

**TÜRK EKONOMİ BANKASI  
ANONİM ŞİRKETİ**

**CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
JUNE 30, 2010**

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

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## Report on Review of Condensed Consolidated Interim Financial Information

### Introduction

We have reviewed the accompanying condensed balance sheet of Türk Ekonomi Bankası A.Ş. as of June 30, 2010 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

### Emphasis of matter:

As explained in Note 3, as per the Memorandum of Understanding concerning the merger of Türk Ekonomi Bankası A.Ş. ("TEB") and Fortis Bank A.Ş. dated June 3, 2010, the indirect controlling shareholders of TEB, BNP Paribas Group and the Çolakoğlu Group, have completed their negotiations and reached to an agreement on the shareholders agreement and other relevant documents on July 24, 2010. Accordingly, subsequent to obtaining all necessary regulatory approvals and respective corporate approvals, the merger will be realized under TEB. TEB Mali Yatırımlar A.Ş. will continue to be the principal shareholder of TEB, and Çolakoğlu Group and BNP Paribas Group will respectively hold 50% shares of TEB Mali Yatırımlar A.Ş.

İstanbul, August 20, 2010

*DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.*

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MUŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

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**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED CONDENSED BALANCE SHEET**  
**AS AT JUNE 30, 2010**

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

Notes	June 30, 2010	December 31, 2009
<b>ASSETS</b>		
Cash and balances with central banks	1,894,993	1,661,036
Deposits with and loans due from banks and other financial institutions	796,561	1,029,378
Other money market placements	102,984	704,319
Financial assets at fair value through profit and loss	338,306	200,023
Derivatives used for hedging purposes	26,362	31,330
Available-for-sale financial assets	1,912,877	1,678,893
Loans and receivables	10,825,180	9,205,630
Remeasurement adjustment on interest rate risk hedged portfolios	40,165	46,589
Held-to-maturity investments	449,454	901,640
Factoring receivables, net	430,534	374,121
Minimum lease payments receivable	369,076	402,490
Premises and equipment	126,561	143,835
Intangible assets	16,311	15,483
Deferred tax asset	87,000	83,339
Other assets	542,688	399,263
<b>Total assets</b>	<b>17,959,052</b>	<b>16,877,369</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Deposits from other banks	375,009	296,581
Customers' deposits	10,383,024	10,066,703
Other money market deposits	333,153	1,071,971
Financial liabilities at fair value through profit and loss	141,829	57,989
Derivatives used for hedging purposes	53,948	73,493
Funds borrowed:		
- Subordinated debt	465,898	480,574
- Other funds borrowed	3,521,144	2,457,679
Other liabilities	754,763	558,501
Provisions	38,396	30,535
Income taxes payable	9,736	3,375
<b>Total liabilities</b>	<b>16,076,900</b>	<b>15,097,401</b>
<b>EQUITY</b>		
Equity attributable to equity holders of the parent	1,882,152	1,779,968
Share capital issued	1,100,000	1,100,000
Premium in excess of par	2,158	2,158
Adjustment to share capital	926	926
Unrealized gains/(losses) on available-for-sale investments, net of tax	12,507	21,823
Other reserves and retained earnings	766,561	655,061
<b>Total equity</b>	<b>1,882,152</b>	<b>1,779,968</b>
<b>Total liabilities and equity</b>	<b>17,959,052</b>	<b>16,877,369</b>

The accompanying policies and explanatory notes are integral part of these consolidated financial statements.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED CONDENSED STATEMENT OF INCOME**  
**FOR THE PERIOD ENDED JUNE 30, 2010**

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

	Notes	January 1- June 30, 2010	January 1- June 30, 2009
<b>Interest income</b>			
Interest on loans and receivables		606,166	729,260
Interest on securities		123,729	149,109
Interest on deposits with and loans due from banks and other financial institutions		25,964	42,266
Interest on other money market placements		1,507	24,245
Interest on financial leases		20,699	29,859
Interest income on hedging derivatives		3,975	9,275
Other interest income		-	540
<b>Total interest income</b>		<b>782,040</b>	<b>984,554</b>
<b>Interest expense</b>			
Interest on customer deposits		(245,110)	(369,802)
Interest on other money market deposits		(29,053)	(16,129)
Interest on funds borrowed and deposits from other banks		(89,953)	(149,104)
Interest on hedging derivatives		(25,761)	(34,177)
<b>Total interest expense</b>		<b>(389,877)</b>	<b>(569,212)</b>
<b>Net interest income</b>		<b>392,163</b>	<b>415,342</b>
<b>Fees and commissions and other operating income</b>			
Fees and commissions income		232,357	207,705
Fees and commissions expenses		(80,099)	(68,438)
Net gain/ (loss) on financial instruments at fair value through profit or loss		(6,027)	28,531
Gains less losses on investment securities		27,554	44,140
Net income / (loss) from other activities		(4,498)	(2,987)
<b>Net banking income</b>		<b>561,450</b>	<b>624,293</b>
<b>Operating expenses</b>			
Salaries and employee benefits		(201,302)	(199,371)
Other operating expenses		(121,498)	(115,364)
Depreciation and amortization		(27,189)	(26,901)
Taxes other than on income		(21,050)	(11,079)
<b>Gross operating income</b>		<b>190,411</b>	<b>271,578</b>
Provisions for impairment of loan, lease and factoring receivables, net of recoveries		(31,799)	(130,471)
<b>Net operating income</b>		<b>158,612</b>	<b>141,107</b>
Gain/(loss) on sale of fixed assets and investments, net		33	32
<b>Profit from operating activities before income tax</b>		<b>158,645</b>	<b>141,139</b>
Income tax – current		(30,192)	(23,022)
Income tax – deferred		1,471	(4,809)
<b>Net profit for the period</b>		<b>129,924</b>	<b>113,308</b>
<b>Attributable to :</b>			
Equity holders of the parent		129,924	113,308
<b>Net profit</b>		<b>129,924</b>	<b>113,308</b>
Earnings per share (full TRY)	7	0.1181	0.1030

The accompanying policies and explanatory notes are integral part of these consolidated financial statements.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ****CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED JUNE 30, 2010**

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

	<b>January 1- June 30, 2010</b>	<b>January 1- June 30, 2009</b>
<b>Profit for the period</b>	<b>129,924</b>	113,308
<b>Other comprehensive income</b>		
Fair value gains on available-for-sale financial assets, net of tax	<b>(9,316)</b>	7,863
Net change in fair values	<b>13,276</b>	43,006
Net amount transferred to income	<b>(22,592)</b>	(35,143)
Currency translation differences	<b>(18,424)</b>	1,523
<b>Other comprehensive income for the period, net of tax</b>	<b>(27,740)</b>	9,386
<b>Total comprehensive income for the period</b>	<b>102,184</b>	122,694
Total comprehensive income attributable to Equity holders of the Parent	<b>102,184</b>	122,694

The accompanying policies and explanatory notes are integral part of these consolidated financial statements.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED JUNE 30, 2010**

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

Attributable to equity holders of the Parent							
Notes	Share Capital	Premium in excess of Par	Adjustment to share capital	Unrealized gains/(losses) on available-for-sale investments, net of tax	Currency translation reserve	Legal reserves and retained earnings	Total Equity
At January 1, 2009	1,100,000	2,158	926	5,218	8,576	443,601	1,560,479
Total comprehensive income for the period	-	-	-	7,863	1,523	113,308	122,694
At June 30, 2009	1,100,000	2,158	926	13,081	10,099	556,909	1,683,173
At January 1, 2010	1,100,000	2,158	926	21,823	9,259	645,802	1,779,968
Total comprehensive income for the period	-	-	-	(9,316)	(18,424)	129,924	102,184
At June 30, 2010	1,100,000	2,158	926	12,507	(9,165)	775,726	1,882,152

The accompanying policies and explanatory notes are integral part of these consolidated financial statements.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**  
**CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED JUNE 30, 2010**

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

	Notes	January 1- June 30, 2010	January 1- June 30, 2009
<b>Cash flows from operating activities</b>			
Interest received		835,969	1,059,700
Interest paid		(305,919)	(741,510)
Fees and commissions received		232,357	207,705
Trading income		(87,895)	(484,338)
Recoveries of impairment of loan, lease and factoring receivables		80,227	57,422
Fees and commissions paid		(80,099)	(68,438)
Cash payments to employees and other parties		(208,653)	(213,663)
Other operating activities		(177,538)	(221,948)
Income taxes paid		(23,767)	(5,088)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>264,682</b>	<b>(410,158)</b>
<b>Changes in operating assets and liabilities</b>			
Net (increase) / decrease in trading securities		(111,818)	(12,583)
Net (increase) / decrease in reserve deposits at central banks		(236,506)	532,639
Net (increase) / decrease in deposits with and loans due from banks and other financial institutions		45,692	6,232
Net (increase) / decrease in loans and receivables		(1,702,693)	777,469
Net (increase) / decrease in factoring receivables		(59,072)	22,029
Net (increase) / decrease in minimum lease payments receivable		29,453	85,277
Net (increase) / decrease in other assets		(144,899)	(20,675)
Net increase / (decrease) in deposits from other banks		78,669	101,337
Net increase / (decrease) in customers' deposits		313,430	(1,308,829)
Net increase / (decrease) in other money market deposits		(735,584)	335,436
Net increase / (decrease) in other liabilities		163,463	85,960
<b>Net cash (used in) / provided by operating activities</b>		<b>(2,359,865)</b>	<b>604,292</b>
<b>Cash flows from investing activities</b>			
Purchases of available-for-sale securities		(2,614,787)	(1,152,206)
Proceeds from sale and redemption of available-for-sale securities		2,326,440	1,805,504
Purchases of held-to-maturity securities		-	(59,542)
Proceeds from redemption of held-to-maturity securities		454,218	-
Purchases of property and equipment		(6,899)	(8,154)
Proceeds from the sale of premises and equipment		11,679	2,409
Purchases of intangible assets		(4,703)	(4,081)
<b>Net cash provided by / (used in) investing activities</b>		<b>165,948</b>	<b>583,930</b>
<b>Cash flows from financing activities</b>			
Proceeds from funds borrowed and debt securities		19,780,353	10,608,511
Repayment of funds borrowed and debt securities		(18,705,492)	(11,636,761)
<b>Net cash provided by / (used in) financing activities</b>		<b>1,074,861</b>	<b>(1,028,250)</b>
Effect of net foreign exchange differences		59,670	4,425
Net increase/ (decrease) in cash and cash equivalents		(794,704)	(245,761)
Cash and cash equivalents at the beginning of the period		1,718,235	2,886,657
<b>Cash and cash equivalents at the end of the period</b>		<b>923,531</b>	<b>2,640,896</b>

The accompanying policies and explanatory notes are integral part of these consolidated financial statements.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2010

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

### 1. CORPORATE INFORMATION

#### General

Türk Ekonomi Bankası A.Ş. (the “Bank” or “TEB”) was incorporated in Turkey in 1927 under the name of Kocaeli Halk Bankası T.A.Ş. and was acquired by the Çolakoğlu Group in 1982. The name of the Bank was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to Istanbul. Certain shares of the Bank, representing 20% of the total, were listed on the Istanbul Stock Exchange in February 2000. Currently, 15.63% of the total shares are publicly traded. TEB’s shares are also listed and traded on the London Stock Exchange as GDR’s since 2000. The registered office address of TEB is Meclis-i Mebusan Caddesi, No: 57, Fındıklı-Istanbul/Turkey.

For the purposes of the accompanying consolidated financial statements, the Bank and its consolidated subsidiaries are referred to as “the Group”.

On February 10, 2005 BNP Paribas acquired 50% shares of TEB Mali Yatırımlar A.Ş., the ultimate shareholder of the Group by 84.25%.

The consolidated financial statements of the Bank were authorized for issuance by the management on August 20, 2010. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

#### Nature of Activities of the Group

The operations of the Group consist of banking, leasing, factoring, securities brokerage and portfolio management, which are conducted mainly with local customers.

The subsidiaries included in consolidation and effective shareholding percentages of the Group as of June 30, 2010 and December 31, 2009 are as follows:

	Place of Incorporation	Effective Shareholding And Voting Rights %	
		June 30, 2010	December 31, 2009
The Economy Bank N.V. (Economy Bank)	Netherlands	100.0	100.0
TEB Yatırım Menkul Değerler A.Ş. (TEB Yatırım)	Turkey	100.0	100.0
TEB Faktoring A.Ş. (TEB Faktoring)	Turkey	100.0	100.0
TEB Finansal Kiralama A.Ş. (TEB Leasing)	Turkey	100.0	100.0
TEB Portföy Yönetimi A.Ş. (TEB Portföy)	Turkey	100.0	100.0
Stichting Effecten Dienstverlening	Netherlands	100.0	100.0
Kronenburg Vastgoed B.V.	Netherlands	100.0	100.0

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2010

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

### 1. CORPORATE INFORMATION (continued)

The principal activities of the consolidated subsidiaries are as follows:

Economy Bank –Commercial bank, which mainly deals in foreign trade finance, corporate banking, private banking and correspondent banking services.

TEB Yatırım – Rendering fixed income and equity brokerage and corporate finance services in line with the rules of the Capital Markets Board of Turkey.

TEB Faktoring – Providing both domestic and export factoring services to industrial and commercial enterprises in Turkey.

TEB Leasing – Providing financial leasing services to corporate customers, investing in industrial machinery and equipment and various equipment and transport vehicles.

TEB Portföy – Managing individual customer portfolios and mutual funds which consist of capital market instruments.

Stichting Effecten Dienstverlening – Operating under Economy Bank for holding securities of customers, located in the Netherlands.

Kronenburg Vastgoed B.V. – Real estate company founded for the purpose of the ownership of property possessed by Economy Bank in the Netherlands.

### 2. BASIS OF PREPARATION

The interim financial statements as of June 30, 2010 have been prepared in accordance with IAS 34 (Interim Financial Reporting) and should be read in conjunction with the consolidated financial statements of the Bank for the year ended December 31, 2009.

The interim financial statements have been prepared on a basis consistent with the accounting policies set out in the financial statements of the Bank for the year ended December 31, 2009.

The Bank and its subsidiaries which are incorporated in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the regulations on accounting and reporting framework and accounting standards which are determined by the provisions of Turkish Banking Law and accounting standards promulgated by the other regulators and relevant laws and regulations. The foreign subsidiaries maintain their books of account and prepare their statutory financial statements in their local currencies and in accordance with the regulations of the countries in which they operate. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and presented in Turkish Lira (TRY). For the purpose of fair presentation in accordance with IFRS, certain adjustments and reclassifications have been made to the statutory financial statements, which mainly comprise the effects of deferred taxation and reserve for impairment of loans and receivables.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2010

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

### 2. BASIS OF PREPARATION (continued)

#### **Standards and Interpretations affecting presentation and disclosures:**

##### **IFRS 8 (Amendments Related to Annual Improvements 2009) *Operating Segments***

Amendments to IFRS 8 clarifies that the disclosure of segment assets and liabilities are only required to be reported if and only if those segment assets and liabilities are included in measures used by the chief operating decision maker of the Group.

#### **Standards and Interpretations affecting the reported results or the financial position of the Group:**

No standards and interpretations materially affecting the reported results or the financial position of the Group.

#### **Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group:**

IFRIC 17, “Distributions of non-cash assets to owners”, effective for annual periods beginning on or after July 1, 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

IFRIC 18, “Transfers of assets from customers”, effective for transfer of assets received on or after July 1, 2009. This is not relevant to the Group, as it has not received any assets from customers.

“Additional exemptions for first-time adopters” (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after January 1, 2010. This is not relevant to the Group, as it is an existing IFRS preparer.

IFRS 2, “Share-based Payments – Group Cash-settled Share Payment Arrangements” is effective for annual periods beginning on or after January 1, 2010. This is not currently applicable to the Group, as the Group does not have share-based payment plans.

Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The improvements cover 12 main standards/interpretations as follows: IFRS 2 *Share-based Payments*, IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 8 *Operating Segments*, IAS 1 *Presentation of Financial Statements*, IAS 7 *Statement of Cash Flows*, IAS 17 *Leases*, IAS 18 *Revenue*, IAS 36 *Impairment of Assets*, IAS 38 *Intangible Assets*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRIC 9 *Reassessment of Embedded Derivatives*, IFRIC 16 *Hedges of Net Investment in a Foreign Operation*. The effective dates vary standard by standard but most are effective January 1, 2010.

#### **The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning January 1, 2010 and have not been early adopted:**

##### **IFRS 1 (amendments) *First-time Adoption of IFRS – Additional Exemptions***

Amendments to IFRS 1 which are effective for annual periods on or after July 1, 2010 provide limited exemption for first time adopters to present comparative IFRS 7 fair value disclosures.

##### **IFRS 9 *Financial Instruments: Classification and Measurement***

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39 *Financial Instruments: Recognition and Measurement*. The standard requires an entity to classify its financial assets on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after January 1, 2013. Certain chapters of this standard are not completed yet. The European Union decided not to endorse the early application of this standard until all the chapters of the new standard are completed. The Group has not had an opportunity to consider the potential impact of the adoption of this standard.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2010

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

### 2. BASIS OF PREPARATION (continued)

**The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted: (continued)**

#### **IAS 24(Revised 2009) *Related Party Disclosures***

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after January 1, 2011. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

#### **IAS 32(Amendments) *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements***

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after February 1, 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. The Group has not yet had an opportunity to consider the potential impact of the adoption of this amendment to the standard.

#### **IFRIC 14 (Amendments) *Pre-payment of a Minimum Funding Requirement***

Amendments to IFRIC 14 are effective for annual periods beginning on or after January 1, 2011. The amendments affect entities that are required to make minimum funding contributions to a defined benefit pension plan and choose to pre-pay those contributions. The amendment requires an asset to be recognized for any surplus arising from voluntary pre-payments made. The Group does not expect any impact of the adoption of this amendment on the financial statements.

#### **IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments***

IFRIC 19 is effective for annual periods beginning on or after July 1, 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability. The Group has not yet had an opportunity to consider the potential impact of the adoption of this amendment to the standard.

#### **Annual Improvements May 2010**

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRSs in May 2010 that cover 7 main standards/intepretations as follow: IFRS 1 *First-time Adoption of International Financial Reporting Standards*; IFRS 3 *Business Combinations*; IFRS 7 *Financial Instruments: Disclosures*; IAS 1 *Presentation of Financial Statements*; IAS 27 *Consolidated and Separate Financial Statements*; IAS 34 *Interim Financial Reporting* and IFRIC 13 *Customer Loyalty Programmes*. With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after July 1, 2010, all other amendments are effective on or after January 1, 2011. Early adoption of these amendments are allowed. The Group has not yet had an opportunity to consider the potential impact of the adoption of these amendments to the standards.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2010

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

### 3. SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

BNP Paribas, holding 50% of TEB Mali Yatırımlar A.Ş. which holds the controlling shareholding of 84.25% of the Bank, has acquired 75% of the shares of Fortis Bank Belgium being the main shareholder of Fortis Bank A.Ş. with 94.11% shareholding, from the State of Belgium based on the resolutions taken at Fortis Holding General Assembly of Shareholders held in Belgium and Netherlands on April 28 and 29, respectively. The share transfer procedures were completed as of May 13, 2009.

On September 23, 2009, the Banking Regulation and Supervision Agency ("BRSA") has announced its consent on the indirect acquisition of 70.52% of total shares of Fortis Bank A.Ş. by BNP Paribas as per the 18th article of the Banking Act No: 5411.

BNP Paribas and the Çolakoğlu Group, the indirect controlling shareholders of TEB, have entered into a Memorandum of Understanding concerning the merger of Türk Ekonomi Bankası A.Ş. and Fortis Bank A.Ş. on June 3, 2010. Under the Memorandum of Understanding, it has been agreed, subject to BRSA approval, that the two banks will be merged under TEB. Upon approval of the regulatory authorities, as a result of share transfers between the main shareholders following the merger, it is contemplated that TEB Mali Yatırımlar A.Ş. ("TEB Mali") shall remain as the majority shareholder in TEB, and that the Çolakoğlu Group and the BNP Paribas Group will each continue to hold 50% of TEB Mali. The proposed transactions are subject to execution of definitive contracts and receipt of approvals from various regulatory and corporate bodies. The merger is expected to be concluded by the beginning of 2011.

As per the Memorandum of Understanding dated June 3, 2010, the indirect controlling shareholders of TEB, BNP Paribas Group and the Çolakoğlu Group, have completed their negotiations and reached to an agreement on the shareholders agreement and other relevant documents on July 24, 2010. Accordingly, subsequent to obtaining all necessary regulatory approvals and respective corporate approvals, the merger will be realized under TEB. TEB Mali will continue to be the principal shareholder of TEB, and Çolakoğlu Group and BNP Paribas Group will respectively hold 50% shares of TEB Mali.

BNP Paribas has notified that, pursuant to the studies proceeding the merger of Fortis Bank A.Ş. under TEB, it entered into a Share Purchase Agreement for the sale and transfer of its shares in TEB Mali representing 50% of the share capital of TEB Mali to BNP Paribas Fortis Yatırımlar Holding A.Ş., 99.99% of which is owned by Fortis Bank SA/NV that the necessary applications to the Banking Regulation and Supervision Agency will be made for the approval of such transfer and that the purchase price will be determined at a later stage in accordance with the final merger ratio subject to the Capital Markets Board's approval in connection with the intended merger between TEB and Fortis Bank A.Ş.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2010

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

### 4. SEGMENT INFORMATION

#### *Business segments*

The Group is organized into two main business segments which are organized and managed separately according to the nature of the products and services provided.

As of and for the period ended June 30, 2010

	Retail Banking	Corporate Banking	Treasury/ Head Office	Eliminations	Group
External revenues	458,634	324,864	229,652	(3,251)	1,009,899
Revenues from other segments	-	-	-	-	-
<b>Total revenues</b>	<b>458,634</b>	<b>324,864</b>	<b>229,652</b>	<b>(3,251)</b>	<b>1,009,899</b>
Segment result (A)	106,282	82,318	(30,070)	115	158,645
Unallocated costs (B)	-	-	-	-	-
<b>Operating profit (A-B)</b>	<b>106,282</b>	<b>82,318</b>	<b>(30,070)</b>	<b>115</b>	<b>158,645</b>
Dividend income	-	-	18,790	(18,790)	-
Profit before income tax	106,282	82,318	(11,280)	(18,675)	158,645
Income tax	-	-	(28,721)	-	(28,721)
<b>Net profit</b>	<b>106,282</b>	<b>82,318</b>	<b>(40,001)</b>	<b>(18,675)</b>	<b>129,924</b>
<b>Assets and Liabilities</b>					
Segment assets	8,076,452	3,739,654	5,552,027	(181,641)	17,186,492
Unallocated assets	-	-	772,732	(172)	772,560
<b>Total assets</b>	<b>8,076,452</b>	<b>3,739,654</b>	<b>6,324,759</b>	<b>(181,813)</b>	<b>17,959,052</b>
Segment liabilities	5,667,932	5,773,128	3,850,687	(17,742)	15,274,005
Unallocated liabilities	-	-	803,067	(172)	802,895
<b>Total liabilities</b>	<b>5,667,932</b>	<b>5,773,128</b>	<b>4,653,754</b>	<b>(17,914)</b>	<b>16,076,900</b>
<b>Other segment information</b>					
<b>Capital expenditures</b>					
Tangible fixed assets	-	-	-	-	6,946
Intangible fixed assets	-	-	-	-	4,703
Depreciation	-	-	-	-	23,429
Amortization	-	-	-	-	3,760

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2010

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

### 4. SEGMENT INFORMATION (continued)

#### Period ended June 30, 2009

	Retail Banking	Corporate Banking	Treasury/ Head Office	Eliminations	Group
External revenues	450,152	912,185	(169,373)	(3,692)	1,189,272
Revenues from other segments	-	-	-	-	-
<b>Total revenues</b>	<b>450,152</b>	<b>912,185</b>	<b>(169,373)</b>	<b>(3,692)</b>	<b>1,189,272</b>
Segment result (A)	(23,793)	143,379	21,786	(233)	141,139
Unallocated costs (B)	-	-	-	-	-
<b>Operating profit (A-B)</b>	<b>(23,793)</b>	<b>143,379</b>	<b>21,786</b>	<b>(233)</b>	<b>141,139</b>
Dividend income	-	-	14,554	(14,554)	-
Profit before income tax	(23,793)	143,379	36,340	(14,787)	141,139
Income tax	-	-	(27,831)	-	(27,831)
<b>Net profit</b>	<b>(23,793)</b>	<b>143,379</b>	<b>8,509</b>	<b>(14,787)</b>	<b>113,308</b>

#### Year ended December 31, 2009

<b>Assets and Liabilities</b>					
Segment assets	1,917,169	8,369,480	6,143,172	(194,372)	16,235,449
Unallocated assets	-	-	641,920	-	641,920
<b>Total assets</b>	<b>1,917,169</b>	<b>8,369,480</b>	<b>6,785,092</b>	<b>(194,372)</b>	<b>16,877,369</b>
Segment liabilities	5,690,273	5,467,287	3,377,785	(30,355)	14,504,990
Unallocated liabilities	-	-	592,411	-	592,411
<b>Total liabilities</b>	<b>5,690,273</b>	<b>5,467,287</b>	<b>3,970,196</b>	<b>(30,355)</b>	<b>15,097,401</b>

#### Period ended June 30, 2009

##### Other segment information

##### Capital expenditures

Tangible fixed assets	-	-	-	-	8,116
Intangible fixed assets	-	-	-	-	4,097
Depreciation	-	-	-	-	(23,623)
Amortization	-	-	-	-	(3,278)

##### Geographical segments

The Group's geographical segments are based on the location of Group's assets. The Group's activities are conducted predominantly in Turkey and Turkey is the home country of the Bank, which is also the main operating company. The areas of operation include all the primary business segments.

Total assets and total liabilities are based on the country in which the branch or subsidiary is located. Segment revenue from external customers included in operating income is based on the geographical location of customers or counterparties. The Group conducts majority of its business activities with local customers in Turkey. Accordingly, geographical segment revenue from customers outside of Turkey does not exceed 10% of total Group revenue.

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2010**

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

**4. SEGMENT INFORMATION (continued)****Period ended June 30, 2010**

	<b>Turkey</b>	<b>European Union</b>	<b>Total</b>
<b>Other segment information</b>			
Segment assets	15,939,084	1,247,408	17,186,492
Unallocated assets	762,247	10,313	772,560
<b>Total assets</b>	<b>16,701,331</b>	<b>1,257,721</b>	<b>17,959,052</b>
<b>Capital expenditures</b>			
Tangible fixed assets	6,885	61	6,946
Intangible fixed assets	4,667	36	4,703

**Year ended December 31, 2009**

	<b>Turkey</b>	<b>European Union</b>	<b>Total</b>
<b>Other segment information</b>			
Segment assets	15,083,475	1,151,974	16,235,449
Unallocated assets	630,642	11,278	641,920
<b>Total assets</b>	<b>15,714,117</b>	<b>1,163,252</b>	<b>16,877,369</b>

**Period ended June 30, 2009**

<b>Capital expenditures</b>			
Tangible fixed assets	7,952	164	8,116
Intangible fixed assets	3,338	759	4,097

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2010

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### 5. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions. The Group is controlled by the Çolakoğlu family and BNP Paribas Group each of which directly or indirectly own 50% of the shares of the Bank. For the purpose of these consolidated financial statements, unconsolidated subsidiaries, associates, shareholders, Çolakoğlu Group companies, and BNP Paribas Group entities are referred to as related parties. Related parties also include individuals that are principal owners, management and members of the Group's Board of Directors and their families.

In the normal course of its business, the Group conducted various business transactions with related parties. These transactions primarily include loans, deposits and borrowing transactions. The significant outstanding balances and transactions with related parties at period-ends and relating expense and income for the period are as follows:

#### June 30, 2010:

Related party	Cash loans	Non-cash loans	Funds borrowed	Deposits taken	Deposits with banks	Derivative financial assets	Other liabilities	Derivative financial liabilities	Notional amount of derivative transactions	Interest income	Interest expense	Other operating income	Other operating expense
Direct/Indirect shareholders	1,736	6,691	960,627	378,496	43,780	16,199	314	71,917	4,151,664	2,269	31,088	79	4,771
Others	47,801	68,158	1,256,428	190,469	37,586	19,829	-	406	820,587	1,736	23,730	769	5,141

#### December 31, 2009:

Related party	Cash loans	Non-cash loans	Funds borrowed	Deposits taken	Deposits with banks	Derivative financial assets	Other liabilities	Derivative financial liabilities	Notional amount of derivative transactions	Interest income	Interest Expense	Other operating income	Other operating expense
Direct/Indirect shareholders	1,603	46,004	509,383	282,015	14,085	29,436	255	46,292	1,956,211	6,162	72,207	76	7,391
Others	51,939	88,948	859,267	175,059	8,857	11,934	61	14,533	746,942	967	48,460	791	136

(\*) Figures indicate results as of June 30, 2009.

No provisions have been recognized in respect of loans given to related parties (December 31, 2009 - nil).

### Compensation of Key Management Personnel of the Group

The executive and non-executive members of Board of Directors and management received remuneration and fees totaling approximately TRY 13,519 as of June 30, 2010 (June 30, 2009 – TRY 11,481) comprising mainly salaries and other short-term benefit.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2010

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### 6. COMMITMENTS AND CONTINGENCIES

In the normal course of business activities, the Group undertakes various commitments and incurs certain contingent liabilities that are not presented in the financial statements including:

	June 30, 2010	December 31, 2009
Letters of guarantee issued	2,970,162	2,722,851
Letters of credit	911,261	784,382
Acceptance credits	70,168	40,826
Other guarantees	280,917	207,612
<b>Total non-cash loans</b>	<b>4,232,508</b>	<b>3,755,671</b>
Other commitments	2,886,184	2,030,686
Credit card limit commitments	1,044,742	957,516
Letters of guarantee obtained	139,154	108,779
<b>Total</b>	<b>8,302,588</b>	<b>6,852,652</b>

#### Fiduciary Activities

The Group provides custody, investment management and advisory services to third parties. Those assets that are held in a fiduciary capacity are not included in the accompanying financial statements.

The nominal values of the assets (excluding investment funds) held by the Group in agency or custodian capacities and financial assets under portfolio management amounted to TRY 3,514,069 at June 30, 2010 (December 31, 2009 - TRY 2,942,871). As of June 30, 2010, securities at custody include investment funds with market value of TRY 6,464,320 (December 31, 2009 - TRY 5,645,247).

The Group also manages twenty seven investment funds, which were established under the regulations of the Turkish Capital Markets Board. In accordance with the funds' charters, the Group purchases and sells marketable securities on behalf of funds, markets their participation certificates and provides other services in return for a management fee and undertakes management responsibility for their operations.

#### Letters of Guarantee Given to Istanbul Stock Exchange (ISE) and Istanbul Gold Market (IGM)

As of June 30, 2010, in line with the requirements of IGM, letters of guarantee amounting to USD 410,000 (December 31, 2009 - USD 410,000) had been obtained from local banks and were provided to IGM for transactions conducted in that market.

As of June 30, 2010, according to the general requirements of the ISE, letters of guarantee amounting to TRY 10,700, USD 17,098,000 and EUR 10,000 (December 31, 2009 - TRY 8,379, USD 12,500,000 and EUR 10,000) had been obtained from various local banks and were provided to ISE for bond and stock market transactions. Additionally, as of June 30, 2010 according to the general requirements, letters of guarantee amounting to TRY 1,413 (December 31, 2009 - TRY 1,413), were given to the Capital Markets Board.

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2010

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### 6. COMMITMENTS AND CONTINGENCIES (continued)

#### Litigation

In the normal course of its operations, the Group can be constantly faced with legal disputes, claims and complaints. The necessary provision, if any, for those cases are provided based on management estimates and professional advice.

#### Other

Except for the Head-Office-Istanbul and Izmir-Konak Branch buildings, all branch premises of TEB are leased under operational leases. 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. There are no restrictions placed upon the lessee by entering into these leases.

### 7. EARNINGS PER SHARE

Basic earnings per share (EPS) are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

In Turkey, companies can increase their share capital by making a pro rata distribution of shares ("Bonus Shares") to existing shareholders without consideration for amounts resolved to be transferred to share capital from profit reserves such as retained earnings and revaluation surplus. For the purpose of the EPS calculation such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Bank, are regarded similarly. Accordingly the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares, which are shown in the table below.

	Opening	Cash	Transfers from Retained Earnings	Transfers From Revaluation Surplus	Reinvestment of Dividend Payments	Total	Closing
Before 1995	-	150	3,000	250	-	3,400	3,400
1996	3,400	-	-	330	1,270	1,600	5,000
1997	5,000	-	1,022	596	4,382	6,000	11,000
1998	11,000	5,512	529	682	7,277	14,000	25,000
1999	25,000	-	600	2,062	16,338	19,000	44,000
2000	44,000	40,182	-	-	26,068	66,250	110,250
2001	110,250	-	-	-	-	-	110,250
2002	110,250	-	-	-	-	-	110,250
2003	110,250	-	5,350	-	-	5,350	115,600
2004	115,600	-	-	-	-	-	115,600
2005	115,600	-	-	-	-	-	115,600
2006	57,800	18,700	-	-	-	18,700	76,500
2007	76,500	210,000	216,750	251,750	-	678,500	755,000
2008	755,000	345,000	-	-	-	345,000	1,100,000
2009	1,100,000	-	-	-	-	-	1,100,000
June 30, 2010	1,100,000	-	-	-	-	-	1,100,000

# TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2010

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### 7. EARNINGS PER SHARE (continued)

There is no dilution of shares as of June 30, 2010 and December 31, 2009.

The following reflects the income (in full TRY) and share data (in thousand) used in the basic earnings per share computations:

	June 30, 2010	June 30, 2009
Net profit / (loss) attributable to ordinary shareholders for basic earnings per share	0.1181	0.1030
Weighted average number of ordinary shares (in millions) for basic earnings per share	1,100,000	1,100,000

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

### 8. SUBSEQUENT EVENTS

In connection with the studies for the merger of Fortis Bank A.Ş. under TEB and the restructuring transactions, a Share Purchase Agreement was signed on July 12, 2010 for the sale and transfer of 26,549,941 shares with a nominal value of TRY 26,549,941 out of 29,499,939 shares held by TEB in TEB Finansal Kiralama A.Ş. (TEB Leasing), within the total share capital of TRY 29,500,000 and 58 shares, in the share capital of TEB Leasing, held by TEB Tüketici Finansman A.Ş. (TEB Cetelem), a subsidiary of the main shareholder TEB Mali Yatırımlar A.Ş. with a nominal value of TRY 58 and, 1 share, in the share capital of TEB Leasing, held by Ege Turizm A.Ş., a subsidiary of the main shareholder TEB Mali Yatırımlar A.Ş. with a nominal value of TRY 1, in other words, the sale of 90% of the share capital of TEB Leasing to Fortis Finansal Kiralama A.Ş. (Fortis Leasing) for a consideration of TRY 113,345,000. TEB Leasing is not considered as a discontinued operation within the framework of IFRS 5 in the interim financial statements since the decision regarding the transfer of TEB Leasing shares to Fortis Finansal Kiralama A.Ş. has been assessed subsequent to the balance sheet date. The gain/(loss) on this sale shall be determined following the completion of the cost calculations.