23,550	18,856
Effect of income not taxable	(21,391)	(12,222)
Change in effective tax rate	1,332	109
Deferred tax expense	2,114	(5,113)
Total	37,838	46,274

10. Information on net operating income after taxes:

The Group increased its profit for the year ended December 31, 2006 by 12.92% 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:

- 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 Group's performance for the period: None.
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.
- Profit or loss attributable to minority shares: None.

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

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

- 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
<u>Other interest income</u>		
Factoring interest income	26,362	15,322
Other	3,877	1,322
Total	30,239	16,644

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Brokerage commissions received	17,600	21,189
Credit cards	14,172	7,495
Import letters of credit	6,065	4,964
Other	50,016	28,468
Total	87,853	62,116

	Current Period	Prior Period
<u>Other fees and commissions given</u>		
Credit cards	13,794	7,045
Other	10,359	13,167
Total	24,153	20,212

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

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SECTION FIVE

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

- a) Decrease resulting from revaluation of financial assets available for sale is TRY 19,478.

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 5,266.

- 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) Parent Bank hedged its net investment risk in TEB NV, its subsidiary operating in Netherlands with capital of EUR 30 million. Parent Bank has classified fair value differences arising from this investment in other profit reserves under shareholders' equity, and fair value differences arising from hedging instrument in "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: TRY 8,801.

- 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 Parent Bank has recorded this amount at "Share Premiums" account.

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VI. Explanations Related To Statement Of Cash Flows

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

“Other items” amounting to TRY 266,111 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 75,430 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 327,257 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
Cash	355,962	855,594
Cash in TRY/Foreign Currency	85,914	80,060
Central Bank – Unrestricted amount	268,602	774,003
Other	1,446	1,531
Cash equivalents	1,065,146	904,318
Banks and other financial institutions	908,496	808,701
Money market placements	156,650	95,617
Total cash and cash equivalents	1,421,108	1,759,912

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

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VII. Explanations on the Risk Group of the Bank

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

a) Current Period:

Related Parties (*)	Subsidiaries and associates		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	-	16,179	29,353	78,444
Balance at end of period	-	-	4,081	2,768	15,091	53,964
Interest and commission income	-	-	3,011	2	2,833	436

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

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	-	-	31	13,024	547	3,687
Balance at end of period	-	-	-	16,179	29,353	78,444
Interest and commission income received	-	-	394	120	1,202	430

In addition to balances mentioned above, the Parent 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	-	-	580,396	237,410	715,008	676,675
Balance at end of period	-	-	377,579	580,396	815,971	715,008
Interest on deposits	-	-	25,706	23,004	42,229	22,004

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	-	-	177,256	5,282	2,867	-
End of period	-	-	196,272	177,256	9,117	2,867
Total income/loss	-	-	13,255	1,738	23	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".

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

2. Disclosures for related parties:

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

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

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

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	19,172	0.33
Non-cash loans	56,732	1.93
Deposits	1,193,550	17.75
Forward transactions and option agreements	205,389	6.05
Bank placements	4,863	0.46

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 Group 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. This amount is eliminated from the accompanying consolidated financial statements. 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 0.88%. Details of these loans are explained in the Section V, Note VII- 1a.

As of December 31, 2006 the Parent Bank has no purchases and sale of real estate and other assets, transfer of information as a result of research and development and management contracts with the related parties.

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

1. Explanations on the Parent 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 Parent Bank :

The Parent Bank opened 57 new branches in 2006.

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SECTION SIX

OTHER EXPLANATIONS AND FOOTNOTES

I. Other Explanations Related to the Operations of the Group

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

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Explanations on the Independent Auditors' Report:

The consolidated financial statements of the Group 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.