

**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S  
REVIEW REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH**

**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S  
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To the Board of Directors of Türk Ekonomi Bankası A.Ş.:

We have audited the accompanying unconsolidated balance sheet of Türk Ekonomi Bankası A.Ş. ("the Bank") at 31 December 2012 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the period then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

*Disclosure for the responsibility of the Bank's Board of Directors:*

The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for selecting and applying appropriate accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Document" published on the Official Gazette No.26333 dated 1 November 2006, Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, interpretations and circulars published or declared by the Banking Regulation and Supervision Agency (the "BRSA") on accounting and financial reporting principles.

*Disclosure for the Responsibility of the Authorized Audit Firm:*

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our independent audit has been implemented in accordance with "Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No.26333 dated 1 November 2006. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion stated below.

*Independent Auditor's Opinion:*

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türk Ekonomi Bankası A.Ş. at 31 December 2012 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

*Other matter:*

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2011 were audited by another auditor whose report dated 15 February 2012 expressed an unqualified opinion.

*Additional paragraph for convenience translation:*

As explained in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 of Banking Law No. 5411, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Başaran Nas Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
a member of  
PricewaterhouseCoopers

Zeynep Uras, SMMM  
Partner

Istanbul, 14 February 2013

**THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

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

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

	Jean - Milan Charles				
	Dominique				
Yavuz Canevi	Givadinovitch	Dr. Akın Akbaygil	Varol Civil	M. Aşkın Dolaştır	Gökhan Kazcılar
Chairman of the	Chairman	Vice Chairman	General	Assistant General	Director
Board of	of the Audit	of the Audit	Manager	Manager Responsible of	Responsible of
Directors	Committee	Committee		Financial Reporting	Financial Reporting

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

Name-Surname/Title : Çiğdem Çelikkbilek/Investor Relations Manager

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## INDEX

**Page Number**

### **SECTION ONE** General Information

I.	History of the Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status, if any	1
II.	Explanation on the Bank's Capital Structure, Shareholders of the Bank who are in Charge of the Management and/or Auditing of the Bank Directly or Indirectly, Changes in These Matters (if any), and the Group the Bank Belongs to	1
III.	Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Shares of the Bank They Possess	3
IV.	Information about the Persons and Institutions That Have Qualified Shares	4
V.	Summary on the Bank's Functions and Areas of Activity	4
VI.	Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries	4

### **SECTION TWO** Unconsolidated Financial Statements

I.	Balance Sheet	5
II.	Statement of Off-Balance Sheet Contingencies and Commitments	7
III.	Statement of Income	8
IV.	Statement of Profit and Loss Accounted for Under Equity	9
V.	Statement of Changes in Shareholders' Equity	10
VI.	Statement of Cash Flows	12
VII.	Profit Distribution Table	13

### **SECTION THREE** Accounting Principles

I.	Basis of Presentation	14
II.	Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions	14
III.	Explanations on Investments in Associates, Subsidiaries and Joint Ventures	15
IV.	Explanations on Forward and Option Contracts and Derivative Instruments	15
V.	Explanations on Interest Income and Expenses	16
VI.	Explanations on Fees and Commission Income and Expenses	16
VII.	Explanations on Financial Assets	16
VIII.	Explanations on Impairment of Financial Assets	19
IX.	Explanations on Offsetting of Financial Assets and Liabilities	19
X.	Explanations on Sales and Repurchase Agreements and Lending of Securities	19
XI.	Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets	20
XII.	Explanations on Goodwill and Other Intangible Assets	20
XIII.	Explanations on Tangible Fixed Assets	21
XIV.	Explanations on Leasing Transactions	22
XV.	Explanations on Provisions and Contingent Liabilities	22
XVI.	Explanations on Liabilities Regarding Employee Benefits	23
XVII.	Explanations on Taxation	24
XVIII.	Additional Explanations on Borrowings	25
XIX.	Explanations on Issued Share Certificates	25
XX.	Explanations on Acceptances	25
XXI.	Explanations on Government Incentives	25
XXII.	Explanations on Reporting According to Segmentation	26
XXIII.	Explanations on Other Matters	27

### **SECTION FOUR** Information on Financial Structure

I.	Explanations Related to Capital Adequacy Standard Ratio	28
II.	Explanations Related to Credit Risk	31
III.	Explanations Related to Market Risk	39
IV.	Explanations Related to Currency Risk	41
V.	Explanations Related to Interest Rate Risk	42
VI.	Explanations Related to Liquidity Risk	44
VII.	Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value	47
VIII.	Explanations Related to Transactions Carried out on Behalf of Other Parties and Fiduciary Assets	54
IX.	Explanations Related to Transactions Carried out on Behalf of Other Parties and Fiduciary Assets	55

## **SECTION FIVE**

### Explanations and Disclosures on Unconsolidated Financial Statements

I.	Explanations and Disclosures Related to the Assets	56
II.	Explanations and Disclosures Related to the Liabilities	75
III.	Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments	85
IV.	Explanations and Disclosures Related to the Statement of Income	91
V.	Explanations and Disclosures Related to Statement of Changes in Shareholders' Equity	96
VI.	Explanations and Disclosures Related to Statement of Cash Flows	96
VII.	Explanations on the Risk Group of the Bank	98
VIII.	Explanations on the Bank's Domestic Branches, Agencies and Branches Abroad and Off-shore Branches	99
IX.	Significant events and matters arising subsequent to balance sheet date	99

## **SECTION SIX**

### Other Explanations

I.	Other Explanations on the Operations of the Bank	100
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## **SECTION SEVEN**

### Independent Auditor's Report

I.	Explanations on the Independent Auditor's Report	101
II.	Other Footnotes and Explanations Prepared by the Independent Auditors	101

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**SECTION ONE**

**GENERAL INFORMATION**

**I. History of the Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status, if any**

Türk Ekonomi Bankası Anonim Şirketi (“TEB” or “Bank”), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankası T.A.Ş., was acquired by the Çolakoğlu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to İstanbul. On 10 February 2005, BNP Paribas took over 50% of shares of TEB Holding A.Ş. Consequently, BNP Paribas became indirect shareholder of TEB with 42.125% ownership. In 2009 BNP Paribas Group successively acquired 75% of Fortis Bank Belgium and 66% of Fortis Bank Luxembourg and became the shareholder holding the majority of the shares of Fortis Bank Turkey. The indirect majority shareholders of TEB which are BNP Paribas and Çolakoğlu Group has agreed on the merge of TEB and Fortis Bank under the trademark of TEB and following the authorizations obtained from the regulatory authorities on 14 February 2011 the legal merge of two banks has been performed. The process regarding the procedure has been summarized below.

**II. Explanation on the Bank’s Capital Structure, Shareholders of the Bank who are in Charge of the Management and/or Auditing of the Bank Directly or Indirectly, Changes in These Matters (if any), and the Group the Bank Belongs to**

Following announcement of the Banking Regulation and Supervision Agency (the “BRSA”) approval dated 10 February 2011 at the Official Gazette dated 12 February 2011 and numbered 27844, merger of two banks by means of transfer of all rights, receivables, liabilities and obligations to the Bank by dissolution of Fortis Bank A.Ş. has been effectuated with the relevant registration dated 14 February 2011 to İstanbul Trade Registry. Due to the merger, ceiling for the registered capital of the Bank is increased from TL1,400,000 to TL2,204,390, and the issued capital of the Bank is increased by TL1,104,390, from TL1,100,000 to TL2,204,390.

Issued registered shares were distributed to the shareholders of Fortis Bank A.Ş., which was dissolved due to the merger, in exchange of their current shares. Fortis Bank A.Ş. shareholders received 1.0518 registered Türk Ekonomi Bankası A.Ş. shares for each Fortis Bank A.Ş. share having a nominal value of TL1.

As a consequence of the merger, Fortis Bank SA/NV became shareholder of TEB with a shareholding percentage of 47.15% and BNP Paribas SA’s indirect ownership increased to 51.086% due to its 75% ownership in Fortis Bank SA/NV and 50% share in TEB Mali Yatırımlar A.Ş. whose ownership percentage became 42.043% in TEB following the merger transaction.

As declared in the public disclosure dated 3 June 2010 and the following public disclosures, and within the framework of the agreement between BNP Paribas Group and Çolakoğlu Group, restructuring procedures to allow TEB Mali Yatırımlar A.Ş. to continue being the majority shareholder of the Bank and to allow each of Çolakoğlu Group and BNP Paribas Group to hold 50% of the shares in TEB Mali Yatırımlar A.Ş. following the merger, subject to the required approvals of the regulatory authorities. Accordingly, as a result of the abovementioned restructuring procedures, which include a capital increase in TEB Mali Yatırımlar A.Ş. and several share transfers, TEB Mali Yatırımlar A.Ş.’s shareholding ratio in the Bank is aimed to be increased to 55%, and the shareholding ratios of each of Çolakoğlu Group and BNP Paribas Group in TEB Mali Yatırımlar A.Ş. are aimed to be 50%, subject to the required approvals of the regulatory authorities.

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UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

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UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**II. Explanation on the Bank's Capital Structure, Shareholders of the Bank who are in Charge of the Management and/or Auditing of the Bank Directly or Indirectly, Changes in These Matters (if any), and the Group the Bank Belongs to (Continued)**

At the Extraordinary General Assembly of TEB Mali Yatırımlar A.Ş., held on 25 March 2011, it was resolved to change the trade name of the company to "TEB Holding A.Ş." to increase its share capital from TL500,000 to TL590,863 through the issuance of 90,863,380 shares.

BNP Paribas Fortis Yatırımlar Holding A.Ş., one of the shareholders of TEB Holding A.Ş., subscribed to 88,423,113 newly-issued shares with respect to the mentioned capital increase; and as a result of this capital increase, shareholding ratio of BNP Paribas Fortis Yatırımlar Holding A.Ş. in TEB Holding A.Ş., has been increased from 50.00% to 57.28%.

In addition, following the above-mentioned transactions, for Çolakoğlu Group and BNP Paribas Group to have equal shareholding in TEB Holding A.Ş. (50% each), BNP Paribas Fortis Yatırımlar Holding A.Ş.'s 7.28% shares in TEB Holding A.Ş. were transferred to Galata Yatırım Holding A.Ş., which is owned by the Çolakoğlu Group, on 31 March 2011. After the share transfer, both Çolakoğlu Group and BNP Paribas Group have 50% of share participation each in TEB Holding A.Ş. as in the share structure before the merger.

On 30 March 2011, upon the permissions granted by the BRSA and the Capital Markets Board (the "CMB"), 12.72% of TEB shares held by Fortis Bank SA/NV and 0.24% of TEB shares held by the Çolakoğlu Group were transferred to TEB Holding A.Ş. for a total consideration of TL616,935. Following the share transfer, TEB Holding A.Ş.'s direct participation in TEB has been increased from 42.04% to 55%.

20.35% of shares in TEB, having a total nominal value of TL448,512, held by Fortis Bank SA/NV, were transferred to BNPP Yatırımlar Holding A.Ş. for a consideration of TL865,440; and 14.08% of shares in TEB, having a total nominal value of TL310,480, held by Fortis Bank SA/NV, were transferred to BNP Paribas Fortis Yatırımlar Holding A.Ş. for a consideration of TL670,636.

Consequently, BNPP Yatırımlar Holding A.Ş., which has no participation in TEB, eventually has 20.35% of shares in TEB, while BNPP Paribas Fortis Yatırımlar Holding A.Ş. has 14.05% of direct shareholding in TEB.

Upon the resolution no: 16/475 of the CMB issued on 27 May 2011, BNP Paribas Fortis Yatırımlar Holding A.Ş. and BNPP Yatırımlar Holding A.Ş. initiated a public call on 2 June 2011 for the acquisition of Türk Ekonomi Bankası A.Ş.'s 227,730,437.91 shares with a nominal per value of TL 1 at TL2.21 under the call requirements set out in the CMB's Communiqué Serial: IV, No:44 "Principles of Gathering Equity Interests Through Public Call". The public call intermediated by TEB Yatırım Menkul Değerler A.Ş. was finalized at 17:00 on 17 June 2011.

a) Total nominal value and capital percentage before the call:

- BNP Paribas Fortis Yatırımlar Holding A.Ş. TL310,480 (14.085%)
- BNPP Yatırımlar Holding A.Ş. TL448,512 (20.346%)

b) Total nominal value and capital percentage after the call:

- BNP Paribas Fortis Yatırımlar Holding A.Ş. TL376,584 (17.083%)
- BNPP Yatırımlar Holding A.Ş. TL514,616 (23.345%)

As of 31 December 2012 and 31 December 2011 the shareholders' structure and their respective ownerships are summarized as follows:

Name of shareholders	31 December 2012		31 December 2011	
	Paid in Capital	%	Paid in Capital	%
TEB Holding A.Ş.	1,212,414	55.00	1,212,414	55.00
BNPP Yatırımlar Holding A.Ş.	514,616	23.34	514,616	23.34
BNP Paribas Fortis Yatırımlar Holding A.Ş.	376,584	17.08	376,584	17.08
Publicly traded shares	99,556	4.52	99,556	4.52
Other	1,220	0.06	1,220	0.06
	<b>2,204,390</b>	<b>100.00</b>	<b>2,204,390</b>	<b>100.00</b>

As of 31 December 2012, Bank's paid-in-capital consists of 2,204,390,000 shares of TL1.00 (full TL) nominal each.

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**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

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

<u>Name</u>	<u>Title</u>
<b>Board of Directors;</b>	
Yavuz Canevi	Chairman of the Board of Directors
Dr.Akın Akbaygil	Vice Chairman of the Board of Directors and Vice Chairman of the Audit Committee
Jean-Milan Charles Dominique Givadinovitch	Member of the Board of Directors, Chairman of the Audit Committee
Jean Paul Sabet	Vice Chairman of the Board of Directors
Yves Paul Henri Martrenchar	Member of the Board of Directors
Ayşe Aşardağ	Member of the Board of Directors
Varol Civil	General Manager and In Charge Member of the Board of Directors
Sabri Davaz	Member of the Board of Directors
Alain Georges Auguste Fonteneau	Member of the Board of Directors
Yvan L.A.M De Cock(*)	Member of the Board of Directors
<b>Assistant General Managers;</b>	
Mustafa Aşkın Dolaştır	Assistant General Manager Responsible from Financial Control
Gökhan Mendi	Assistant General Manager Responsible from Consumer Banking and Private Banking
Levent Çelebioğlu	Assistant General Manager Responsible from Corporate Banking
Dr. Nilsen Altıntaş	Assistant General Manager Responsible from Human Resources
Nuri Tuncalı	Assistant General Manager Responsible from SME Loans
Saniye Telci	Central and Corporate Operations Assistant General Manager
Turgut Boz	Assistant General Manager Responsible from SME Banking
Ümit Leblebici(**)	Assistant General Manager Responsible from Asset Liability Management and Treasury
Melis Coşan Baban	Chief Legal Counsel and Secretary of the Board of Directors
Osman Durmuş	Assistant General Manager Responsible from Consumer Loans and Business Loans
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans
Başar Ordukaya	Assistant General Manager Responsible from Large Corporate Customers
Arnaud Denis Jean Sebastien Tellier	Assistant General Manager Responsible from Corporate Investment Banking
Mehmet Ali Cer	Assistant Manager Responsible from Information Technologies
Akil Özçay	Assistant Manager Responsible from Financial Markets
Kubilay Güler	Banking Operations & Facility Services Ass. General Manager
<b>Group Heads</b>	
Didier Albert Nicole Van Hecke(***)	Chief Risk Officer
Biröl Deper(****)	Head of Compliance Group and Internal Control Group
<b>Inspection Committee and Statutory Auditors;</b>	
Hakan Tıraşın(*****)	Chairman of the Inspection Committee
Esra Peri Aydoğan	Statutory Auditor
Cihat Madanoğlu	Statutory Auditor

(\*) Jean Yves Fillon has resigned from his job as member of board of directors as of 3 December 2012. Yvan L.A.M De Cock has been a Member of Director on the same day.

(\*\*) Ümit Leblebici has been appointed to Vice President as of 4 February 2013..

(\*\*\*) Didier Albert Nicole Van Hecke is Head of Group Risk Management and is in Assistant General Manager status.

(\*\*\*\*) Biröl Deper is head of Compliance Group and Internal Control Group and is in Assistant General Manager status.

(\*\*\*\*\*) Hakan Tıraşın is Head of Audit Committee and is in Assistant General Manager status.

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

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UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**IV. Information about the Persons and Institutions That Have Qualified Shares**

Name / Commercial Name	Share Amount	Share Ratio	Paid-up Shares	Unpaid Shares
TEB Holding A.Ş.	1,212,414	55.00%	1,212,414	-
BNPP Yatırımlar Holding A.Ş.	514,616	23.34%	514,616	-
BNP Paribas Fortis Yatırımlar Holding A.Ş.	376,584	17.08%	376,584	-

TEB Holding A.Ş. is the controlling party of the Bank’s capital having both direct and indirect qualified shares. TEB Holding A.Ş. is a member of both Çolakoğlu and BNP Paribas groups. 50% of the shares of TEB Holding A.Ş. are controlled by BNP Paribas, while the remaining 50% is controlled by Çolakoğlu Group. As of 25 October 2010, BNP Paribas S.A. transferred 50% of its shares in TEB Holding A.Ş. to BNP Paribas Fortis Yatırımlar Holding A.Ş. BNP Paribas Fortis Yatırımlar Holding A.Ş. is controlled by Fortis Bank SA/NV whose shareholders are BNP Paribas S.A. and the Belgium State by 75% and 25% shares, respectively. 100% of the shares of BNP Yatırımlar Holding is controlled by BNP Paribas S.A. The Belgium State has 10.7% shares in BNP Paribas S.A.

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

The Bank’s operating areas include, corporate, retail and private banking as well as project finance, fund management and custody operations. Besides the ordinary banking operations, the Bank is handling agency functions through its branches on behalf of TEB Yatırım Menkul Değerler A.Ş., TEB Portföy Yönetimi A.Ş., Zurich Sigorta A.Ş., Cardif Hayat Sigorta A.Ş. As of 31 December 2012, the Bank has 504 local branches and 5 foreign branches (31 December 2011: 503 local branches, 4 foreign branches).

**VI. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries**

None

## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

- I. Balance Sheet
- II. Statement of Off-Balance Sheet Contingencies and Commitments
- III. Statement of Income
- IV. Statement of Profit and Loss Accounted for Under Equity
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows
- VII. Profit Distribution Table

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
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**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**I. BALANCE SHEET - ASSETS (STATEMENT OF FINANCIAL POSITION)**

	Section 5 Note Ref.	Audited Current Period 31.12.2012			Audited Prior Period 31.12.2011		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(I-1)	<b>768,858</b>	<b>3,680,542</b>	<b>4,449,400</b>	<b>1,500,359</b>	<b>2,517,896</b>	<b>4,018,255</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	(I-2)	<b>525,748</b>	<b>85,180</b>	<b>610,928</b>	<b>854,509</b>	<b>412,026</b>	<b>1,266,535</b>
2.1 Financial assets held for trading		525,748	85,180	610,928	854,509	412,026	1,266,535
2.1.1 Public sector debt securities		427,426	23,235	450,661	590,451	356,468	946,919
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		98,322	61,945	160,267	264,058	55,558	319,616
2.1.4 Other marketable securities		-	-	-	-	-	-
2.2 Financial assets classified at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
<b>III. BANKS</b>	(I-3)	<b>441,026</b>	<b>268,170</b>	<b>709,196</b>	<b>133,042</b>	<b>208,013</b>	<b>341,055</b>
<b>IV. MONEY MARKET PLACEMENTS</b>		<b>1,700,295</b>	<b>-</b>	<b>1,700,295</b>	<b>510,329</b>	<b>-</b>	<b>510,329</b>
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		1,700,295	-	1,700,295	510,329	-	510,329
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(I-4)	<b>4,246,799</b>	<b>10,815</b>	<b>4,257,614</b>	<b>4,100,585</b>	<b>534,015</b>	<b>4,634,600</b>
5.1 Share certificates		17,829	5,602	23,431	19,619	4,318	23,937
5.2 Public sector debt securities		4,227,798	5,213	4,233,011	4,079,890	529,697	4,609,587
5.3 Other marketable securities		1,172	-	1,172	1,076	-	1,076
<b>VI. LOANS AND RECEIVABLES</b>	(I-5)	<b>24,201,649</b>	<b>5,484,085</b>	<b>29,685,734</b>	<b>20,313,295</b>	<b>5,339,130</b>	<b>25,652,425</b>
6.1 Loans and receivables		23,944,190	5,484,085	29,428,275	20,104,514	5,339,130	25,443,644
6.1.1 Loans to Risk Group of the Bank		31,306	4,725	36,031	114,137	75,319	189,456
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		23,912,884	5,479,360	29,392,244	19,990,377	5,263,811	25,254,188
6.2 Non-performing loans		643,226	-	643,226	726,299	-	726,299
6.3 Specific provisions (-)		385,767	-	385,767	517,518	-	517,518
<b>VII. FACTORING RECEIVABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. HELD TO MATURITY INVESTMENTS (Net)</b>	(I-6)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
8.1 Public sector debt securities		-	-	-	-	-	-
8.2 Other marketable securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(I-7)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments in Associates		-	-	-	-	-	-
9.2.2 Non-financial investments in Associates		-	-	-	-	-	-
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(I-8)	<b>106,607</b>	<b>61,254</b>	<b>167,861</b>	<b>106,607</b>	<b>61,254</b>	<b>167,861</b>
10.1 Unconsolidated financial subsidiaries		106,607	61,254	167,861	106,607	61,254	167,861
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
<b>XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)</b>	(I-9)	<b>5</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>5</b>
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		5	-	5	5	-	5
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		5	-	5	5	-	5
<b>XII. FINANCE LEASE RECEIVABLES</b>	(I-10)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
<b>XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES</b>	(I-11)	<b>16,726</b>	<b>157</b>	<b>16,883</b>	<b>22,787</b>	<b>13</b>	<b>22,800</b>
13.1 Fair value hedge		4,907	157	5,064	9,524	13	9,537
13.2 Cash flow hedge		11,819	-	11,819	13,263	-	13,263
13.3 Hedge of net investment risks in foreign operations		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	(I-12)	<b>246,833</b>	<b>-</b>	<b>246,833</b>	<b>254,333</b>	<b>-</b>	<b>254,333</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	(I-13)	<b>443,401</b>	<b>-</b>	<b>443,401</b>	<b>438,346</b>	<b>-</b>	<b>438,346</b>
15.1 Goodwill		421,124	-	421,124	421,124	-	421,124
15.2 Other		22,277	-	22,277	17,222	-	17,222
<b>XVI. INVESTMENT PROPERTIES (Net)</b>	(I-14)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. TAX ASSET</b>		<b>126,208</b>	<b>-</b>	<b>126,208</b>	<b>67,309</b>	<b>-</b>	<b>67,309</b>
17.1 Current tax asset		1,522	-	1,522	561	-	561
17.2 Deferred tax asset	(I-15)	124,686	-	124,686	66,748	-	66,748
<b>XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(I-16)	<b>61,590</b>	<b>-</b>	<b>61,590</b>	<b>67,049</b>	<b>-</b>	<b>67,049</b>
18.1 Held for sale		61,590	-	61,590	67,049	-	67,049
18.2 Discontinued operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(I-17)	<b>858,526</b>	<b>197,861</b>	<b>1,056,387</b>	<b>556,619</b>	<b>94,217</b>	<b>650,836</b>
<b>TOTAL ASSETS</b>		<b>33,744,271</b>	<b>9,788,064</b>	<b>43,532,335</b>	<b>28,925,174</b>	<b>9,166,564</b>	<b>38,091,738</b>

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**I. BALANCE SHEET - LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION) (Continued)**

	Section 5 Note Ref.	Audited Current Period 31.12.2012			Audited Prior Period 31.12.2011		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(II-1)	<b>20,877,275</b>	<b>7,849,290</b>	<b>28,726,565</b>	<b>14,699,033</b>	<b>8,187,579</b>	<b>22,886,612</b>
1.1 Deposits from Risk Group of the Bank		476,488	276,742	753,230	556,777	292,848	849,625
1.2 Other		20,400,787	7,572,548	27,973,335	14,142,256	7,894,731	22,036,987
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(II-2)	<b>175,823</b>	<b>57,376</b>	<b>233,199</b>	<b>157,708</b>	<b>92,249</b>	<b>249,957</b>
<b>III. FUNDS BORROWED</b>	(II-3)	<b>273,608</b>	<b>4,905,174</b>	<b>5,178,782</b>	<b>2,394,804</b>	<b>4,184,395</b>	<b>6,579,199</b>
<b>IV. MONEY MARKET BALANCES</b>		<b>40,916</b>	-	<b>40,916</b>	<b>1,104,748</b>	-	<b>1,104,748</b>
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		40,916	-	40,916	1,104,748	-	1,104,748
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>	(II-3)	<b>494,237</b>	-	<b>494,237</b>	<b>249,107</b>	-	<b>249,107</b>
5.1 Bills		333,689	-	333,689	249,107	-	249,107
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		160,548	-	160,548	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>856,568</b>	<b>21,261</b>	<b>877,829</b>	<b>772,223</b>	<b>60,045</b>	<b>832,268</b>
<b>VIII. OTHER LIABILITIES</b>	(II-4)	<b>1,154,042</b>	<b>2,286</b>	<b>1,156,328</b>	<b>622,004</b>	<b>2,884</b>	<b>624,888</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. FINANCE LEASE PAYABLES</b>	(II-5)	-	-	-	-	-	-
10.1 Finance lease payables		-	-	-	-	1	1
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	-	-	-	1	1
<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	(II-6)	<b>168,506</b>	<b>1</b>	<b>168,507</b>	<b>50,447</b>	-	<b>50,447</b>
11.1 Fair value hedge		47,695	1	47,696	23,398	-	23,398
11.2 Cash flow hedge		120,811	-	120,811	27,049	-	27,049
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(II-7)	<b>674,641</b>	<b>519</b>	<b>675,160</b>	<b>487,425</b>	<b>746</b>	<b>488,171</b>
12.1 General loan loss provisions		405,305	-	405,305	264,114	-	264,114
12.2 Restructuring provisions		516	-	516	2,663	-	2,663
12.3 Reserve for employee benefits		176,425	-	176,425	118,947	-	118,947
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		92,395	519	92,914	101,701	746	102,447
<b>XIII. TAX LIABILITY</b>	(II-8)	<b>137,750</b>	-	<b>137,750</b>	<b>100,684</b>	-	<b>100,684</b>
13.1 Current tax liability		137,750	-	137,750	100,684	-	100,684
13.2 Deferred tax liability		-	-	-	-	-	-
<b>XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(II-9)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(II-10)	-	<b>1,037,480</b>	<b>1,037,480</b>	-	<b>712,346</b>	<b>712,346</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(II-11)	<b>4,801,566</b>	<b>4,016</b>	<b>4,805,582</b>	<b>4,225,316</b>	<b>(12,005)</b>	<b>4,213,311</b>
16.1 Paid-in capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2 Supplementary capital		782,515	4,016	786,531	690,984	(12,005)	678,979
16.2.1 Share premium		2,565	-	2,565	2,565	-	2,565
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities valuation differences		57,529	4,016	61,545	(87,265)	(12,005)	(99,270)
16.2.4 Tangible assets revaluation differences		101,391	-	101,391	100,483	-	100,483
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		527	-	527	527	-	527
16.2.8 Hedging funds (Effective portion)		(49,666)	-	(49,666)	4,505	-	4,505
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		670,169	-	670,169	670,169	-	670,169
16.3 Profit reserves		1,319,537	-	1,319,537	1,113,770	-	1,113,770
16.3.1 Legal reserves		121,667	-	121,667	111,333	-	111,333
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		1,133,061	-	1,133,061	937,628	-	937,628
16.3.4 Other profit reserves		64,809	-	64,809	64,809	-	64,809
16.4 Profit or loss		495,124	-	495,124	216,172	-	216,172
16.4.1 Prior years' income/ (losses)		9,497	-	9,497	9,497	-	9,497
16.4.2 Current year income/ (loss)		485,627	-	485,627	206,675	-	206,675
16.5 Minority shares	(II-12)	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>29,654,932</b>	<b>13,877,403</b>	<b>43,532,335</b>	<b>24,863,499</b>	<b>13,228,239</b>	<b>38,091,738</b>

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED OFF-BALANCE SHEET  
COMMITMENT AT 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

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

	Section 5 Note Ref.	Audited Current Period 31.12.2012			Audited Prior Period 31.12.2011		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>		<b>28,678,608</b>	<b>32,845,633</b>	<b>61,524,241</b>	<b>23,301,805</b>	<b>25,398,288</b>	<b>48,700,093</b>
<b>I. GUARANTEES</b>	<b>(III-1)</b>	<b>4,026,181</b>	<b>6,277,038</b>	<b>10,303,219</b>	<b>3,443,715</b>	<b>4,619,067</b>	<b>8,062,782</b>
1.1 Letters of guarantee		3,404,363	3,282,596	6,686,959	2,994,478	2,565,016	5,559,494
1.1.1 Guarantees subject to State Tender Law		126,475	45,223	171,698	149,521	47,724	197,245
1.1.2 Guarantees given for foreign trade operations		291,135	92,238	383,373	231,520	48,265	279,785
1.1.3 Other letters of guarantee		2,986,753	3,145,135	6,131,888	2,613,437	2,469,027	5,082,464
1.2 Bank loans		-	903,219	903,219	-	342,297	342,297
1.2.1 Import letter of acceptance		-	901,081	901,081	-	148,980	148,980
1.2.2 Other bank acceptances		-	2,138	2,138	-	193,317	193,317
1.3 Letters of credit		4,666	1,383,535	1,388,201	-	1,319,224	1,319,224
1.3.1 Documentary letters of credit		4,666	712,337	717,003	-	818,563	818,563
1.3.2 Other letters of credit		-	671,198	671,198	-	500,661	500,661
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		615,588	416,601	1,032,189	447,251	309,354	756,605
1.9 Other collaterals		1,564	291,087	292,651	1,986	83,176	85,162
<b>II. COMMITMENTS</b>	<b>(III-1)</b>	<b>8,121,959</b>	<b>1,721,679</b>	<b>9,843,638</b>	<b>6,582,962</b>	<b>1,544,570</b>	<b>8,127,532</b>
2.1 Irrevocable commitments		8,121,959	1,721,679	9,843,638	6,582,962	1,544,570	8,127,532
2.1.1 Forward asset purchase commitments		223,497	1,085,809	1,309,306	157,738	1,461,274	1,619,012
2.1.2 Forward deposit purchase and sales commitments		-	614,094	614,094	-	-	-
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	4,000	-	4,000
2.1.4 Loan granting commitments		2,942,347	77	2,942,424	2,284,108	110	2,284,218
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		1,879,298	-	1,879,298	1,455,318	-	1,455,318
2.1.8 Tax and fund liabilities from export commitments		11,709	-	11,709	10,380	-	10,380
2.1.9 Commitments for credit card expenditure limits		2,933,697	-	2,933,697	2,661,586	-	2,661,586
2.1.10 Commitments for promotions related with credit cards and banking activities		5,978	-	5,978	7,608	-	7,608
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		125,433	21,699	147,132	2,224	83,186	85,410
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(III-2)</b>	<b>16,530,468</b>	<b>24,846,916</b>	<b>41,377,384</b>	<b>13,275,128</b>	<b>19,234,651</b>	<b>32,509,779</b>
3.1 Derivative financial instruments for hedging purposes		3,877,112	718,101	4,595,213	2,025,490	54,778	2,080,268
3.1.1 Fair value hedge		723,435	718,101	1,441,536	106,780	54,778	161,558
3.1.2 Cash flow hedge		3,153,677	-	3,153,677	1,918,710	-	1,918,710
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		12,653,356	24,128,815	36,782,171	11,249,638	19,179,873	30,429,511
3.2.1 Forward foreign currency buy/sell transactions		1,957,068	4,308,912	6,265,980	1,583,223	3,035,853	4,619,076
3.2.1.1 Forward foreign currency transactions-buy		889,152	2,239,623	3,128,775	480,076	1,822,569	2,302,645
3.2.1.2 Forward foreign currency transactions-sell		1,067,916	2,069,289	3,137,205	1,103,147	1,213,284	2,316,431
3.2.2 Swap transactions related to f.c. and interest rates		4,336,866	9,057,194	13,394,060	3,861,973	6,939,235	10,801,208
3.2.2.1 Foreign currency swap-buy		1,828,627	3,879,851	5,708,478	1,582,082	3,259,953	4,842,035
3.2.2.2 Foreign currency swap-sell		2,208,239	3,531,841	5,740,080	1,879,891	2,915,814	4,795,705
3.2.2.3 Interest rate swaps-buy		150,000	822,751	972,751	200,000	381,734	581,734
3.2.2.4 Interest rate swaps-sell		150,000	822,751	972,751	200,000	381,734	581,734
3.2.3 Foreign currency, interest rate and securities options		6,359,422	10,762,709	17,122,131	5,804,442	9,204,785	15,009,227
3.2.3.1 Foreign currency options-buy		2,484,511	5,888,061	8,372,572	2,226,882	5,120,817	7,347,699
3.2.3.2 Foreign currency options-sell		3,674,911	4,764,000	8,438,911	3,367,560	3,894,854	7,262,414
3.2.3.3 Interest rate options-buy		100,000	55,324	155,324	110,000	94,557	204,557
3.2.3.4 Interest rate options-sell		100,000	55,324	155,324	100,000	94,557	194,557
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>96,666,114</b>	<b>20,428,677</b>	<b>117,094,791</b>	<b>84,418,478</b>	<b>22,158,072</b>	<b>106,576,550</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>17,371,199</b>	<b>1,910,257</b>	<b>19,281,456</b>	<b>14,847,506</b>	<b>1,370,366</b>	<b>16,217,872</b>
4.1 Assets under management		2,673,619	-	2,673,619	2,064,393	189	2,064,582
4.2 Investment securities held in custody		6,867,762	224,537	7,092,299	5,859,621	266,037	6,125,658
4.3 Checks received for collection		7,491,624	691,837	8,183,461	6,607,957	726,713	7,334,670
4.4 Commercial notes received for collection		337,024	79,087	416,111	315,115	123,766	438,881
4.5 Other assets received for collection		1,071	914,796	915,867	321	253,661	253,982
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		99	-	99	99	-	99
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>79,160,610</b>	<b>18,484,245</b>	<b>97,644,855</b>	<b>69,439,307</b>	<b>20,756,568</b>	<b>90,195,875</b>
5.1 Marketable securities		1,119,384	37,339	1,156,723	2,358,907	44,266	2,403,173
5.2 Guarantee notes		42,307,284	11,388,609	53,695,893	37,340,491	12,921,297	50,261,788
5.3 Commodity		26,992	350,093	377,085	11,732	342,758	354,490
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		30,854,746	5,629,882	36,484,628	25,318,027	6,590,324	31,908,351
5.6 Other pledged items		4,852,204	1,078,322	5,930,526	4,410,150	857,923	5,268,073
5.7 Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>134,305</b>	<b>34,175</b>	<b>168,480</b>	<b>131,665</b>	<b>31,138</b>	<b>162,803</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>125,344,722</b>	<b>53,274,310</b>	<b>178,619,032</b>	<b>107,720,283</b>	<b>47,556,360</b>	<b>155,276,643</b>

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**III. STATEMENT OF INCOME**

	Section 5 Note Ref.	Audited Current Period 01.01-31.12.2012	Audited Prior Period 01.07-30.09.2011
<b>I. INTEREST INCOME</b>	<b>(IV-1)</b>	<b>3,938,416</b>	<b>2,912,492</b>
1.1 Interest on loans		3,470,225	2,446,041
1.2 Interest received from reserve deposits		-	-
1.3 Interest received from banks		9,642	9,781
1.4 Interest received from money market placements		49,486	1,341
1.5 Interest received from marketable securities portfolio		401,565	454,462
1.5.1 Held-for-trading financial assets		61,231	108,396
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		340,334	343,597
1.5.4 Investments held-to-maturity		-	2,469
1.6 Finance lease Income		-	-
1.7 Other interest income		7,498	867
<b>II. INTEREST EXPENSE</b>	<b>(IV-2)</b>	<b>2,093,702</b>	<b>1,537,490</b>
2.1 Interest on deposits		1,734,143	1,063,992
2.2 Interest on funds borrowed		264,508	325,742
2.3 Interest on money market borrowings		42,284	107,887
2.4 Interest on securities issued		37,311	10,089
2.5 Other interest expense		15,456	29,780
<b>III. NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>1,844,714</b>	<b>1,375,002</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>536,890</b>	<b>335,848</b>
4.1 Fees and commissions received		864,861	564,171
4.1.1 Non-cash loans		84,161	55,273
4.1.2 Other	(IV-12)	780,700	508,898
4.2 Fees and commissions paid		327,971	228,323
4.2.1 Non-cash loans		1,227	887
4.2.2 Other	(IV-12)	326,744	227,436
<b>V. DIVIDEND INCOME</b>	<b>(IV-3)</b>	<b>18,063</b>	<b>18,234</b>
<b>VI. NET TRADING INCOME</b>	<b>(IV-4)</b>	<b>(81,463)</b>	<b>(24,308)</b>
6.1 Securities trading gains/ (losses)		30,251	9,934
6.2 Gains/ (losses) from derivative financial instruments		(479,873)	48,226
6.3 Foreign exchange gains/ (losses)		368,159	(82,468)
<b>VII. OTHER OPERATING INCOME</b>	<b>(IV-5)</b>	<b>91,951</b>	<b>85,653</b>
<b>VIII. NET OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>2,410,155</b>	<b>1,790,429</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(IV-6)</b>	<b>273,902</b>	<b>127,951</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	<b>(IV-7)</b>	<b>1,495,531</b>	<b>1,379,141</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>640,722</b>	<b>283,337</b>
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XIII. GAIN / (LOSS) ON EQUITY METHOD</b>		-	-
<b>XIV. GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	<b>(IV-8)</b>	<b>640,722</b>	<b>283,337</b>
<b>XVI. TAX PROVISION FOR CONTINUED OPERATIONS</b>	<b>(IV-9)</b>	<b>155,095</b>	<b>76,662</b>
16.1 Current income tax (charge)/benefit		239,694	27,871
16.2 Deferred tax (charge)/benefit		(84,599)	48,791
<b>XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV+XVI)</b>	<b>(IV-10)</b>	<b>485,627</b>	<b>206,675</b>
<b>XVIII. INCOME ON DISCONTINUED OPERATIONS</b>		-	-
18.1 Income on assets held for sale		-	-
18.2 Income on sale of associates, subsidiaries and entities under common control (Joint vent.)		-	-
18.3 Income on other discontinued operations		-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1 Loss from assets held for sale		-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
19.3 Loss from other discontinued operations		-	-
<b>XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>	<b>(IV-8)</b>	-	-
<b>XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS</b>	<b>(IV-9)</b>	-	-
21.1 Current income tax (charge)/benefit		-	-
21.2 Deferred tax (charge)/benefit		-	-
<b>XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX+XXI)</b>	<b>(IV-10)</b>	-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	<b>(IV-11)</b>	<b>485,627</b>	<b>206,675</b>
23.1 Group's profit/loss		485,627	206,675
23.2 Minority shares profit / loss (-)		-	-
Earnings per share		0.2203	0.0999

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED  
FOR UNDER EQUITY FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY**

	Audited Current Period 01.01-31.12.2012	Audited Prior Period 01.01-31.12.2011
<b>I. Additions to marketable securities revaluation differences for available for sale financial assets</b>	<b>204,478</b>	<b>(177,385)</b>
<b>II. Tangible assets revaluation differences</b>	-	-
<b>III. Intangible assets revaluation differences</b>	-	-
<b>IV. Foreign exchange differences for foreign currency transactions</b>	-	-
<b>V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)</b>	<b>(67,713)</b>	<b>5,631</b>
<b>VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)</b>	-	-
<b>VII. The effect of correction of errors and changes in accounting policies</b>	-	-
<b>VIII. Other profit loss items accounted for under equity due to TAS</b>	-	-
<b>IX. Deferred tax of valuation differences</b>	<b>(26,661)</b>	<b>45,752</b>
<b>X. Total Net Profit/Loss accounted for under equity (I+II+...+IX)</b>	<b>110,104</b>	<b>(126,002)</b>
<b>XI. Profit/Loss</b>	<b>(3,460)</b>	<b>(65,707)</b>
11.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	(3,460)	(65,707)
11.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
11.3 Transfer of hedge of net investments in foreign operations to Income Statement	-	-
11.4 Other	-	-
<b>XII. Total Profit/Loss accounted for the period (X±XI)</b>	<b>106,644</b>	<b>(191,709)</b>

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Audited		Note Ref	Paid-in Capital	Effect of Inflation Acc. 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)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Val. Diff. from Assets Held for Sale and from Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity	
<b>I</b>	<b>Current Period 01.01-31.12.2011</b>																				
	Beginning Balance – 31.12.2010		1,100,000	926	2,158	-	45,468	-	228,530	43,805	-	300,301	91,675	-	-	-	-	1,812,863	-	1,812,863	
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>II.</b>	Increase/Decrease related to merger		1,050,000	199,336	407	-	50,850	-	557,085	469,907	-	9,497	5,269	42,604	527	-	-	2,385,482	-	2,385,482	
<b>III.</b>	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(196,214)	-	-	-	-	(196,214)	-	(196,214)	
<b>IV.</b>	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	4,505	-	4,505	-	4,505	
4.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	4,505	-	4,505	-	4,505	
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>V.</b>	Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VI.</b>	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VII.</b>	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VIII.</b>	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>IX.</b>	The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>X.</b>	The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XI.</b>	The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XII.</b>	Capital increase		54,390	-	-	-	-	-	(54,390)	-	-	-	-	-	-	-	-	-	-	-	
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.2	Internal sources		54,390	-	-	-	-	-	(54,390)	-	-	-	-	-	-	-	-	-	-	-	
<b>XIII.</b>	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XIV.</b>	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XV.</b>	Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XVI.</b>	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XVII.</b>	Period net income/(loss)		-	-	-	-	-	-	-	-	206,675	-	-	-	-	-	-	206,675	-	206,675	
<b>XVIII.</b>	Profit distribution		-	-	-	-	15,015	-	206,403	21,004	-	(300,301)	-	57,879	-	-	-	-	-	-	
18.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.2	Transfers to reserves		-	-	-	-	15,015	-	206,403	21,004	-	(300,301)	-	57,879	-	-	-	-	-	-	
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>Closing Balance 31.12.2011</b>																				
	(I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII)		2,204,390	200,262	2,565	-	111,333	-	937,628	534,716	206,675	9,497	(99,270)	100,483	527	4,505	-	4,213,311	-	4,213,311	

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
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IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Audited	Note Ref	Paid-in Capital	Effect of Inflation Accounting on Capital and Other Reserves	Share Premium	Share Cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Val. Diff. from Assets Held for Sale and from Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity	
<b>I. Current Period</b>																				
Beginning Balance 31.12.2011		2,204,390	200,262	2,565	-	111,333	-	937,628	534,716	-	216,172	(99,270)	100,483	527	4,505	-	4,213,311	-	4,213,311	
Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>II. Increase/Decrease related to merger</b>		-	-	-	-	-	-	-	-	-	-	160,815	-	-	-	-	160,815	-	160,815	
<b>III. Marketable securities valuation differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	(54,171)	-	(54,171)	-	(54,171)	
<b>IV. Hedging Funds (Effective Portion)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	(54,171)	-	(54,171)	-	(54,171)	
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>V. Tangible assets revaluation differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VI. Intangible assets revaluation differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VII. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint vent.)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VIII. Foreign exchange differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>IX. The disposal of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>X. The reclassification of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XI. The effect of change in associate's equity</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XII. Capital increase</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XIII. Share premium</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XIV. Share cancellation profits</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XV. Inflation adjustment to paid-in capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XVI. Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XVII. Period net income/(loss)</b>		-	-	-	-	-	-	-	-	485,627	-	-	-	-	-	-	485,627	-	485,627	
<b>XVIII. Profit distribution</b>		-	-	-	-	10,334	-	195,433	-	-	(206,675)	-	908	-	-	-	-	-	-	
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.2 Transfers to reserves		-	-	-	-	10,334	-	195,433	-	-	(206,675)	-	908	-	-	-	-	-	-	
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Closing Balance 31.12.2012</b>																				
<b>(I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII)</b>		<b>2,204,390</b>	<b>200,262</b>	<b>2,565</b>	<b>-</b>	<b>121,667</b>	<b>-</b>	<b>1,133,061</b>	<b>534,716</b>	<b>485,627</b>	<b>9,497</b>	<b>61,545</b>	<b>101,391</b>	<b>527</b>	<b>(49,666)</b>	<b>-</b>	<b>4,805,582</b>	<b>-</b>	<b>4,805,582</b>	

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**VI. STATEMENT OF CASH FLOWS**

	<b>Section 5 Note Ref</b>	<b>Audited Current Period 01.01-31.12.2012</b>	<b>Audited Prior Period 01.01-31.12.2011</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>1,372,402</b>	<b>197,773</b>
1.1.1 Interest received		3,982,233	2,896,488
1.1.2 Interest paid		(2,005,921)	(1,504,780)
1.1.3 Dividend received		18,063	18,234
1.1.4 Fees and commissions received		1,020,278	571,503
1.1.5 Other income		593,931	120,755
1.1.6 Collections from previously written off loans		332,418	67,938
1.1.7 Payments to personnel and service suppliers		(634,396)	(579,132)
1.1.8 Taxes paid		(200,244)	(83,622)
1.1.9 Others	(VI-1)	(1,733,960)	(1,309,611)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(1,799,666)</b>	<b>(438,167)</b>
1.2.1 Net (increase) decrease in financial assets held for trading		498,742	(323,410)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		2,103	61,733
1.2.4 Net (increase) decrease in loans		(3,890,224)	(5,883,439)
1.2.5 Net (increase) decrease in other assets	(VI-1)	(2,051,946)	(79,551)
1.2.6 Net increase (decrease) in bank deposits		(1,166,272)	(69,982)
1.2.7 Net increase (decrease) in other deposits		5,928,019	5,610,952
1.2.8 Net increase (decrease) in funds borrowed		(1,349,272)	149,661
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(VI-1)	229,184	95,869
<b>I. Net cash provided from / (used in) banking operations</b>		<b>(427,264)</b>	<b>(240,394)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from/ (used in) investing activities</b>		<b>426,746</b>	<b>(384,453)</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries		-	(10,000)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3 Fixed asset purchases		(73,933)	(67,941)
2.4 Fixed asset sales		28,289	793
2.5 Cash paid for purchase of financial assets available for sale		(1,858,058)	(3,867,707)
2.6 Cash obtained from sale of financial assets available for sale		2,347,387	3,465,087
2.7 Cash paid for purchase of investment securities		-	(1,243)
2.8 Cash obtained from sale of investment securities		-	106,038
2.9 Others	(VI-1)	(16,939)	(9,480)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from/ (used in) financing activities</b>		<b>236,642</b>	<b>484,677</b>
3.1 Cash obtained from funds borrowed and securities issued		485,755	719,999
3.2 Cash used for repayment of funds borrowed and securities issued		(249,107)	(235,287)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(6)	(35)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(VI-1)	<b>(16,322)</b>	<b>166,409</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>		<b>219,802</b>	<b>26,239</b>
<b>VI. Cash and cash equivalents at beginning of the period (*)</b>	(VI-2)	<b>3,247,402</b>	<b>3,221,163</b>
<b>VII. Cash and cash equivalents at end of the period</b>	(VI-2)	<b>3,467,204</b>	<b>3,247,402</b>

(\*) The cash and cash equivalents at beginning of the previous period also includes cash and cash equivalents that were transferred from Fortis Bank A.Ş. as at 14 February 2011 amounting to TL901,181.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**VII. PROFIT DISTRIBUTION TABLE**

	(*) Audited Current Period 31.12.2012	Audited Prior Period 31.12.2011
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	640,722	283,337
1.2 TAXES AND DUTIES PAYABLE (-)	155,095	76,662
1.2.1 Corporate tax (Income tax)	239,694	27,871
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (**)	(84,599)	48,791
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>485,627</b>	<b>206,675</b>
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	10,334
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]</b>	<b>485,627</b>	<b>196,341</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	195,433
1.13 OTHER RESERVES	-	908
1.14 SPECIAL FUNDS	-	-
<b>II. YEDEKLERDEN DAĞITIM</b>		
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	0.2203	0.0999
3.2 TO OWNERS OF ORDINARY SHARES ( % )	22.03	9.99
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES ( % )	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES ( % )	-	-

(\*) General Assembly has not been held yet as of the issue date of this report.

(\*\*) The amount in other taxes and duties is the deferred tax benefit/charge that is not subject to profit distribution.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**SECTION THREE**

**ACCOUNTING PRINCIPLES**

**I. Basis of Presentation**

The Bank prepares financial statements and notes according to Communiqué on Banks’ Accounting Practice and Maintaining Documents, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS), other regulations, communiques and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency (BRSA), Turkish Commercial Code and Tax Legislation.

The prior period financial statements are presented in line with the principles of TAS No:1 “Fundamentals of Preparing and Presenting Financial Statements” published in the Official Gazette on 16 January 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 issued by the BRSA. Certain reclassifications have been made to the prior year financial statements in order to comply with the current year presentation whenever required.

Transfer of all rights, receivables, liabilities and obligations to the Bank by dissolution of Fortis Bank A.Ş. has been effectuated as of 14 February 2011. The related transaction has been accounted for in accordance with the requirements of TFRS 3 “Business Combination”, and prior period income statement balances presented do not include any balances or figures related to merger of Fortis Bank A.Ş.

**Additional paragraph for convenience of translation into English:**

The differences between accounting principles, as described in the preceding paragraphs, and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

The Bank aims to develop and promote products for the financial needs of each customer such as SMEs, multinational companies and small individual investors in line with Banking Legislation. The primary objective of the Bank is to increase profitability with optimum liquidity and minimum risk while fulfilling customer needs.

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

As a component of risk management strategy of the Bank, risk bearing short positions of currency, interest or price movements is performed only by the Treasury Asset-Liability Management 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.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**ACCOUNTING PRINCIPLES (Continued)**

**II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions (Continued)**

At period ends, foreign currency asset and liability balances are valued at the Bank’s period end counter currency buying rates and recognized as a “Foreign exchange gain or loss”.

The Bank’s hedging activities for the currency risk due to foreign currency available-for-sale equity instruments are described under the Currency Risk section; and the Bank’s hedging activities from interest rate risk arising from fixed interest rate deposits and floating interest rate borrowings are described in detail under Interest Rate Risk section.

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

**III. Explanations on Investments in Associates, Subsidiaries and Joint Ventures**

Based on the TAS 27 “Turkish Accounting Standard for Consolidated and Separate Financial Statements”, Turkish Lira denominated investments in associates and subsidiaries are accounted at cost and are reflected to the unconsolidated financial statements after deducting the provision for impairment, if any.

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

Fair values of foreign currency forward and swap transactions are determined by comparing the period end Bank foreign exchange rates with the contractual forward rates discounted to the balance sheet date with the prevailing current market rates. The resulting gain or loss is reflected to the income statement.

In the assessment of fair value of interest rate swap instruments, interest amounts to be paid or to be received due to/from the fixed rate on the derivative contract are discounted to the balance sheet date with the current applicable fixed rate in the market that is prevailing between the balance sheet date and the interest payment date, whereas interest amounts to be paid or to be received due to/from the floating rate on the derivative contract are recalculated with the current applicable market rates that are prevailing between the balance sheet date and the interest payment date and are discounted to the balance sheet date again with the current applicable market rates that are prevailing between the balance sheet date and the interest payment date. The differences between the fixed rate interest amounts and floating rate interest amounts to be received/paid are recorded in the profit/loss accounts in the current period.

The fair value of call and put option agreements are measured at the valuation date by using the current premium values of all option agreements, and the differences between the contractual premiums received/paid and the current premiums measured at valuation date are recognized in the statement of income.

Futures transactions are valued on a daily basis by the primary market prices and related unrealized gains or losses are reflected in the income statement.

The valuation of CDS transactions are based on discounting the differences between the existing and recalculated payment plans to the valuation date with current CDS interest rates.

As of 1 July 2008, the Bank has adopted fair value hedge accounting in order to avoid the effects of interest rate changes in the market by matching a portion of its swap portfolio with its loan portfolio. As of August 2011, the Bank has also adopted cash flow hedge accounting by matching a portion of its swap portfolio with its deposit basis. The Bank documents relations between hedging instrument and hedged item on transaction date, in conjunction with strategies on objectives of the Bank's risk management and hedging transactions for hedging purposed transactions. Besides, the Bank that effectively values fair value changes of hedged items that are balanced by derivative transactions for hedging purposes documented regularly. In case, hedging transactions do not to meet the hedging accounting conditions, adjustments to fair value of hedged item, which are rediscounted within days to maturity, are reflected in Income Statement.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**ACCOUNTING PRINCIPLES (Continued)**

**IV. Explanations on Forward and Option Contracts and Derivative Instruments (Continued)**

Bank has started a fair value hedge for the value of its fixed coupon government bonds in September 2012 by using swaps as hedging instruments

While the Bank recognizes the fair value changes of the hedged items in the “other interest income” and “other interest expense” accounts, it recognizes the fair value changes of the hedging instruments related to the same period in the “gains/(losses) from derivative financial instruments” account.

Additionally, the difference between the fair value and carrying value of the hedged items as of the application date of hedge accounting is amortized based on their maturities and recognized in “other interest income” and “other interest expense” accounts.

**V. Explanations on Interest Income and Expenses**

Interest income and expense are recognized in the income statement for all interest bearing instruments whose cash inflows and outflows are known 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.

**VI. Explanations on Fees and Commission Income and Expenses**

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

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

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

**VII. Explanations on Financial Assets**

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

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**ACCOUNTING PRINCIPLES (Continued)**

**VII. Explanations on Financial Assets (Continued)**

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 described 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 value of these assets approximates 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”.

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

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 other than 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.

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 Valuation Differences” 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 value of these securities is determined using the prices declared in the Official Gazette or other valuation methods stated in TAS.

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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**ACCOUNTING PRINCIPLES (Continued)**

**VII. Explanations on Financial Assets (Continued)**

*Held to Maturity Investments and Financial Assets Available for Sale (Continued)*

Following the merger with Fortis Bank A.Ş. dated 14 February 2011, the Bank revised its risk management policies. As a result, held to maturity investments amounting to TL 261,199 are classified as financial assets available for sale in 2011 in accordance with TAS 39.

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” rule.

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

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

*Loans and Provisions for Impairment*

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

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

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 economic 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 1 November 2006 which was amended with the communiqué published in the Official Gazette No. 27119 dated 23 January 2009. 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 Loan Losses and Other Receivables” account in the income statement, and related interest income is credited to the “Interest Received from Non-performing Loans” account.

Releases of loan loss provisions are booked in “Other Operating Income” account and reversed from the “Provision and Impairment Expenses - Specific Provision Expense” account in the income statement. The related non-performing loans have been from the accounts. Sales income that has been netted off with “Provision for Loan Losses and Other Receivables” in the financials..

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**ACCOUNTING PRINCIPLES (Continued)**

**VII. Explanations on Financial Assets (Continued)**

The Bank has reflected in related period financial statements the general provision difference calculated for standard and under close monitoring loans with the mentioned ratios and provided until 31 December 2015 according to change in paragraph 7, article 1 of Communiqué on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” dated 21 September 2012, numbered 28418.

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

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss or not. If any such indication exists, the Bank determines the related impairment.

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

**IX. Explanations on Offsetting of Financial Assets and Liabilities**

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

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

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

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

As of 31 December 2012, the Bank has reverse repo amounting to TL1,700,295 (31 December 2011: TL510,329).

As of 31 December 2012, the Bank does not have any marketable securities lending transaction (31 December 2011: None).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**ACCOUNTING PRINCIPLES (Continued)**

**XI. Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets**

Assets held for sale are those under a plan prepared 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 31 December 2012, assets held for sale of the Bank are TL61,590 (31 December 2011: TL67,049). As per the appraisals performed for the real estates held for sale included “Assets Held for Sale” in the financial statements, TL1,291 (31 December 2011: TL3,261) has been reserved as provision for impairment losses.

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.

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In the merger transaction where acquirer and acquiree exchange equity instruments, it is taken into account the fair value of equity shares exchanged and the difference between such amount and fair value of the acquiree's identifiable net asset value is accounted as goodwill. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period shall not exceed one year from the acquisition date.

Goodwill arising on an acquisition of a business or a merger is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Bank's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**ACCOUNTING PRINCIPLES (Continued)**

**XII. Explanations on Goodwill and Other Intangible Assets (Continued)**

Under the Banking Regulation and Supervision Agency decision dated 10 February 2011 and the release of decision in Official Newspaper, all rights, receivables, assets and liabilities of Fortis Bank A.Ş. would be transferred to the Bank as stated in Istanbul Commerce Trade dated 14 February 2011.

Within the framework of TFRS 3 “Business Combination”, identifiable assets and liabilities acquired at the merger date are measured at their acquisition date fair value. The resulting difference of TL48,783 is shown in related assets and liability section, the equity impact is shown under other shareholder’s equity section. The amount of TL421,124, which is the difference between the fair value of identifiable net asset value of 2,385,482 and the liability of 1,964,358 is accounted as goodwill in the financial statements of the Bank.

Intangible assets are accounted for at restated cost until 31 December 2004 in accordance with inflation accounting and are amortized with straight-line method, after 31 December 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 amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

The other intangible assets of the Group comprise mainly softwares. The useful lives of such assets acquired are determined as 3-5 years by taking into consideration the expected utilization period, technical, technological or any other impairment and maintenance expenses necessary for the economic use of such assets. Softwares used are mainly developed within the Parent Bank by the Bank’s personnel and the related expenses are not capitalized.

There are no anticipated changes in the accounting estimates about the amortization rate and amortization 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 31 December 2004; after 31 December 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 31 December 2004; afterwards the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected less reserve for impairment, if any, 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. No amendment has been made to the depreciation method in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Motor vehicles	10-20
Furniture, fixtures and office equipment and others	2-50

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**ACCOUNTING PRINCIPLES (Continued)**

**XIII. Explanations on Tangible Fixed Assets (Continued)**

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

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed.

There are no pledges, mortgages or other restrictions on the tangible fixed assets.

There is 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.

The Bank employs independent appraisers in determining the current fair values of its real estates when there is any indication of impairment in value of real estates.

**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 of only foreign currency liabilities, are translated to 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 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" by taking the useful lives into account.

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

The Bank does not have any leasing transactions as “Lessor”.

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

Provisions are recognized when there is a present obligation, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Bank’s best expectation of expenses in fulfilling the obligation, and discounted to present value if material. Provisions and contingent liabilities, excluding Specific and general provisions for loans and other receivables, are recognized in accordance with the Turkish Accounting Standards (“TAS 37”) regarding “Provisions, Contingent Liabilities and Contingent Assets”

According to the decision numbered 11-55/1438 dated 2 November 2011 of the Competition Board, investigation on some enterprises in banking sector, including the parent bank, allegedly violating the “Law about Preserving the Competition” numbered 4054 is continuing. Considering the investigation and uncertainty of the case, no provision is necessary as of 31 December 2012.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**ACCOUNTING PRINCIPLES (Continued)**

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

*Defined Benefit Plans*

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

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

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Group uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually. The carrying value of provision for employee termination benefits as of 31 December 2012 is TL89,898 (31 December 2011: TL57,957).

	<b>31 Decemeber 2012</b>	<b>31 December 2011</b>
Discount Rate (%)	6.91	9.55
Expected Inflation Rate (%)	4.78	5.13

Employees transferred to the Bank following the business combination defined in “General Information” of the Bank and Fortis Bank A.Ş. are the members of “Türk Dış Ticaret Bankası Mensupları Pension Fund Foundation” (the “Pension Fund”) which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No: 506. Technical financial statements of the Pension Fund are reviewed by a licensed actuary in accordance with Article 38 of the Insurance Supervisory Law and the “Actuary Regulations” issued based on the same article. As of 31 December 2012, the Pension Fund has 2,571 employees and 873 pensioners (31 December 2011: 3,203 employees and 828 pensioners).

Provisional Article 23 (1) of Banking Law No: 5411 (the “Banking Law”) published in the Official Gazette repeated no: 25983 on 1 November 2005 requires the transfer of bank funds to the Social Security Institution (the “SSI”) within 3 years after the effective date of the Banking Law and the related paragraph also sets out the basis for the related transfer. However, Article 23 (1) of Banking Law No: 5411 was annulled based on the Constitutional Court’s ruling issued on 22 March 2007 and ruled for the stay of execution as of 31 March 2007. The related Court ruling and its basis were published in the Official Gazette No: 26731 on 15 December 2007.

Following the publication of the said decree of the Constitutional Court, the Turkish Grand National Assembly (the “TGNA”) initiated its studies on the development of new regulations in regards to the transfer of bank pension participations to the SSI and the related articles of the Social Security Law that are set out to determine the basis of fund transfers and new regulations became effective with its publication in the Official Gazette No: 26870 on 8 May 2008 and the completion of the transfer within 3 years starting from 1 January 2008. Upon the Council of Ministers’ resolution issued in the Official Gazette, the transfer period has been extended for 2 years as of 14 March 2011. According to amendment on the social security and general health insurance law published in the Official Gazette dated 8 March 2012 numbered 6283, mentioned 2-year transfer period has been increased to 4 years.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**ACCOUNTING PRINCIPLES (Continued)**

**XVI. Explanations on Liabilities Regarding Employee Benefits (Continued)**

According to the related regulation, all other outstanding social rights and payments of participants (even though they are covered in their respective settlement deed) shall be covered by the companies employing pension fund participants following the transfer of the pension fund participants and/or those that are paid annuities and their beneficiaries to the Social Security Institution.

The technical financial statements of the Pension Fund are prepared by an independent actuary company considering related regulation and the Fund is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2012. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

Since the Bank management anticipates that any potential liability that may be incurred during or after the transfer within the above-mentioned limits will be likely recoverable, they believe such liabilities will not bring any additional liability to the Bank.

*Defined Contribution Plans*

The Bank pays contributions to Social Security Funds and to “Security Fund” whose members joined to the Bank as a consequence of merger.

**XVII. Explanations on Taxation**

*Corporate tax*

According to the Article 32 of the Corporate Tax Law No. 5520, announced in the Official Gazette dated 21 June 2006, the corporate tax rate is 20%.

The tax legislation requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset from the final tax liability for the year. On the other hand, corporate tax and any related taxes paid to foreign tax offices for the income obtained from foreign branches are offset against the corporate tax levied in Turkey.

75% of participation shares held at least for two years and 75% of sale proceeds of real estate, to the extent that they are included in capital as required in Corporate Tax Law or they are retained in a special fund liability account for 5 years, and 75% of sale proceeds of real estate received from bank receivables are exempt from corporate taxation.

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

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

*Deferred Tax Liability / Asset*

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

As of 31 December 2012 and 31 December 2011, 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 8 December 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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**ACCOUNTING PRINCIPLES (Continued)**

**XVII. Explanations on Taxation (Continued)**

As a result of clarification, deferred tax assets presented as net on assets on the balance sheet and deferred tax liability presented as net on liabilities on balance sheet. Deferred tax benefits has presented on statement of profit and loss amounting TL 84,599 (31 December 2011: TL 48,791). Portion of deferred tax accounted for under equity related to valuation differences, has netted and presented within relevant equity account groups on statement of profit and loss accounted under equity; TL 40,896 debited from available-for-sale financial assets, TL 13,543 charged from hedge portfolio and TL 692 charged from transfer to loss (profit in the period), which results in total of TL 26,661 debit amount.

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.

**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 in the period they are incurred.

Debt securities issued by the Bank are accounted at amortized cost using effective interest rate method.

The Bank has not issued convertible bonds.

**XIX. Explanations on Issued Share Certificates**

Following announcement of the Banking Regulation and Supervision Agency approval dated 10 February 2011 at the Official Gazette dated 12 February 2011 and numbered 27844, merger of two bank by means of transfer of all rights, receivables, liabilities and obligations to the Bank by dissolution of Fortis Bank A.Ş. has been effectuated with the relevant registration dated 14 February 2011 to İstanbul Trade Registry. Due to the merger, ceiling for the registered capital of the Bank is increased from TL1,400,000 to TL2,204,390, and the issued capital of the Bank is increased by TL1,104,390 from TL1,100,000 to TL2,204,390.

**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 Bank.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**ACCOUNTING PRINCIPLES (Continued)**

**XXII. Explanations on Reporting According to Segmentation**

The Bank mainly operates in retail and corporate banking segments.

<b>Current Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME(*)</b>	<b>Treasury/ Head Office</b>	<b>Total</b>
Net interest income	283,583	206,735	761,939	592,457	1,844,714
Net fees and commissions income and other operating income	149,223	126,609	200,208	152,801	628,841
Trading profit / loss	(2,579)	167	(714)	(78,337)	(81,463)
Dividend income	-	-	-	18,063	18,063
Impairment provision for loans and other receivables (-)	84,451	28,793	118,937	41,721	273,902
Other operating expenses (-)	226,090	42,837	357,681	868,923	1,495,531
<b>Profit before taxes</b>	<b>119,686</b>	<b>261,881</b>	<b>484,815</b>	<b>(225,660)</b>	<b>640,722</b>
Tax provision (-)	-	-	-	155,095	155,095
<b>Net profit for the period</b>	<b>119,686</b>	<b>261,881</b>	<b>484,815</b>	<b>(380,755)</b>	<b>485,627</b>

<b>Current Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>SME(*)</b>	<b>Treasury/ Head Office</b>	<b>Total</b>
Segment assets	7,118,453	6,699,774	13,364,946	16,181,296	43,364,469
Investments in associates, subsidiaries and jointly controlled entities	-	-	-	167,866	167,866
<b>Total Assets</b>	<b>7,118,453</b>	<b>6,699,774</b>	<b>13,364,946</b>	<b>16,349,162</b>	<b>43,532,335</b>
Segment liabilities	15,850,708	7,606,923	5,169,332	10,099,790	38,726,753
Shareholders' equity	-	-	-	4,805,582	4,805,582
<b>Total Liabilities</b>	<b>15,850,708</b>	<b>7,606,923</b>	<b>5,169,332</b>	<b>14,905,372</b>	<b>43,532,335</b>

(\*) SME that was reported in corporate banking in prior period is shown separately in current period.

<b>Prior Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>Treasury/ Head Office</b>	<b>Total</b>
Net interest income	190,758	689,986	494,258	1,375,002
Net fees and commissions income and other operating income	66,652	92,933	261,916	421,501
Trading profit / loss	10,464	57,879	(92,651)	(24,308)
Dividend income	-	-	18,234	18,234
Impairment provision for loans and other receivables (-)	55,610	94,611	(22,270)	127,951
Other operating expenses (-)	221,838	400,530	756,773	1,379,141
<b>Profit before taxes</b>	<b>(9,574)</b>	<b>345,657</b>	<b>(52,746)</b>	<b>283,337</b>
Tax provision (-)	-	-	76,662	76,662
<b>Net profit for the period</b>	<b>(9,574)</b>	<b>345,657</b>	<b>(129,408)</b>	<b>206,675</b>

<b>Prior Period</b>	<b>Retail</b>	<b>Corporate</b>	<b>Treasury/ Head Office</b>	<b>Total</b>
Segment assets	17,454,651	6,039,153	14,430,068	37,923,872
Investments in associates, subsidiaries and jointly controlled entities	-	-	167,866	167,866
<b>Total Assets</b>	<b>17,454,651</b>	<b>6,039,153</b>	<b>14,597,934</b>	<b>38,091,738</b>
Segment liabilities	11,520,914	11,281,502	11,076,011	33,878,427
Shareholders' equity	-	-	4,213,311	4,213,311
<b>Total Liabilities</b>	<b>11,520,914</b>	<b>11,281,502</b>	<b>15,289,322</b>	<b>38,091,738</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**ACCOUNTING PRINCIPLES (Continued)**

**XXIII. Explanations on Other Matters**

**Other Matters:**

- i) It has been unanimously resolved in the General Ordinary Assembly dated 26 March 2012, whole balance of the profit shall be transferred to the extraordinary reserves after setting aside, in accordance with the proposal in the resolution dated 1 March 2011 and numbered 4655/18 of the Board of Directors, primary legal reserves of TL10,334 the profit distributed to the holders of the founder jouissance certificates of full TL0.17, the second legal reserves of full TL0.02 and the amount of TL908 which corresponds to the 75% of the profit from the sale of the subsidiary as per article 5.1/e of the Corporate Tax Law, as special reserves from the total profit amount of TL206,675 of 2011 financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

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**SECTION FOUR**

**INFORMATION ON FINANCIAL STRUCTURE**

**I. Explanations Related to Capital Adequacy Standard Ratio**

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with "Communiqué on Measurement and Assessment of Capital Adequacy of Banks ", "Communiqué on Credit Risk Mitigation Techniques", "Communiqué on Calculation of Risk Weighted Amounts for Securitisations" published in the Official Gazette dated 28 June 2012 numbered 28337 and the "Communiqué on Equities of Banks" published on 1 November 2006 in the Official Gazette numbered 26333. The Bank's unconsolidated capital adequacy ratio is occurred 15.24% in accordance with the related Communiqué as of 31 December 2012. As of 31 December 2011, capital adequacy ratio is calculated as 14.23% accordance with "Communiqué on Equities of Banks" published on 1 November 2006 Official Gazette numbered 26333

In the computation of capital adequacy standard ratio, information prepared in accordance with statutory accounting data which is included in the calculation of credit and market risks classified as "Trading Accounts" and "Banking Accounts" according to the Regulation, is used.

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

Trading Accounts Counterparty receivables related to non-cash loans is multiplied with the loan conversion rates presented in article 5 of "Communique on Measurement and Assessment of Capital Adequacy of Banks" and risk mitigation is applied in accordance with "Communiqué on Credit Risk Mitigation Techniques", calculated by applying the risk weights presented in the article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

In calculation of the basis of the value at credit risk for the derivative financial instruments and the receivables from counterparties indicated on the bank accounting are multiplied by the rates presented in the Appendix-2 of the "Communique on Measurement and Assessment of Capital Adequacy of Banks", is subjected to risk reduction presented in "Communique on Credit Risk Mitigation Techniques " and then included in the relevant exposure category presented in the article 6 of the "Communique on Measurement and Assessment of Capital Adequacy of Banks" and weighted to risk weight classification indicated as per Appendix-1 of the Regulation

According to the Clause 7 of the " Communiqué on Measurement and Assessment of Capital Adequacy of Banks" presented in the article 5 of the regulation, "counterparty credit risk" is calculated for repurchase transactions, marketable securities and commodity market transactions.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.**

**UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations Related to Capital Adequacy Standard Ratio (Continued)**

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

	Risk Weight								
	%0	%10	%20	%50	%75	%100	%150	%200	%1250
<b>Value at Credit Risk Exposure Categories</b>									
Conditional and unconditional receivables from central governments or central banks									
Conditional and unconditional receivables from regional or local governments	8,035,816	-	-	-	-	5,213	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	150,383	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	13,291	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from corporate	-	-	1,370,990	861,313	-	276,328	14,268	-	-
Conditional and unconditional retail Receivables	-	-	-	-	-	13,436,857	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	-	13,642,037	-	-	-	-
Past due receivables	-	-	-	4,443,785	248,643	152,207	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	243,189	14,270	-	-
Securities collateralised by mortgages	-	-	-	-	-	26,379	858,747	1,252,069	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	641,382	-	-	-	-	1,794,155	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
<b>Total Value at Risk</b>	<b>8,677,198</b>	<b>-</b>	<b>1,521,373</b>	<b>5,305,098</b>	<b>13,890,680</b>	<b>15,947,619</b>	<b>887,285</b>	<b>1,252,069</b>	<b>-</b>
<b>Total Risk Weighted Assets</b>	<b>-</b>	<b>-</b>	<b>304,275</b>	<b>2,652,549</b>	<b>10,418,010</b>	<b>15,947,619</b>	<b>1,330,928</b>	<b>2,504,138</b>	<b>-</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations Related to Capital Adequacy Standard Ratio (Continued)**

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

	<b>Current Period</b>
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	2,652,601
Capital Requirement for Market Risk (CRMR)	37,474
Capital Requirement for Operational Risk (CROR) (*)	274,451
Shareholders' Equity	5,647,740
Shareholders' Equity / ((CRCR+CRMR+CROR)*12.5*100)	15.24

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

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>CORE CAPITAL</b>		
Paid-in Capital	2,204,390	2,204,390
Nominal Capital	2,204,390	2,204,390
Capital Commitments (-)	-	-
Inflation Adjustments to Paid-in Capital	200,262	200,262
Share Premium	2,565	2,565
Share Cancellation Profits	-	-
Reserves	1,740,661	1,534,894
Inflation Adjustments to Reserves	-	-
Profit	495,124	216,172
Current Period's Profit	485,627	206,675
Prior Period's Profit	9,497	9,497
Provision for Possible Losses (upto 25% of Core Capital)	-	-
Income on Sale of Equity Shares and Real Estates	101,391	100,483
Primary Subordinated Debts	178,230	188,890
Loss (in excess of Reserves) (-)	-	-
Current Period's Losses	-	-
Prior Period's Losses	-	-
Leasehold Improvements on Operational Leases (-)	54,151	58,647
Intangible Assets (-)	443,401	438,346
Deferred Tax Asset in excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
<b>Total Core Capital</b>	<b>4,425,071</b>	<b>3,950,663</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	405,305	264,114
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	-	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	527	527
Primary Subordinated Debts excluding the portion included in Core Capital	-	-
Secondary Subordinated Debts	791,715	476,704
45% of Securities Value Increase Fund	27,695	(99,270)
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit/Loss (excluding inflation adjustment of reserves)	-	-
<b>Total Supplementary Capital</b>	<b>1,225,242</b>	<b>642,075</b>
<b>CAPITAL</b>	<b>5,650,313</b>	<b>4,592,738</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>2,573</b>	<b>1,362</b>
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at 10% or more	-	-
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	1,324	305
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	1,162	1,057
Securitisation Positions to be Deducted from Equity	-	-
Other Deduction Items	87	-
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>5,647,740</b>	<b>4,591,376</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**I. Explanations Related to Capital Adequacy Standard Ratio (Continued)**

**Information on applied approaches in order to evaluate internal capital adequacy within the scope of internal capital adequacy evaluation of internal capital requirement in terms of future and current activities:**

According to definition and evaluation not to be exposed to risk at present or in the future, The Bank has created “Internal Capital Adequacy Evaluation Process” in order to provide development and implementation of proper risk management techniques aimed at reviewing and managing risks at issue, and providing sufficient capitalization to compensate risks at issue. Planning and performing the Evaluation Process responsibilities belongs to Group Risk Management (GRM) in accordance with article 45 of “Communiqué on Banks’ Internal Control and Risk Management Systems”. GRM includes contribution of Internal Audit, Internal Control and Department of Financial Affairs to demand and process to provide optimum comprehensive approach of Evaluation process. Evaluation process that is included countable and uncountable risks is risk-oriented and prudential, and constitutes a clearly connection between risk types and required capital level. Risk types considered on Evaluation Process is defined on the Evaluation Report and Risk Management Regulation.

Process and Evaluation Report is submitted to Board of Directors after being approved by Risk Policies Committee and Audit Committee

**II. Explanations Related to Credit Risk**

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

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

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

As prescribed in the Communiqué on “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 statements of accounts for the loans are 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.

According to the “Communiqué 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 numbered 26333 dated 1 November 2006 which was amended with the communiqué published in the Official Gazette numbered 27119 dated 23 January 2009; Non-required delay time Loans that is not classified as Group III Loans, whose principal and interest payment collection delayed more than 30 days are considered as Non-Performing Loan in the Accounting Practice; group III, IV and V loans defined on the mentioned communiqué are considered as impaired receivables without considering refinancing or addition accrued interest and quasi-interest loading to principal.

The Bank provides specific reserves to Group III, IV and V loans in accordance with “Communiqué on *Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves*”

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**II. Explanations Related to Credit Risk (Continued)**

Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types for the relevant period:

<b>Exposure classifications</b>	<b>Current Period Risk Amount(*)</b>	<b>Average Risk Amount(*,**)</b>
Conditional and unconditional receivables from central governments or central banks	8,041,029	8,075,887
Conditional and unconditional receivables from regional or local governments	151,469	130,196
Conditional and unconditional receivables from administrative units and non-commercial enterprises	13,291	20,761
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	2,557,272	2,594,096
Conditional and unconditional corporate receivables	14,128,412	13,835,642
Conditional and unconditional retail receivables	13,953,735	12,221,698
Conditional and unconditional secured mortgage receivables	4,844,635	6,554,513
Past due receivables	257,459	253,335
Receivables defined in high risk category by BRSA	2,137,640	1,568,239
Securities collateralised by mortgages	-	-
Securitisation positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	2,447,654	2,480,333

(\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

(\*\*) Average risk amount is calculated by taking the average of balances on quarterly prepared reports from (28.06.2012)the date Communiqué on Measurement and Assessment of Capital Adequacy of Banks is published to the end of the related period.

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

The fulfillment of the benefits and proceeds related to forward transactions is realized at maturity. However, in order to minimize the risk, counter positions of existing risks are entered into in the market due to necessity.

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

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

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

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

As of 31 December 2012, the receivables of the Bank from its top 100 and top 200 cash loan customers amount to TL3,437,214 and TL4,603,490 with a share of 11.68% and 15.64% respectively in the total cash loans.

As of 31 December 2012, the receivables of the Bank from its top 100 ve top 200 non-cash loan customers amount to TL3,957,550 and TL5,027,715 with a share of 38.41% and 48.80% respectively in the total non-cash loans.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

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

As of 31 December 2012, the share of cash and non-cash receivables of the Bank from its top 100 ve top 200 loan customers in total balance sheet and off-balance sheet assets is 5.67% and 7.62% respectively.

As of 31 December 2012, the general loan loss provision related with the credit risk taken by the Bank is TL405,305 (31 December 2011: TL264,114).

The table below shows the maximum exposure to credit risk for the components of the financial statements:

	Current Period	Prior Period
Central Bank of Turkey	3,808,017	3,205,179
Due from banks	709,196	341,055
Other money markets	1,700,295	510,329
Trading financial assets	450,661	946,919
Derivative financial instruments held for trading	160,267	319,616
Derivative financial instruments for hedging purposes	16,883	22,800
Financial assets available-for-sale	4,257,614	4,634,600
Held-to-maturity investments	-	-
Loans	29,685,734	25,652,425
<b>Total</b>	<b>40,788,667</b>	<b>35,632,923</b>
Contingent liabilities	10,303,219	8,062,782
Commitments	9,843,638	8,127,532
<b>Total</b>	<b>20,146,857</b>	<b>16,190,314</b>
<b>Total credit risk exposure</b>	<b>60,935,524</b>	<b>51,823,237</b>

Credit quality per class of financial assets as of 31 December 2012 and 31 December 2011 is as follows:

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and receivables			
Commercial loans	18,909,988	911,967	19,821,955
Consumer loans	7,607,617	387,217	7,994,834
Credit cards	1,591,411	277,534	1,868,945
<b>Total</b>	<b>28,109,016</b>	<b>1,576,718</b>	<b>29,685,734</b>
Prior Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and receivables			
Commercial loans	16,968,403	788,404	17,756,807
Consumer loans	5,998,435	505,521	6,503,956
Credit cards	1,212,389	179,273	1,391,662
<b>Total</b>	<b>24,179,227</b>	<b>1,473,198</b>	<b>25,652,425</b>

Carrying amount per class of financial assets whose terms have been renegotiated:

	Current Period	Prior Period
Loans and receivables		
Commercial loans	170,772	75,913
Consumer loans	315,599	27,326
Credit cards	-	2,741
<b>Total</b>	<b>486,371</b>	<b>105,980</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

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

**Credit Rating System**

The credit risk is assessed through the internal rating system of the Bank, by classifying loans from highest grade to lowest grade according to the probability of default. As of 31 December 2012, consumer loans and business loans are excluded from the internal rating system of the Bank and those loans are 37% of total loan portfolio.

The risks that are subject to rating models can be allocated as follows:

<b>Category</b>	<b>Description of Category</b>	<b>Share in the Total %</b>
1st Category	The borrower has a very strong financial structure	35.52
2nd Category	The borrower has a good financial structure	24.93
3rd Category	The borrower has an intermediate level of financial structure	32.92
4th Category	The financial structure of the borrower has to be closely monitored in the medium term	6.63
	<b>Total</b>	<b>100.00</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.**

**UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

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

**Profile of significant exposures in major regions:**

	Exposure Categories															
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Other receivables
<b>Current Period</b>																
Domestic	339	29,902	7,775	-	-	463,652	9,215,805	8,814,282	2,491,666	262,735	3,792,259	-	-	-	-	1,475,738
European Union (EU)																
Countries	-	-	-	-	-	147,419	23,608	45	103	13	-	-	-	-	-	-
OECD Countries*	-	-	-	-	-	2,939	-	-	-	-	-	-	-	-	-	-
Off-Shore Banking																
Regions	4,874	-	-	-	-	80,748	35,581	43,104	11,873	1,541	-	-	-	-	-	-
USD, Canada	-	-	-	-	-	66,776	-	-	-	303	-	-	-	-	-	-
Other Countries	-	-	-	-	-	18,239	115,564	5,828	2,257	2	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	167,861
Unallocated Assets/Liabilities**	-	392	5,515	-	-	243,589	4,737,854	1,602,042	54,683	-	26,824	-	-	-	-	162,673
<b>Total</b>	<b>5,213</b>	<b>30,294</b>	<b>13,290</b>	<b>-</b>	<b>-</b>	<b>1,023,362</b>	<b>14,128,412</b>	<b>10,465,301</b>	<b>2,560,582</b>	<b>264,594</b>	<b>3,819,083</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,806,272</b>

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

(\*\*) Includes assets and liability items that can not be allocated on a consistent basis.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

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

**Risk profile by Sectors or Counterparties:**

	Exposure Categories																TL (*)	FC	Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Other receivables			
Agriculture	-	-	-	-	-	519,275	744,293	74,854	9,294	277	-	-	-	-	-	-	1,160,889	187,104	1,347,993
Farming and Stockbreeding	-	-	-	-	-	457,228	684,877	69,355	8,681	175	-	-	-	-	-	-	1,056,280	164,036	1,220,316
Forestry	-	-	-	-	-	56,525	50,509	4,171	571	83	-	-	-	-	-	-	89,776	22,083	111,859
Fishery	-	-	-	-	-	5,522	8,907	1,328	42	19	-	-	-	-	-	-	14,833	985	15,818
Manufacturing	-	70	-	-	-	8,725,675	3,462,054	463,581	97,756	10,620	-	-	-	-	-	-	7,257,592	5,502,164	12,759,756
Mining and Quarrying	-	-	-	-	-	245,505	198,030	21,642	3,528	270	-	-	-	-	-	-	322,578	146,397	468,975
Production	-	70	-	-	-	8,361,744	3,248,781	440,358	94,086	10,327	-	-	-	-	-	-	6,846,076	5,309,290	12,155,366
Electricity, Gas and Water	-	-	-	-	-	118,426	15,243	1,581	142	23	-	-	-	-	-	-	88,938	46,477	135,415
Construction	-	-	-	-	-	1,705,687	549,278	160,740	21,714	5,206	-	-	-	-	-	-	1,427,381	1,015,244	2,442,625
Services	5,213	30,224	13,290	-	-	1,023,362	2,818,904	1,898,287	400,924	92,380	9,140	-	-	-	-	235,040	4,385,631	2,141,133	6,526,764
Wholesale and Retail Trade	-	1,845	-	-	-	1,106,652	765,471	137,460	21,296	1,901	-	-	-	-	-	2,769	1,648,878	388,516	2,037,394
Accommodation and Dining	-	-	-	-	-	305,717	143,618	58,077	3,128	284	-	-	-	-	-	-	329,017	181,807	510,824
Transportation and Telecom.	-	-	-	-	-	718,465	481,425	50,073	26,174	579	-	-	-	-	-	-	877,026	399,690	1,276,716
Financial Institutions	5,213	-	-	-	-	1,023,362	60,716	11,475	1,171	27,819	5,409	-	-	-	-	229,796	638,435	726,526	1,364,961
Real Estate and Rental Services	-	-	-	-	-	384,586	274,681	117,044	6,307	390	-	-	-	-	-	-	393,025	389,983	783,008
Professional Services	-	-	13,290	-	-	117,458	110,210	16,033	5,082	413	-	-	-	-	-	308	223,918	38,876	262,794
Educational Services	-	1	-	-	-	4,440	21,483	2,933	534	36	-	-	-	-	-	1,946	30,766	607	31,373
Health and Social Services	-	28,378	-	-	-	120,870	89,924	18,133	2,040	128	-	-	-	-	-	221	244,566	15,128	259,694
Other	-	-	-	-	-	358,871	3,811,389	1,460,483	43,450	3,793,840	-	-	-	-	-	1,571,232	10,767,832	271,433	11,039,265
<b>Total</b>	<b>5,213</b>	<b>30,294</b>	<b>13,290</b>	<b>-</b>	<b>-</b>	<b>1,023,362</b>	<b>14,128,412</b>	<b>10,465,301</b>	<b>2,560,582</b>	<b>264,594</b>	<b>3,819,083</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,806,272</b>	<b>24,999,325</b>	<b>9,117,078</b>	<b>34,116,403</b>

(\*) Foreign Currency oriented credits are shown in TP column.

(\*\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

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

**Analysis of maturity-bearing exposures according to remaining maturities:**

Exposure classifications	Term To Maturity				
	Up to 1Month	1-3 Month	3-6 Month	6-12 Month	Over 1 year
Conditional and unconditional exposures to central governments or central banks	-	-	4,875	-	338
Conditional and unconditional exposures to regional governments or local authorities	161	335	303	795	28,308
Conditional and unconditional receivables from administrative units and non-commercial enterprises	7,775	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	415,909	15,913	118,320	10,684	25,426
Conditional and unconditional exposures to corporates	4,150,645	511,960	1,036,269	1,203,068	2,487,326
Conditional and unconditional retail exposures	4,105,890	303,268	392,021	650,398	3,403,757
Conditional and unconditional exposures secured by real estate property	467,421	28,686	60,514	83,749	1,865,315
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	214,000	3,578,258
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	723,465	-	-	-	-
<b>Total</b>	<b>9,871,266</b>	<b>860,162</b>	<b>1,612,302</b>	<b>2,162,694</b>	<b>11,388,728</b>

(\*) Risk amounts after conversion rate to credit are given before credit risk mitigation.

**Information about the risk exposure categories;**

As explained on the 6. Article of the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks ", receivables from central governments or central banks are calculated according to the OECD's published country risks.

Receivables from unrated nonresident banks and brokerage houses may receive a risk weight lower than that applied to claims on its sovereign of incorporation. Unrated bank with a days to maturity less than 3 months subject to a floor of %20, days to maturity more than 3 months subject to a floor of %50. Receivables from corporate is subject to a floor of %100 or a higher country risk applied to sovereign of incorporation.

Credit quality step and risk weight matching table is shown below which is based on the OECD's published country risk classifications;

OECD Credit Quality Level	Receivables from Central Governments or Central Banks	Receivables from Banks and Brokerage Houses		Corporate Receivables
		DTM less than 3 months	DTM higher than 3 months	
0	0%	20%	50%	100%
1	0%	20%	50%	100%
2	20%	20%	50%	100%
3	50%	50%	50%	100%
4	100%	100%	100%	100%
5	100%	100%	100%	100%
6	100%	100%	100%	100%
7	150%	150%	150%	150%

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

**Exposures by risk weights:**

<b>Risk Weights</b>	<b>%0</b>	<b>%10</b>	<b>%20</b>	<b>%50</b>	<b>%75</b>	<b>%100</b>	<b>%150</b>	<b>%200</b>	<b>%1250</b>	<b>Deductions from Equity</b>
Exposures before										
Credit Risk	8,677,197	-	1,523,460	5,330,682	14,202,377	16,659,524	887,285	1,252,068	-	500,126
Mitigation										
Exposures after										
Credit Risk	8,677,197	-	1,521,372	5,305,097	13,890,680	15,947,620	887,285	1,252,069	-	500,126
Mitigation										

**Informations in terms of major sectors and type of counterparties:**

<b>Major Sectors / Counterparties</b>	<b>Credits</b>		<b>Value Adjustments</b>	<b>Provisions</b>
	<b>Impaired Credits</b>	<b>Past Due Credits</b>		
Agriculture	21,378	86,719	1,587	12,121
Farming and Stockbreeding	-	-	-	-
Forestry	21,146	85,378	1,562	11,937
Fishery	232	1,341	25	184
Manufacturing	236,712	356,163	6,513	143,239
Minning and Quarrying	9,800	1,710	31	9,306
Production	223,683	349,234	6,387	132,394
Electricity, Gas and Water	3,229	5,219	95	1,539
Construction	58,688	72,493	1,326	39,129
Services	146,721	294,972	5,395	83,790
Wholesale and Retail Trade	48,863	81,970	1,499	28,235
Accommodation and Dining	5,949	22,415	410	2,707
Transportation and Telecom.	57,115	67,513	1,235	32,720
Financial Institutions	1,216	21,283	389	868
Real Estate and Rental Services	12,153	27,721	507	6,040
Professional Services	-	-	-	-
Educational Services	954	4,647	85	529
Health and Social Services	20,471	69,423	1,270	12,691
Other	179,727	508,912	9,308	107,488
<b>Total</b>	<b>643,226</b>	<b>1,319,259</b>	<b>24,129</b>	<b>385,767</b>

**Information about Value Adjustment and Change in Provisions**

	<b>31.12.2011 Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Write off from Asset</b>	<b>Other Adjustments*</b>	<b>31.12.2012 Balance</b>
Specific Provisions	517,518	263,906	(90,144)	(305,513)	-	385,767
General Provisions	264,114	214,225	(73,034)	-	-	405,305

(\*) Determined according to currency differences, business merger, acquisition and disposition of affiliate company

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**III. Explanations Related to Market Risk**

- a) The Bank’s risk management operations, applied in accordance with Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” and “Regulations about Bank’s Internal Systems” are conducted by The Board of Directors.

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

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 in the computation of capital adequacy, the amount subject to VAR calculated by using the standard method (summarized below) is taken into consideration. Besides the standard 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, and results are reported daily to the management.

- i) Information Related to Market Risk:

	<b>Amount</b>
(I) Capital Requirement against General Market Risk - Standard Method	12,998
(II) Capital Requirement against Specific Risks - Standard Method	1,889
Capital requirement against Specific Risks of Securitisation Positions– Standard Method	-
(III) Capital Requirement against Currency Exchange Risk - Standard Method	9,009
(IV) Capital Requirement against Commodity Risks - Standard Method	-
(V) Capital Requirement against Exchange Risks - Standard Method	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	523
(VII) Capital requirement against Counterparty Credit Risks - Standard Method	13,055
(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement Model	-
(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)	37,474
<b>(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)</b>	<b>468,425</b>

- ii) Average market risk table calculated at month ends during the period:

	<b>Current Period</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Interest Rate Risk	21,605	33,157	10,113
Common Stock Risk	3,311	3,899	-
Currency Risk	5,849	9,429	3,103
Commodity Risk	-	-	-
Exchange Risk	-	-	-
Option Risk	473	1,913	1
Counterparty Credit Risk	15,407	17,946	13,055
<b>Total Value Subject to Risk (*)</b>	<b>585,398</b>	<b>832,617</b>	<b>329,714</b>

- (\*) “Total Value Subject to Risk” is calculated as the total amount of capital requirements for the market risk multiplied by 12.5.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

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

b) Information on Counterparty Credit Risk,

Limit requests of clients demanding derivative transaction are evaluated based on the related line of business in different credit committees. Limit amounts approved by credit committee are risk weighted limits. In calculation of risk amount traced to risk weighted limits is multiplied by ratios based on each factor’s historical movement and that change according to transaction’s nominal amount, transaction’s maturity, type, currency and purpose. Updates are generally conducted on a yearly basis except for the times of strict market fluctuations. In other words, if current tables do not cover risk calculations efficiently in case of strict market fluctuations, all tables are reviewed without waiting for annual period.

In table calculations, different time periods are considered while making analyses. If there is a period in data set with strictly fluctuating period, historical period after this period might be crucial. Also, in historical fluctuations, similar work meant for a data is organized separately. References provided by BNPP are also considered in the process. Eventually, all results are discussed firstly among line of business and then in the Market Risk Committee. Final decision is made by Risk Policy Committee and one of the alternatives is chosen.

Customers demanding derivative transactions are separated into two based on the purpose of the transaction. Decision of allocating the client to a group is given with taking into consideration client’s all transactions. Related Credit Department decides on the evaluation of client either in trading derivative transaction limit or in hedging derivative transaction limit.

In principle, all individual customers are evaluated as in trading portfolio, and The Bank works with 100% cash and cash equivalent collaterals. Commercial and corporate customers are evaluated different for each firm and based on the decision given, are subject to different collateral conditions. Risks are monitored daily based on the collateral conditions set with the client, and additional collaterals are demanded when a necessity arises according to internally set principles.

For derivative transactions made with banks, ISDA, CSA and GMRA agreements are requested from counterparties. In principle, derivative transactions are not made with banks that do not sign these agreements. Collateral management is made on a daily basis with banks considering agreement conditions so that counterparty risk is minimized.

All open derivative transactions are evaluated daily by using market data, and resulting evaluation amount is installed to system. As a new transaction is made, risk amount calculated with risk weights is reflected automatically to the system. In other words, counterparty risk regarding all derivative transactions is monitored on banking system. Collateral amount required for customer transactions, transaction evaluation amount and risk weighted nominal amount is monitored daily by considering collateral condition and limit monitoring principles set up by the Bank.

Simulations of transactions are conducted in order to be able to see the level of capital consumption on transaction basis. Ratings and Basel II portfolios of derivative customers and banks are reviewed and updated monthly. These are considered in the calculation of capital requirement and evaluation of collateral conditions.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

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

**Quantitative Information on Counterparty Risk:**

	<b>Alım/Satım Hesapları</b>	<b>Bankacılık Hesapları</b>	<b>Total</b>
Agreements based on Interest Rate	4,132	4,923	9,055
Agreement based on Foreign Exchange Currency	75,086	23,166	98,252
Agreement Based on Commodity	-	-	-
Agreement Based on Shares	-	-	-
Other	-	-	-
Gross Positive Fair Values	83,969	1,333	85,302
Benefits of Netting	-	-	-
Current Net Risk Amount	-	-	-
Reserved Guarantee	-	-	-
Net Position of Derivatives	163,187	29,422	192,609

- c) Capital Requirement is not calculated with a measurement model permitted by Banking Regulation and Supervision Agency

**IV. Explanations Related to Operational Risk**

- a) Operational risk has been calculated using the Basic Indicator Approach. Market risk measurements are performed monthly.
- b) In case of application of the Standart Method,

	<b>31.12.2009</b>	<b>31.12.2010</b>	<b>31.12.2011</b>	<b>Total/Positive Year</b>	<b>Rate (%)</b>	<b>Total</b>
GROSS Income	1,850,461	1,960,837	1,677,723	1,829,674	15	274,451
Amount subject to Operational Risk (Total*12,5)						3,430,638

- c) The Bank does not use the standard method
- d) The Bank does not use any alternative approach in standart method

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**V. Explanations Related to Currency Risk**

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

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

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

The Treasury Department of the Bank is responsible for the management of 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 31 December 2012, the Bank’s balance sheet short position is TL 2,179,269 (31 December 2011: TL 1,756,227 short position), off-balance sheet long position is TL 2,583,595 (31 December 2011: TL 2,272,247 long position) and as a result net foreign currency long position is TL 404,326 (31 December 2011: TL516,020 net long position)

The announced current foreign exchange buying rates of the Bank at 31 December 2012 and the previous five working days in full TL are as follows:

	24.12.2012	25.12.2012	26.12.2012	27.12.2012	28.12.2012	31.12.2012
<b>USD</b>	1.7928	1.7908	1.7895	1.7858	1.7832	1.7823
<b>JPY</b>	0.0212	0.0211	0.0210	0.0208	0.0207	0.0206
<b>EURO</b>	2.3682	2.3608	2.3710	2.3700	2.3577	2.3548

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 31 December 2012 are as follows:

	Monthly Average Foreign Exchange Rate
<b>USD</b>	1.7837
<b>JPY</b>	0.0213
<b>EURO</b>	2.3392

**Foreign currency sensitivity:**

The Bank is mainly exposed to EUR and USD currency risks.

The following table details the Bank’s sensitivity to a 10% change in the TL against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign exchange rates. A positive number indicates an increase in profit or loss and other equity in the case of short position and a decrease in the case of long position where the TL strengthens against USD and EUR.

	Change in currency rate in %	Effect on profit or loss		Effect on equity (*)	
		31 December 2012	31 December 2011	31 December 2012	31 December 2011
USD	10 increase	18,719	5,696	401	12
USD	10 decrease	(18,719)	(5,696)	(401)	(12)
EURO	10 increase	19,564	46,358	1	(1,212)
EURO	10 decrease	(19,564)	(46,358)	(1)	1,212

(\*) The effect on equity does not include the effect of changes in foreign exchange rate on the income statement.

The Bank’s sensitivity to foreign currency rates have not changed significantly during the current period. The positions taken in line with market expectations can increase the foreign currency sensitivity from period to period.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

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

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

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	1,479,318	1,440,153	761,071	3,680,542
Banks	59,739	82,222	126,209	268,170
Financial Assets at Fair Value through Profit and Loss (*****)	4,231	25,214	574	30,019
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	218	6,964	3,633	10,815
Loans (**)	3,032,871	3,604,654	754,487	7,392,012
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	61,254	-	-	61,254
Held-To-Maturity Investments	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	157	-	157
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (***)	103,404	94,195	262	197,861
<b>Total Assets</b>	<b>4,741,035</b>	<b>5,253,559</b>	<b>1,646,236</b>	<b>11,640,830</b>
<b>Liabilities</b>				
Bank Deposits	40,255	24,394	39,434	104,083
Foreign Currency Deposits (*)	2,308,166	4,414,423	1,022,618	7,745,207
Money Market Borrowings	-	-	-	-
Funds Provided From Other Financial Institutions	3,757,546	1,665,322	519,786	5,942,654
Marketable Securities Issued	-	-	-	-
Sundry Creditors	10,463	9,761	1,037	21,261
Derivative Financial Liabilities for Hedging Purposes	-	1	-	1
Other Liabilities (***)	2,553	3,282	1,058	6,893
<b>Total Liabilities</b>	<b>6,118,983</b>	<b>6,117,183</b>	<b>1,583,933</b>	<b>13,820,099</b>
<b>Net Balance Sheet Position</b>	<b>(1,377,948)</b>	<b>(863,624)</b>	<b>62,303</b>	<b>(2,179,269)</b>
<b>Net Off-Balance Sheet Position</b>	<b>1,573,600</b>	<b>1,054,825</b>	<b>(44,830)</b>	<b>2,583,595</b>
Financial Derivative Assets (****)	4,533,886	8,860,886	863,388	14,258,160
Financial Derivative Liabilities (****)	2,960,286	7,806,061	908,218	11,674,565
Non-Cash Loans (*****)	2,986,146	3,128,011	162,881	6,277,038
<b>Prior Period</b>				
Total Assets	4,349,342	5,891,677	1,155,849	11,396,868
Total Liabilities	5,093,921	7,125,328	933,846	13,153,095
Net Balance Sheet Position	(744,579)	(1,233,651)	222,003	(1,756,227)
Net Off-Balance Sheet Position	1,196,042	1,290,723	(214,518)	2,272,247
Financial Derivative Assets (****)	4,010,402	6,242,562	864,552	11,117,516
Financial Derivative Liabilities (****)	2,814,360	4,951,839	1,079,070	8,845,269
Non-Cash Loans (*****)	1,933,689	2,537,660	147,718	4,619,067

(\*) Precious metal accounts amounting to TL798,011 (31 December 2011: TL660,316) are included in the foreign currency deposits.

(\*\*) Foreign currency indexed loans amounting to TL1,907,927 (31 December 2011: TL2,278,177) are included in the loan portfolio.

(\*\*\*) TL53,288 (31 December 2011: TL87,149) expense accruals from derivative financial instruments are deducted from other liabilities.

(\*\*\*\*) Forward asset and marketable securities purchase-sale commitments of TL654,449 (31 December 2011: TL383,108) are added to derivative financial assets and TL431,360 (31 December 2011: TL345,026) has been added to derivative financial liabilities.

(\*\*\*\*\*) TL55,161 (31 December 2011: TL47,873) 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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

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

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

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

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank.

The Bank management monitors the market interest rates on a daily basis and revises the interest rates of the Bank when necessary.

Since the Bank does not allow maturity mismatches or imposes limits on mismatch, no significant interest rate risk exposure is 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	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
<b>Current Period</b>							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	4,449,400	4,449,400
Banks	488,443	2,003	-	-	-	218,750	709,196
Financial Assets at Fair Value Through Profit and Loss	9,239	64,565	319,647	46,409	23,729	147,339	610,928
Money Market Placements	1,700,295	-	-	-	-	-	1,700,295
Available-For-Sale Financial Assets	657,247	591,949	1,692,639	1,221,580	69,596	24,603	4,257,614
Loans and receivables(*)	10,484,339	1,858,125	4,869,266	9,172,242	2,957,548	344,214	29,685,734
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	714	10,088	1,175	2,107,191	2,119,168
<b>Total Assets</b>	<b>13,339,563</b>	<b>2,516,642</b>	<b>6,882,266</b>	<b>10,450,319</b>	<b>3,052,048</b>	<b>7,291,497</b>	<b>43,532,335</b>
Liabilities							
Bank Deposits	595,114	27,165	7,073	-	-	193,836	823,188
Other Deposits	14,498,979	7,901,617	1,292,884	64,427	8	4,145,462	27,903,377
Money Market Borrowings	40,916	-	-	-	-	-	40,916
Sundry Creditors	-	-	-	-	-	877,829	877,829
Marketable Securities Issued	287,660	-	206,577	-	-	-	494,237
Funds Provided From Other Financial Institutions	733,440	3,473,203	1,276,993	160,479	572,147	-	6,216,262
Other Liabilities	654	28	5,346	163,242	18,460	6,988,796	7,176,526
<b>Total Liabilities</b>	<b>16,156,763</b>	<b>11,402,013</b>	<b>2,788,873</b>	<b>388,148</b>	<b>590,615</b>	<b>12,205,923</b>	<b>43,532,335</b>
Balance Sheet Long Position	-	-	4,093,393	10,062,171	2,461,433	-	16,616,997
Balance Sheet Short Position	(2,817,200)	(8,885,371)	-	-	-	(4,914,426)	(16,616,997)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	(13,079)	-	-	(13,079)
<b>Total Position</b>	<b>(2,817,200)</b>	<b>(8,885,371)</b>	<b>4,093,393</b>	<b>10,049,092</b>	<b>2,461,433</b>	<b>(4,914,426)</b>	<b>(13,079)</b>

(\*) Revolving loans amounting to TL 6,859,836 amounting to TL7,053,708 are included in “Up to 1 Month” while mark to market differences from hedged loans amounting to TL16,309 are included in “1-5 Years”.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL246,833, intangible assets amounting to TL443,401, assets held for resale amounting to TL167,861, subsidiaries amounting to TL61,590 and entities under common control (joint vent.) amounting to TL5 while other liabilities line includes the shareholders’ equity of TL4,805,582.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**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):**

	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Non-interest Bearing</b>	<b>Total</b>
<b>Prior Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency							
Cash, Money in Transit, Cheques							
Purchased) and Balances with the Central							
Bank of Turkey.							
Banks	180,866	2,105	4,185	-	-	4,018,255	4,018,255
Banks							
Financial Assets at Fair Value Through							
Profit and Loss	203,409	101,024	284,269	252,740	118,678	306,415	1,266,535
Money Market Placements	510,329	-	-	-	-	-	510,329
Available-For-Sale Financial Assets	642,239	375,674	1,728,787	1,449,362	413,525	25,013	4,634,600
Loans(*)	9,006,430	1,843,861	3,976,469	8,161,012	2,400,559	264,094	25,652,425
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	1,526	12,840	2,998	1,651,175	1,668,539
<b>Total Assets</b>	<b>10,543,273</b>	<b>2,322,664</b>	<b>5,995,236</b>	<b>9,875,954</b>	<b>2,935,760</b>	<b>6,418,851</b>	<b>38,091,738</b>
<b>Liabilities</b>							
Bank Deposits	730,478	-	4,136	-	-	192,895	927,509
Other Deposits	14,638,367	3,194,582	292,752	207	-	3,833,195	21,959,103
Money Market Borrowings	25,518	1,079,230	-	-	-	-	1,104,748
Sundry Creditors	180,613	-	-	-	-	651,655	832,268
Marketable Securities Issued	-	-	249,107	-	-	-	249,107
Funds Provided From Other Financial							
Institutions	1,900,948	2,065,749	2,833,075	307,383	184,390	-	7,291,545
Other Liabilities	39	5,936	9,929	42,064	9,227	5,660,263	5,727,458
<b>Total Liabilities</b>	<b>17,475,963</b>	<b>6,345,497</b>	<b>3,388,999</b>	<b>349,654</b>	<b>193,617</b>	<b>10,338,008</b>	<b>38,091,738</b>
Balance Sheet Long Position	-	-	2,606,237	9,526,300	2,742,143	-	14,874,680
Balance Sheet Short Position	(6,932,690)	(4,022,833)	-	-	-	(3,919,157)	(14,874,680)
Off-Balance Sheet Long Position	40,913	60,579	380,511	1,123,856	303,565	-	1,909,424
Off-Balance Sheet Short Position	(40,691)	(60,579)	(358,127)	(1,116,079)	(303,565)	-	(1,879,041)
<b>Total Position</b>	<b>(6,932,468)</b>	<b>(4,022,833)</b>	<b>2,628,621</b>	<b>9,534,077</b>	<b>2,742,143</b>	<b>(3,919,157)</b>	<b>30,383</b>

(\*) Loans with floating interest rates amounting to TL 6,134,943 are included in “Up to 1 Month” while mark to market differences from hedged loans amounting to TL 11,554 are included in “1-5 Years”.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL254,333, intangible assets amounting to TL438,346, assets held for resale amounting to TL67,049, subsidiaries amounting to TL119,690 and entities under common control (joint vent.) amounting to TL5 while other liabilities line includes the shareholders’ equity of TL4,213,311.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VI. Explanations Related to Interest Rate Risk (Continued)**

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

	<b>EURO</b>	<b>USD</b>	<b>YEN</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Current Period</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	0.30%	-	5.64%
Financial Assets at Fair Value Through Profit and Loss	2.29%	4.21%	-	5.97%
Money Market Placements	-	-	-	6.33%
Available-For-Sale Financial Assets	3.01%	2.81%	-	5.87%
Loans	4.50%	5.21%	4.71%	12.61%
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	1.95	0.58	-	5.02
Other Deposits	2.65	2.82	0.51	8.35
Money Market Borrowings	-	-	-	5.25
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	7.02
Funds Provided From Other Financial Institutions	1.59	2.97	2.44	9.69
	<b>EURO</b>	<b>USD</b>	<b>YEN</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Prior Period</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	-	-	10.38
Financial Assets at Fair Value Through Profit and Loss	4.96	4.72	-	10.22
Money Market Placements	-	-	-	11.77
Available-For-Sale Financial Assets	5.37	3.34	-	9.48
Loans	5.24	5.12	3.81	13.63
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	3.85	0.68	-	5.68
Other Deposits	4.43	4.59	0.41	10.89
Money Market Borrowings	-	-	-	6.91
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	8.73
Funds Provided From Other Financial Institutions	3.45	2.13	2.95	8.79

**Interest rate risk on banking accounts:**

- a) Nature of interest rate risk caused by the banking accounts, significant assumptions on the deposit movement excepting early repayment of the loans and time deposits and measurement frequency of the interest rate risk:

Interest rate risk resulting from the banking accounts whose imposed interest risk that is traced by the bank, as well as been assessing by the related committee in different angle. There is a limit to risk amount defined by the Board of Directors. According to view of market expectation of the bank in terms of currency, is taken care in order to supply balancing between assets and liabilities

Early repayment rate of loans is determined upon reviewing to feedback of previous mortgage rate movements. Repricing days of demand deposit at bank account is settled on basing of demand deposit movements in view of branches and accounts. Accepted assumptions in parallel of result are reflected to issued products in calculation of interest rate sensitivity.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VI. Explanations Related to Interest Rate Risk (Continued)**

- b) Economic value differences resulted from interest rate instabilities calculated according to “Regulation on measurement and evaluation of interest rate risk resulting from the banking accounts as per standard shock method”:

Type of Currency	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity- (Losses)/Equity
TRY	500	(638,276)	%(11.31)
TRY	(400)	599,877	%10.63
EURO	200	(14,531)	%(0.26)
EURO	(200)	16,884	%0.30
USD	200	(15,508)	%(0.27)
USD	(200)	16,776	%0.30
<b>Total (of negative shocks)</b>	<b>(800)</b>	<b>633,537</b>	<b>%(11.22)</b>
<b>Total (of positive shocks)</b>	<b>900</b>	<b>(668,315)</b>	<b>%(11.84)</b>

**Equity share position risk in banking accounts**

Equity securities which are not publicly traded are booked as their fair value, or otherwise booked as their cost value if calculation of fair value is not determined properly.

**VII. Explanations Related to Liquidity Risk**

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

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

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

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

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

Considering specific stressors related to general market and banking, liquidity position is assessed and managed through various scenarios. The most important of these scenarios is to proceed with net liquid assets/ loans to customers ratio within the limit.

	Current Year %	Prior Year %
Average	23	23
Maximum	30	30
Minimum	17	16

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Liquidity Risk (Continued)**

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

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Undistributed (*)</b>	<b>Total</b>
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,088,529	3,360,871	-	-	-	-	-	4,449,400
Banks	218,750	488,443	2,003	-	-	-	-	709,196
<b>Financial Assets at Fair Value Through</b>								
Profit and Loss	-	28,444	93,729	395,568	68,752	24,435	-	610,928
Money Market Placements	-	1,700,295	-	-	-	-	-	1,700,295
Available-For-Sale Financial Assets	24,603	143,676	283,953	1,473,575	1,894,463	437,344	-	4,257,614
Loans(**)	-	10,382,036	1,159,834	4,938,054	9,838,450	3,109,901	257,459	29,685,734
Held-To-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	-	-	-	714	14,995	1,174	2,102,285	2,119,168
<b>Total Assets</b>	<b>1,331,882</b>	<b>16,103,765</b>	<b>1,539,519</b>	<b>6,807,911</b>	<b>11,816,660</b>	<b>3,572,854</b>	<b>2,359,744</b>	<b>43,532,335</b>
<b>Liabilities</b>								
Bank Deposits	193,836	595,114	27,165	7,073	-	-	-	823,188
Other Deposits	4,145,462	14,498,979	7,901,617	1,292,884	64,427	8	-	27,903,377
Funds Provided From Other Financial Institutions	-	370,055	2,227,169	2,091,979	596,719	930,340	-	6,216,262
Money Market Borrowings	-	40,916	-	-	-	-	-	40,916
Marketable Securities Issued	-	287,660	-	206,577	-	-	-	494,237
Sundry Creditors	-	877,829	-	-	-	-	-	877,829
Other Liabilities	-	1,347,969	51,305	93,731	184,319	18,460	5,480,742	7,176,526
<b>Total Liabilities</b>	<b>4,339,298</b>	<b>18,018,522</b>	<b>10,207,256</b>	<b>3,692,244</b>	<b>845,465</b>	<b>948,808</b>	<b>5,480,742</b>	<b>43,532,335</b>
<b>Liquidity Gap</b>	<b>(3,007,416)</b>	<b>(1,914,757)</b>	<b>(8,667,737)</b>	<b>3,115,667</b>	<b>10,971,195</b>	<b>2,624,046</b>	<b>(3,120,998)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	2,608,636	11,597,496	1,601,808	5,743,507	10,966,891	3,718,881	1,854,519	38,091,738
Total Liabilities	4,026,090	19,619,306	4,839,486	3,078,372	1,029,505	831,742	4,667,237	38,091,738
<b>Liquidity Gap</b>	<b>(1,417,454)</b>	<b>(8,021,810)</b>	<b>(3,237,678)</b>	<b>2,665,135</b>	<b>9,937,386</b>	<b>2,887,139</b>	<b>(2,812,718)</b>	<b>-</b>

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

(\*\*) Revolving loans amounting to TL 6,859,836 (31 December 2011: TL 5,961,704) are included in “Up to 1 Month” while mark to market differences from hedged loans amounting to TL16,309 (31 December 2011: TL11,554) are included in “1-5 Years”.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Liquidity Risk (Continued)**

**Analysis of financial liabilities by remaining contractual maturities:**

	Demand	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Adjustments	Total
<b>As of 31 December 2012,</b>								
Money Market Borrowings	-	40,916	-	-	-	-	-	40,916
Deposit	4,145,462	14,533,694	8,000,307	1,332,916	70,060	14	(179,076)	27,903,377
Bank Deposit	193,836	595,336	27,414	7,296	-	-	(694)	823,188
Other Financial Instuion	-	-	-	-	-	-	-	-
Funds provided from other	-	69,507	737,772	3,872,717	954,822	1,210,239	(628,795)	6,216,262
<b>Total</b>	<b>4,339,298</b>	<b>15,239,453</b>	<b>8,765,493</b>	<b>5,212,929</b>	<b>1,024,882</b>	<b>1,210,253</b>	<b>(808,565)</b>	<b>34,983,743</b>
<b>As of 31 December 2011,</b>								
Money Market Borrowings	-	1,105,719	-	-	-	-	(971)	1,104,748
Deposit	3,833,195	14,690,140	3,227,397	302,447	241	-	(94,317)	21,959,103
Bank Deposit	192,895	730,729	-	4,310	-	-	(425)	927,509
Other Financial Instuion	-	-	-	-	-	-	-	-
Funds provided from other	-	1,523,917	1,664,241	2,613,518	1,238,554	1,063,599	(812,284)	7,291,545
<b>Total</b>	<b>4,026,090</b>	<b>18,050,505</b>	<b>4,891,638</b>	<b>2,920,275</b>	<b>1,238,795</b>	<b>1,063,599</b>	<b>(907,997)</b>	<b>31,282,905</b>

**Analysis of contractual expiry by maturity of the Bank’s derivative financial instruments:**

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
<b>As of 31 December 2012,</b>						
<b>Derivative financial instruments for hedging purposes</b>						
Fair value hedge	1,804	13,835	30,126	1,486,575	-	1,532,340
Cash flow hedge	18,992	21,014	98,328	158,780	2,228	299,342
<b>Held for trading transactions</b>						
Foreign exchange forward contracts-sell	1,008,768	1,000,792	1,071,242	56,403	-	3,137,205
Currency swaps-sell	2,014,994	981,540	2,550,928	220,795	-	5,768,257
Interest rate swaps-sell	5,754	1,031	5,951	22,098	692	35,526
Foreign currency futures-sell	-	-	-	-	-	-
Foreign currency options-sell	2,387,868	3,064,581	2,985,520	942	-	8,438,911
<b>Total</b>	<b>5,438,180</b>	<b>5,082,793</b>	<b>6,742,095</b>	<b>1,945,593</b>	<b>2,920</b>	<b>19,211,581</b>
<b>As of 31 December 2011,</b>						
<b>Derivative financial instruments for hedging purposes</b>						
Fair value hedge	-	-	13,723	132,443	-	146,166
Cash flow hedge	6,261	11,362	69,042	160,037	5,562	252,264
<b>Held for trading transactions</b>						
Foreign exchange forward contracts-sell	1,090,500	491,680	553,167	181,084	-	2,316,431
Currency swaps-sell	2,214,797	785,566	1,618,312	196,565	-	4,815,240
Interest rate swaps-sell	97	8,364	15,805	22,986	-	47,252
Foreign currency futures-sell	-	-	-	-	-	-
Foreign currency options-sell	2,437,011	1,511,274	3,277,327	36,802	-	7,262,414
<b>Total</b>	<b>5,748,666</b>	<b>2,808,246</b>	<b>5,547,376</b>	<b>729,917</b>	<b>5,562</b>	<b>14,839,767</b>

Cash disposal of derivative financial instruments is shown above table.

**Securitisation positions:**

The Bank does not apply securitisation as of 31 December 2012.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Liquidity Risk (Continued)**

**Credit Risk Mitigation Techniques:**

- a) Process of net-offs of balance sheet and off-balance sheet items and net-offs made through policies and bank’s net-off usage level,

Bank does not perform net-off of balance sheet and off-balance sheet items in credit risk mitigation.

- b) Applications regarding valuation and management of collaterals,

Monetary collaterals are valued at fair value as of reporting date and are included in the risk mitigation process. Mortgages’ legal validity is sustained by mortgage’s timely and fair approval. Changes considerably important in market conditions are monitored.

- c) Types of collaterals received,

In terms of credit risk mitigation bank uses cash, government and treasury bonds, fund, gold, bank guarantee, stock and derivatives as main collateral type. Mortgages on dwelling and commercial real estate reported under different risk class are other main types of collaterals.

- d) Main Guarantor and credit derivatives’ counter party and their credit valuableness,

Guarantor entity’s credit risk value is to be considered in credit risk mitigation process in cases where bank credit customers obtained guarantee from other entities.

- e) Information on Credit mitigation in market or credit risk concentration,

Bank mostly prefers cash, securities such as government and Treasury bond for collateral which have low market and credit risk mitigation risk.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Liquidity Risk (Continued)**

**Credit Risk Mitigation Techniques:**

f) Collaterals in terms of Risk Categories:

<b>Exposure classifications</b>	<b>Amount</b>	<b>Financial Collaterals</b>	<b>Other/Physical Collaterals</b>	<b>Guarantees and Credit Derivatives</b>
Conditional and unconditional receivables from central governments or central banks	5,213	-	-	-
Conditional and unconditional receivables from regional or local governments	30,077	1,147	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	13,291	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	1,002,584	51,860	-	-
Conditional and unconditional corporate receivables	13,436,857	808,448	-	-
Conditional and unconditional retail receivables	10,231,528	377,771	-	-
Conditional and unconditional secured mortgage receivables	2,560,582	-	-	-
Past due receivables	264,594	-	-	-
Receivables in high risk category defined by BRSA	3,818,638	1,523	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporates	-	-	-	-
Investments of natured collective investment enterprise	-	-	-	-
Other receivables	1,794,154	12,118	-	-
<b>Total</b>	<b>33,157,518</b>	<b>1,252,867</b>	<b>-</b>	<b>-</b>

**Risk management objectives and policies**

a) Strategies and practices on risk management,

The objective of the Risk Management system is to provide that the risks that are derived from the bank’s activities are defined, measured, monitored and controlled through policies, procedures and limits established.

Risk Management functions of the Bank and all of its subsidiaries have been gathered under the Risk Management Group. Group Risk Management reports to the Boards of Directors of TEB through the Audit Committee within the Bank and is responsible for fulfilling its duties of general supervision, notification and recommendation on behalf of the Boards of Directors in line with the principles laid down in this Regulation.

Risk policies and the procedures related there to contain written standards set by the Board of Directors and the “Senior Management” consisting of General Manager, Assistant General Managers and Chief Risk Officer.

Risk policies and related procedures are prepared in compliance with the Banking Law, external legislation and general banking practices and presented to the Senior Management / Board of Directors for approval.

It is the principal duty of all managers to provide compliance with risk policies containing the criteria required for each unit and to provide that TEB Group risk culture is adopted by all employees.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

---

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Liquidity Risk (Continued)**

**Risk management objectives and policies**

b) Structure and organization of Risk management system,

Risk Management activities consist of; risk measurement, risk monitoring, risk control and reporting. Risk Management activities are performed by Group Risk Management and its staff.

Head of Group Risk Management reports to the Board of Directors via Audit Committee.

c) Risk reporting and measurement systems’ scope and qualification,

In order to ensure that the results of risk measurement and monitoring are regularly and timely reported to the Board of Directors and to the Senior Management, realization of the following shall be monitored:

- The risks of the Bank are reported in a detailed and reliable manner to the Board of Directors, to the Audit Committee, to the Senior Management, to the auditors, to the banking authorities, to the rating organizations and finally to the public; and more generally, to keep relations with legal authorities, supervisory and rating organizations in matters related to risk management.
- The quantifiable risks are kept within prescribed limits; excesses are identified, stress tests and scenario analyses are performed to evaluate the effect of unexpected market conditions on basic activities and the results are reported to the Board of Directors or to the Senior Management timely and regularly.
- Data on positions and prices is followed up, risk balances are monitored, excesses are identified and monitored, various scenario analyses are performed, value at risk amounts are determined and reported, coordination with other activity fields and units is ensured,
- Daily reports from risk measurement models used by the Bank are generated, these reports are analyzed, it’s ensured that quantifiable risks comply with prescribed limits and the conformity with the limits is monitored,
- Limits defined for each risk on unit/organization basis are aggregated and monitored on a consolidated basis.

The Group Risk Management follows the consequences of the results of risk measurement and monitoring and submits them to the Board of Directors either directly or through the Audit Committee.

i) Credit Risk

Bank has internal rating models for corporate and SME segments. Application and behavioral score cards are used for entity and individual segments.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Liquidity Risk (Continued)**

**Risk management objectives and policies (Continued)**

ii) Market Risk

For FX position, limits in different breakdowns are determined by Board of Directors and option operations are considered with delta conjugates.

In regular analysis, net interest income effects originating from interest rates changes are calculated for all interest rates sensitive products and the results are followed up in limits determined by Board of Directors. The shocks which are given to interest rates are changes by each currencies and in linear scenario analysis, not only linear but also sudden shocks are evaluated. These analyses may be performed for both current and targeted balance sheet figures.

According to economical value approach, changes in market interest rates may effect Bank’s assets, liabilities and off balance sheet items values. Bank’s economic value’s sensitivity to interest rate is an important issue for stockholders, management and auditors.

Economic value of a product is net present value that is calculating by discounting expected cash flow.

Economic value of the bank is the net present value of the cash flows that is subtracting expected cash flows of liabilities from net present value of assets and adding off balance sheet items expected cash flows. Economic value approach represents Bank’s value’s sensitivity to interest rate fluctuations.

Market value of equity is defined as the difference between the market value of assets and liabilities. The Board of Directors predefines a limit for market value of equity; shock method is applied to all items to be able to see equity’s influence on market value. Shocks applied may vary based on currencies.

As Economical Value approach considers effects of interest rate changes on all future cash flows, it enables to comprehensively understand effects of interest rate changes in the long run.

In addition to these analyses, Group Risk Management, based on current position, conducts stress testing to be able to predict possible losses as a consequence of exceptional fluctuations. Stress testings prepared by BNP Paribas and TEB Group Risk Management measure the sensitivity created as a result of market price changes based on scenarios. Scenario analysis both on historical and hypothetical basis are conducted

Scenario analysis is applied both to currency and interest rates to be able to understand the effects on current portfolio.

Other than scenario analysis, various stress testings are applied to current portfolio; motive behind which is to see the effects of prior events on current position.

Nominal amount limits defined for bond portfolio, VaR (value at risk) limit for trading portfolio, and PV01 limits set for tracking interest rate risk are calculated daily, tracked and reported to the management.

Both interest rate and liquidity gap calculations are made for each item of the balance sheet. For both calculations, as product based cash flows are formed, repricing, maturity and product based acceptances are also considered.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VII. Explanations Related to Liquidity Risk (Continued)**

**Risk management objectives and policies (Continued)**

ii) Market Risk (Continued)

Monthly reports are prepared for Market and Liquidity Risk Committees. Reports include end of the day positions, monthly/annual cumulative profit/loss balances and some positions taken in that month.

All limit and risk positions are represented to Audit Committee and to The Board of Directors.

d) Procedures on risk management and risk mitigation policies with regular control of their effectiveness.

The Bank maintains legal validation of collateral are used for credit risk mitigation and complies with operational standarts which are required for capital adequacy regulation. Market values of collaterals are regularly updated. All physical collaterals are insured. Collateral deficiency in amount or quality is determined by monitoring system and actions are taken by related groups.

**VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value**

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>36,352,839</b>	<b>31,138,409</b>	<b>36,533,012</b>	<b>30,764,277</b>
Money Market Placements	1,700,295	510,329	1,700,295	510,329
Banks	709,196	341,055	709,196	341,055
Available-For-Sale Financial Assets	4,257,614	4,634,600	4,257,614	4,634,600
Held-To-Maturity Investments	-	-	-	-
Loans	29,685,734	25,652,425	29,865,907	25,278,293
<b>Financial Liabilities</b>	<b>36,355,809</b>	<b>32,364,280</b>	<b>36,362,714</b>	<b>32,207,107</b>
Bank Deposit	823,188	927,509	823,069	927,448
Other Deposit	27,903,377	21,959,103	27,909,252	21,802,322
Funds Borrowed From Other Financial Institutions (*)	6,257,178	8,396,293	6,257,178	8,396,293
Marketable Securities Issued	494,237	249,107	495,386	248,776
Sundry Creditors	877,829	832,268	877,829	832,268

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

The table above shows the book value and the fair value of the financial assets and liabilities which are not disclosed at their fair value in the financial statements of the Bank.

Current period investment securities are comprised of interest-bearing assets held-to-maturity and interest-bearing assets available-for-sale. The fair value of the held to maturity 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 nature. The estimated fair value of deposits and funds provided from other financial institutions with fixed interest rate is calculated by determining their cash flows 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 reflects their fair values since they are short-term.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**INFORMATION ON FINANCIAL STRUCTURE (Continued)**

**VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value (Continued)**

The fair values of financial assets and financial liabilities are determined as follows:

- Tier 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Tier 2: The fair value of other financial assets and financial liabilities are determined in accordance with inputs other than quoted prices included within Tier 1, that are observable either directly or indirectly in the market.
- Tier 3: The fair value of the financial assets and financial liabilities where there is no observable market data.

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is recorded on quoted market prices, those involving valuation techniques where all model inputs are observable in the market and, those where the valuation techniques involves the use of non-observable inputs.

<b>31 December 2012</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Financial assets at fair value through profit and loss	450,661	160,267	-	610,928
<i>Public sector debt securities</i>	450,661	-	-	450,661
<i>Derivative financial assets held for trading</i>	-	160,267	-	160,267
Derivative financial assets for hedging purposes	-	16,883	-	16,883
Available-for-sale financial assets	4,234,831	14,099	-	4,248,930
<i>Public sector debt securities</i>	4,228,137	4,874	-	4,233,011
<i>Other available-for-sale financial assets(*)</i>	6,694	9,225	-	15,919
<b>Financial Liabilities</b>				
Derivative financial liabilities held for trading	-	233,199	-	233,199
Derivative financial liabilities for hedging purposes	-	168,507	-	168,507
<b>31 December 2011</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Financial assets at fair value through profit and loss	747,119	519,416	-	1,266,535
<i>Public sector debt securities</i>	747,119	199,800	-	946,919
<i>Derivative financial assets held for trading</i>	-	319,616	-	319,616
Derivative financial assets for hedging purposes	-	22,800	-	22,800
Available-for-sale financial assets	3,615,731	1,008,370	-	4,624,101
<i>Public sector debt securities</i>	3,610,444	999,143	-	4,609,587
<i>Other available-for-sale financial assets(*)</i>	5,287	9,227	-	14,514
<b>Financial Liabilities</b>				
Derivative financial liabilities held for trading	-	249,957	-	249,957
Derivative financial liabilities for hedging purposes	-	50,447	-	50,447

(\*) TL 8,684 (31 December 2011: TL 10,499) at cost not included.

There is no transition between Tier 1 and Tier 2 in the current year.

**IX. Explanations Related to Transactions Carried out on Behalf of Other Parties and Fiduciary Assets**

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

The Bank does not deal with fiduciary transactions.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON  
UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and Disclosures Related to the Assets**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	321,742	269,293	257,140	230,668
Balances with the Central Bank of Turkey	447,116	3,360,901	1,243,219	1,961,960
Other	-	50,348	-	325,268
<b>Total</b>	<b>768,858</b>	<b>3,680,542</b>	<b>1,500,359</b>	<b>2,517,896</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	447,116	-	1,243,219	-
Unrestricted time deposit	-	30	-	373,429
Restricted time deposit	-	3,360,871	-	1,588,531
<b>Total</b>	<b>447,116</b>	<b>3,360,901</b>	<b>1,243,219</b>	<b>1,961,960</b>

TL 30 (31 December 2011: TL373,429) foreign currency unrestricted deposit, TL 3,360,871 (31 December 2011: TL1,588,531) foreign currency restricted deposit and TL 447,116 (31 December 2011: TL1,243,219) TL unrestricted deposit balance comprises of reserve deposits. As of 31 December 2012, the Turkish Lira required reserve ratios are determined to be within the range of %5 and 11% depending on the maturity structure of deposits denominated in Turkish Lira (31 December 2011: 5%-11% for all Turkish Lira liabilities), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 6% and 11% (31 December 2011: %6-%11 for all foreign currency liabilities). According to the amendments dated 18 December 2012 and 22 January 2013, the Turkish Lira required reserve ratios are determined to be within the range of %5 and 11.25% depending on the maturity structure of deposits denominated in Turkish Lira and the required reserve ratios for foreign currency deposits and other liabilities within the range of 6% and 12%.

**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: TL None (31 December 2011: TL22,033).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	-	-	276,889	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>276,889</b>	<b>-</b>

Net book value of unrestricted financial assets at fair value through profit and loss is TL 450,661 (31 December 2011: 647,997).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	19,485	14,216	25,636	6,723
Swap Transactions	55,499	30,456	120,062	18,610
Futures Transactions	-	-	-	-
Options	23,338	17,273	118,360	28,302
Other	-	-	-	1,923
<b>Total</b>	<b>98,322</b>	<b>61,945</b>	<b>264,058</b>	<b>55,558</b>

**3. a) Information on banks :**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	410,269	44,650	80,024	88,888
Foreign	30,757	223,520	53,018	119,125
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>441,026</b>	<b>268,170</b>	<b>133,042</b>	<b>208,013</b>

**b) Information on foreign banks :**

	Current Period		Prior Period	
	TL	FC	TL	FC
EU Countries	147,580	51,396	-	-
USA and Canada	25,594	45,619	-	-
OECD Countries(*)	1,711	2,524	-	-
Off-Shore Banking Regions	78,579	71,591	-	-
Other	813	1,013	-	-
<b>Total</b>	<b>254,277</b>	<b>172,143</b>	<b>-</b>	<b>-</b>

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

**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	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	307,756	-	581,461	162,371
Other	-	-	-	-
<b>Total</b>	<b>307,756</b>	<b>-</b>	<b>581,461</b>	<b>162,371</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	42,596	-	826,098	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>42,596</b>	<b>-</b>	<b>826,098</b>	<b>-</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

Net book value of unrestricted financial assets available-for-sale is TL 3,907,262 (31 December 2011: TL3,064,670).

b) Information on financial assets available for sale portfolio:

	<b>Current Period</b>	<b>Prior Period</b>
Debt securities	4,233,011	4,609,587
Quoted on a stock exchange	4,233,011	4,609,587
Not quoted	-	-
Share certificates	24,603	25,013
Quoted on a stock exchange(*)	6,694	5,287
Not quoted	17,909	19,726
Impairment provision (-)	-	-
<b>Total</b>	<b>4,257,614</b>	<b>4,634,600</b>

(\*)Mutual funds participation certificate amount is TL 1,172 (31 December 2011: TL 1,076).

All unquoted available for sale equities are recorded at fair value except for the Bank’s investment of TL 8,684 which is recorded at cost since its fair value cannot be reliably estimated (31 December 2011: TL10,499).

**5. Information on loans:**

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Cash Loans</b>	<b>Non-Cash Loans</b>	<b>Cash Loans</b>	<b>Non-Cash Loans</b>
Direct loans granted to shareholders	697	4	74,499	4
Corporate shareholders	245	-	74,132	-
Real person shareholders	452	4	367	4
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	50,797	-	43,989	-
<b>Total</b>	<b>51,494</b>	<b>4</b>	<b>118,488</b>	<b>4</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

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

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring (*)		
	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms	Other	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms	Other
		Restructured or Rescheduled	Other		Restructured or Rescheduled	Other
<b>Cash Loans</b>						
<b>Non-specialized loans</b>	<b>27,894,231</b>	<b>422,164</b>	-	<b>1,047,673</b>	<b>64,207</b>	-
Working capital loans	-	-	-	-	-	-
Export loans	4,109,052	16,259	-	21,332	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	449,115	-	-	-	-	-
Consumer loans(**)	7,301,885	303,468	-	325,143	12,131	-
Credit cards	1,715,095	-	-	123,687	-	-
Other	14,319,084	102,437	-	577,511	52,076	-
<b>Specialized loans</b>	-	-	-	-	-	-
<b>Other receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>27,894,231</b>	<b>422,164</b>	-	<b>1,047,673</b>	<b>64,207</b>	-

(\*) The total principal amount of the loans under close monitoring in accordance with the requirements of the regulation on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” amended on 6 February 2008.

(\*\*)TL 16,309 of income accrual resulting from the fair value difference of the hedged item loans is included in the loan balance.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

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

	<b>Performing Loans and Other Receivables (*)</b>	<b>Loans and Other Receivables under Follow-up (*)</b>
<b>No. of extensions</b>		
1 or 2 times	421,790	64,207
3,4 or 5 times	374	-
Over 5 times	-	-
<b>Total</b>	<b>422,164</b>	<b>64,207</b>

<b>Extension Periods</b>	<b>Performing Loans and Other Receivables (*)</b>	<b>Loans and Other Receivables under Follow-up(*)</b>
0-6 months	36,186	4,602
6-12 months	56,691	9,348
1-2 years	156,845	21,009
2-5 years	156,260	27,836
5 years and over	16,182	1,412
<b>Total</b>	<b>422,164</b>	<b>64,207</b>

(\*) Amounts indicated in tables above was calculated based on criteria stated in "Specific and general allowances for loan and other receivables classified in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables" published on the Official Gazette no. 27947 dated 28 May 2011 5th paragraph of the provisional Article 4a.

c) Loans and other receivables according to their maturity structure:

	<b>Standard Loans and Other Receivables</b>		<b>Loans and Other Receivables Under Close Monitoring</b>	
	<b>Loans and Other Receivables</b>	<b>Restructured or Rescheduled</b>	<b>Loans and Other Receivables</b>	<b>Restructured or Rescheduled</b>
<b>Cash Loans</b>				
<b>Short-term loans and other receivables</b>	<b>13,916,187</b>	<b>19,999</b>	<b>447,923</b>	<b>10,390</b>
Non-specialized loans	13,916,187	19,999	447,923	10,390
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Medium and long-term loans and other receivables</b>	<b>13,978,044</b>	<b>402,165</b>	<b>599,750</b>	<b>53,817</b>
Non-specialized loans	13,978,044	402,165	599,750	53,817
Non-specialized loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>27,894,231</b>	<b>422,164</b>	<b>1,047,673</b>	<b>64,207</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

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

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

	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>164,047</b>	<b>7,355,345</b>	<b>7,519,392</b>
Housing Loans	2,719	4,104,268	4,106,987
Vehicle Loans	11,797	669,683	681,480
General Purpose Loans	149,531	2,581,394	2,730,925
Other	-	-	-
<b>Consumer Loans –Indexed to FC</b>	<b>-</b>	<b>126,073</b>	<b>126,073</b>
Housing Loans	-	118,467	118,467
Vehicle Loans	-	614	614
General Purpose Loans	-	6,992	6,992
Other	-	-	-
<b>Consumer Loans-FC (**)</b>	<b>11</b>	<b>22,067</b>	<b>22,078</b>
Housing Loans	-	7,012	7,012
Vehicle Loans	-	11,860	11,860
General Purpose Loans	11	3,195	3,206
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>1,383,335</b>	<b>-</b>	<b>1,383,335</b>
With Installments	618,176	-	618,176
Without Installments	765,159	-	765,159
<b>Individual Credit Cards-FC</b>	<b>8,723</b>	<b>-</b>	<b>8,723</b>
With Installments	739	-	739
Without Installments	7,984	-	7,984
<b>Personnel Loans-TL</b>	<b>4,569</b>	<b>22,409</b>	<b>26,978</b>
Housing Loans	-	126	126
Vehicle Loans	-	2	2
General Purpose Loans	4,569	22,281	26,850
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>21,508</b>	<b>-</b>	<b>21,508</b>
With Installments	12,194	-	12,194
Without Installments	9,314	-	9,314
<b>Personnel Credit Cards-FC</b>	<b>217</b>	<b>-</b>	<b>217</b>
With Installments	-	-	-
Without Installments	217	-	217
<b>Overdraft Accounts-TL(Real Persons) (*)</b>	<b>248,074</b>	<b>-</b>	<b>248,074</b>
<b>Overdraft Accounts-FC(Real Persons)</b>	<b>32</b>	<b>-</b>	<b>32</b>
<b>Total</b>	<b>1,830,516</b>	<b>7,525,894</b>	<b>9,356,410</b>

(\*) Overdraft Accounts include personnel loans amounting to TL 2,094.

(\*\*) Loans granted via branches abroad.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

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

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

	Short Term	Medium and Long Term	Total
<b>Commercial loans with installment facility-TL</b>	<b>295,294</b>	<b>3,512,342</b>	<b>3,807,636</b>
Business Loans	1,410	146,789	148,199
Vehicle Loans	22,296	744,323	766,619
General Purpose Loans	271,588	2,621,230	2,892,818
Other	-	-	-
<b>Commercial loans with installment facility - Indexed to FC</b>	<b>29,349</b>	<b>422,738</b>	<b>452,087</b>
Business Loans	-	21,238	21,238
Vehicle Loans	3,069	148,851	151,920
General Purpose Loans	26,280	252,649	278,929
Other	-	-	-
<b>Commercial loans with installment facility –FC</b>	<b>37,989</b>	<b>-</b>	<b>37,989</b>
Business Loans	-	-	-
Vehicle Loans	260	-	260
General Purpose Loans	37,729	-	37,729
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>422,890</b>	<b>-</b>	<b>422,890</b>
With Installments	173,282	-	173,282
Without Installments	249,608	-	249,608
<b>Corporate Credit Cards-FC</b>	<b>2,109</b>	<b>-</b>	<b>2,109</b>
With Installments	14	-	14
Without Installments	2,095	-	2,095
<b>Overdraft Accounts-TL(Legal Entities)</b>	<b>426,174</b>	<b>-</b>	<b>426,174</b>
<b>Overdraft Accounts-FC(Legal Entities)</b>	<b>15,040</b>	<b>-</b>	<b>15,040</b>
<b>Total</b>	<b>1,228,845</b>	<b>3,935,080</b>	<b>5,163,925</b>

f) Allocation of loans by customers:

	Current Period	Prior Period
Public sector	189,294	50,666
Private sector	29,238,981	25,392,978
<b>Total</b>	<b>29,428,275</b>	<b>25,443,644</b>

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	29,137,301	25,212,413
Foreign loans	290,974	231,231
<b>Total</b>	<b>29,428,275</b>	<b>25,443,644</b>

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	-	337
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>-</b>	<b>337</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

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

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	15,599	9,910
Loans and receivables with doubtful collectability	49,918	24,806
Uncollectible loans and receivables	320,250	482,802
<b>Total</b>	<b>385,767</b>	<b>517,518</b>

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:

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>Current Period</b> (Gross amount before specific provisions)			
Non-performing loans and receivables which are restructured	-	-	-
Non-performing loans and receivables which are rescheduled	8,647	3,811	5,307
<b>Prior period</b> (Gross amount before specific provisions)			
Non-performing loans and receivables which are restructured	-	-	-
Non-performing loans and receivables which are rescheduled	7,599	4,022	10,943

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>Prior period end balance</b>	<b>64,106</b>	<b>69,345</b>	<b>592,848</b>
Additions (+)	482,410	18,460	62,649
Transfers from other categories of non-performing loans (+)	-	327,250	202,431
Transfers to other categories of non-performing loans (-)	327,250	202,431	-
Collections (-)	123,787	86,943	121,688
Write-offs (-) (*)	51	356	313,767
Corporate and commercial loans	8	290	161,774
Retail loans	33	51	124,920
Credit cards	10	15	27,073
Other	-	-	-
<b>Current period end balance</b>	<b>95,428</b>	<b>125,325</b>	<b>422,473</b>
Specific provision (-)	15,599	49,918	320,250
<b>Net Balances on Balance Sheet</b>	<b>79,829</b>	<b>75,407</b>	<b>102,223</b>

(\*) Amounting to TL124,050 past due receivable portfolio for which TL124,050 provision had been allocated, is sold to Girişim Varlık Yönetimi A.Ş. for TL16,878, and after all the sales procedures were completed at 11 April 2012 with the completion of the necessary procedures, and the related non-performing loans have been written off from the accounts. Sales income has been netted off with “Provision for Loan Losses and Other Receivables” in the financials.

Amounting to TL 188,710 past due receivable portfolio of the Bank for which TL 181,463 provision had been allocated, is sold to LBT Varlık Yönetimi A.Ş. for TL22,222, and after all the sales procedures were completed at 30 November 2012 with the completion of the necessary procedures, and the related non-performing loans have been written off from the accounts. Sales income has been netted off with “Provision for Loan Losses and Other Receivables” in the financials.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

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

j.3) Information on foreign currency non-performing loans and other receivables:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>31 December 2012</b>			
Period End Balance	1,438	1,379	16,581
Specific Provision (-)	145	372	10,136
<b>Net</b>	<b>1,293</b>	<b>1,007</b>	<b>6,445</b>
<b>31 December 2011</b>			
Prior Period End Balance	1,775	1,218	29,822
Specific Provision (-)	358	325	20,327
<b>Net</b>	<b>1,417</b>	<b>893</b>	<b>9,495</b>

The foreign currency loans in the table above are stated in TL in the financial statements of the bank.

j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	95,428	125,325	422,473
Specific Provision (-)	15,599	49,918	320,250
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>79,829</b>	<b>75,407</b>	<b>102,223</b>
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	64,106	69,345	587,879
Specific Provision (-)	9,910	24,806	482,802
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>54,196</b>	<b>44,539</b>	<b>105,077</b>
Banks (Gross)	-	-	4,969
Specific Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>4,969</b>
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
<b>Other Loans and Receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

k) Main principles of liquidating non-performing 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 1 November 2006; loans and other receivables for which the collection is believed to be impossible are classified as nonperforming loans by complying with the requirements of the Tax Procedural Law in accordance with the decision of the upper management of the Bank.

l) Explanations on write-off policy:

Unrecoverable non-performing loans can be written off with the decision of the Board of Directors.

m) Other explanations and disclosures:

<b>Current Period</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Total</b>
Neither past due nor impaired	18,909,988	7,607,617	1,591,411	28,109,016
Past due not impaired	736,878	335,010	247,371	1,319,259
Individually impaired	430,500	110,837	101,889	643,226
<b>Total</b>	<b>20,077,366</b>	<b>8,053,464</b>	<b>1,940,671</b>	<b>30,071,501</b>
Specific Provision	255,411	58,630	71,726	385,767
<b>Total</b>	<b>255,411</b>	<b>58,630</b>	<b>71,726</b>	<b>385,767</b>
<b>Total allowance for impairment</b>	<b>19,821,955</b>	<b>7,994,834</b>	<b>1,868,945</b>	<b>29,685,734</b>
<b>Prior Period</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Total</b>
Neither past due nor impaired	16,968,403	5,998,435	1,212,389	24,179,227
Past due not impaired	626,522	476,613	161,282	1,264,417
Individually impaired	434,626	115,757	175,916	726,299
<b>Total</b>	<b>18,029,551</b>	<b>6,590,805</b>	<b>1,549,587</b>	<b>26,169,943</b>
Specific Provision	272,744	86,849	157,925	517,518
<b>Total</b>	<b>272,744</b>	<b>86,849</b>	<b>157,925</b>	<b>517,518</b>
<b>Total allowance for impairment</b>	<b>17,756,807</b>	<b>6,503,956</b>	<b>1,391,662</b>	<b>25,652,425</b>

Based on classification, movement of allowance for loan losses and other receivables is presented as follows;

	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Total</b>
1 January 2012	272,744	86,849	157,925	517,518
Change for the period	177,873	37,953	48,080	263,906
Recoveries	(56,730)	(16,067)	(17,347)	(90,144)
Amounts written-off (*)	(138,476)	(50,105)	(116,932)	(305,513)
<b>31 December 2012 Balance</b>	<b>255,411</b>	<b>58,630</b>	<b>71,726</b>	<b>385,767</b>
	<b>Commercial</b>	<b>Consumer</b>	<b>Credit Cards</b>	<b>Total</b>
1 January 2011	179,867	12,721	44,665	237,253
Change for the period (**)	193,559	77,102	131,620	402,281
Recoveries	(48,275)	(2,974)	(16,689)	(67,938)
Amounts written-off (***)	(52,407)	-	(1,671)	(54,078)
<b>31 December 2011 Balance</b>	<b>272,744</b>	<b>86,849</b>	<b>157,925</b>	<b>517,518</b>

(\*) TL 124,050 of the non-performing loans portfolio of the Bank with TL 124,050 provision has been sold to LBT Varlık Yönetim A.Ş. for TL 16,878 which has been collected as of 11 April 2012 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records.

TL 188,710 of the non-performing loans portfolio of the Bank with TL 181,463 provision has been sold to LBT Varlık Yönetim A.Ş. for TL 22,222 which has been collected as of 30 November 2012 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records

(\*\*) Includes the provision amount of TL 285,101 transferred from Fortis Bank A.Ş.

(\*\*\*) TL 55,484 of the non-performing loans portfolio of the Bank with TL 54,078 provision has been sold to LBT Varlık Yönetim A.Ş. for TL 4,250 which has been collected as of 12 January 2011 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

m) Other explanations and disclosures: (continued)

The fair value of collaterals, capped with the respective outstanding loan balance, that the Bank holds relating to loans individually determined to be impaired at 31 December 2012 is TL 210,582 (31 December 2011: TL 202,442).

**The fair value of collaterals, capped with the respective outstanding loan balance relating to loans individually determined to be impaired:**

	<b>Current Period</b>	<b>Prior Period</b>
Mortgage	172,046	161,744
Vehicle	31,756	25,151
Cash	151	5,270
Other	6,629	10,277
<b>Total</b>	<b>210,582</b>	<b>202,442</b>

As of 31 December 2012 and 31 December 2011, detail of commodities and properties held for sale related to loan receivables of the Bank is as follows:

<b>31 December 2012</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
Residential, commercial or industrial property	52,628	8,587	61,215
Other	375	-	375
<b>Total</b>	<b>53,003</b>	<b>8,587</b>	<b>61,590</b>

<b>31 December 2011</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
Residential, commercial or industrial property	57,498	8,685	66,183
Other	866	-	866
<b>Total</b>	<b>58,364</b>	<b>8,685</b>	<b>67,049</b>

Aging analysis of past due but not impaired loans per classes of financial statements is as follows:

<b>31 December 2012</b>	<b>Less than 30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>Total</b>
Loans and Receivables				
Commercial Loans	422,562	181,511	132,805	736,878
Consumer Loans	72,792	180,147	82,071	335,010
Credit Cards	244,220	32	3,119	247,371
<b>Total</b>	<b>739,574</b>	<b>361,690</b>	<b>217,995</b>	<b>1,319,259</b>

<b>31 December 2011</b>	<b>Less than 30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>Total</b>
Loans and Receivables				
Commercial Loans	443,549	111,018	71,955	626,522
Consumer Loans	293,542	136,847	46,224	476,613
Credit Cards	150,805	1,973	8,504	161,282
<b>Total</b>	<b>887,896</b>	<b>249,838</b>	<b>126,683</b>	<b>1,264,417</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

m) Other explanations and disclosures: (continued)

Of the total aggregate amount of gross past due but not yet impaired loans and advances to customers, the fair value of collaterals, capped with the respective outstanding total loan balance of the customer, that the Bank held as at 31 December 2012 is TL836,217 (31 December 2011: TL908,408).

**The fair value of collaterals, capped with the respective outstanding loan balance relating to those that are past due but not impaired:**

	<b>Current Period</b>	<b>Prior Period</b>
Mortgage	605,820	653,862
Vehicle	126,438	118,348
Cash	12,371	23,094
Other	91,588	113,104
<b>Total</b>	<b>836,217</b>	<b>908,408</b>

**6. Information on held-to-maturity investments:**

a.1) Held-to-maturity investments subject to repurchase agreements:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Government bonds	-	-	-	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There is no unrestricted financial assets held-to maturity (31 December 2011: None).

a.2) Information on held-to-maturity investments given as collateral or blocked:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Share Certificates	-	-	-	-
Bond, Treasury bill and similar securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

a.3) Information on held to maturity debt securities:

	<b>Current Period</b>	<b>Prior Period</b>
Government bonds	-	-
Treasury bills	-	-
Other public sector debt securities	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

a.4) Information on held to maturity investments:

	Current Period	Prior Period
Debt securities		
Quoted on a stock exchange	-	-
Unquoted	-	-
Impairment provision(-)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

b) Movement of investments held-to-maturity:

	Current Period	Prior Period
Beginning balance	-	217,604
Foreign currency differences on monetary assets	-	-
Purchases during the year(*),(**)	-	149,187
Disposals through sales and redemptions(***)	-	(366,791)
Impairment provision (-)	-	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

(\*) Accruals are included in purchases during the year.

(\*\*) Including assets amounting to TL138,203 transferred from Fortis Bank A.Ş.

(\*\*\*) As a result of reviewing the risk management politics following the merger of the Bank with Fortis Bank A.Ş., hold-to-maturity investments of TL261,199 were reclassified to available-for-sale security under the TAS 39.

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

a.1) Information on unconsolidated associates according to Communique on Preparing Banks' Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2011: None).

a.2) Information on the unconsolidated associates: None (31 December 2011: None).

a.3) Explanations of consolidated associates: None (31 December 2011: None).

a.4) Information on sector information on consolidated associates: None (31 December 2011: None).

a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2011: None).

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

a) Information on shareholders' equity of significant subsidiaries:

	TEB Economy Bank N.V.	TEB Faktoring A.Ş.	TEB Yatırım Menkul Değerler A.Ş.	TEB Portföy Yönetimi A.Ş.
Paid-in capital	70,644	19,000	28,794	6,860
Legal reserves	-	8,808	10,276	5,123
Extraordinary reserves	-	3,113	-	-
Other reserves	(225)	-	28,406	-
Profit/loss	154,809	15,925	11,112	5,033
Prior periods profit/loss	166,367	-	4,746	1,627
Current period net profit/loss	(11,558)	15,925	6,366	3,406
Leasehold Improvements on Operational				
Leases (-)	41	282	97	-
Intangible Assets (-)	808	1,079	335	513
<b>Total Core Capital</b>	<b>224,379</b>	<b>45,485</b>	<b>78,156</b>	<b>16,503</b>
<b>Supplementary Capital</b>	<b>943</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Capital</b>	<b>225,322</b>	<b>45,485</b>	<b>78,156</b>	<b>16,504</b>
<b>Net Usable Equity</b>	<b>225,322</b>	<b>45,485</b>	<b>78,156</b>	<b>16,504</b>

There is no assessment of subsidiaries' internal capital adequacy

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

Paid-in capital amount is capital amount registered on Turkish Trade Registration as TRY Currency defined on the main agreement.

Legal reserves is the reserves which is allocated from annual profit, defined in the first paragraph and second paragraph’s 3rd item of the Article 466 and Article 467 in Turkish Commercial Code no:6762 in accordance with Establishment Laws

Extraordinary reserves is the reserves that was allocated from after tax profit in compliance with the decisions made on the Annual General Assembly

b) If there is any unconsolidated subsidiary, total equity amount that is lack of subsection to the reasonable justifications of non-consolidate and minimum capital requirements: None. (31 December 2011 : None)

c) Information on the unconsolidated subsidiaries: None (31 December 2011: None).

d) Information on consolidated subsidiaries:

d.1) Information on the consolidated subsidiaries:

Description	Address (City/ Country)	Bank’s share percentage- If different voting percentage (%)	Other shareholders’ share percentage (%)
The Economy Bank N.V. (*)	Netherlands	100.00	-
TEB Faktoring A.Ş.	İstanbul/Turkey	100.00	-
TEB Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	96.62	3.38
TEB Portföy Yönetimi A.Ş.	İstanbul/Turkey	25.60	29.14

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
1,658,173	226,171	8,873	76,165	3,470	(11,558)	19,701	-
786,430	46,846	1,628	90,112	-	15,925	10,247	-
113,560	78,588	914	10,122	-	6,366	6,054	-
19,194	17,017	760	1,761	155	3,406	3,218	-

(\*) As of 31 December 2012, the figures are the converted amount from the financial statements using end-of-period exchange rate for balance sheet and average rate for the income statement. The Economy Bank NV consolidates two partners, Stichting Effecten Dienstverlening and Kronenburg Vastgoed B.V.

(\*\*) These figures are shown per BRSA financial statements as of 31 December 2011.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

d.2) Information on consolidated subsidiaries:

	<b>Current Period</b>	<b>Prior Period</b>
Balance at the beginning of the period	167,861	119,690
Movements during the period	-	48,171
Purchases	-	48,171
Bonus shares obtained	-	-
Share in current year income	-	-
Sales	-	-
Revaluation increase	-	-
Provision for impairment	-	-
<b>Balance at the end of the period</b>	<b>167,861</b>	<b>167,861</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

	<b>Current Period</b>	<b>Prior Period</b>
Banks/The Economy Bank N.V.	61,254	61,254
Factoring Companies/TEB Faktoring A.Ş.	34,037	34,037
Other Financial Subsidiaries/TEB Yatırım Men.Değ. A.Ş.	70,512	70,512
TEB Portföy Yönetimi A.Ş.	2,058	2,058
<b>Total</b>	<b>167,861</b>	<b>167,861</b>

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2011: None).

**9. Explanations on entities under common control (joint ventures):**

a) Information on entities under common control (joint ventures)::

<b>Entities under common control (joint ventures)</b>	<b>Share of the Parent Bank (%)</b>	<b>Share of the Group (%)</b>	<b>Current Asset</b>	<b>Non- current asset</b>	<b>Long-term receivable</b>	<b>Profit</b>	<b>Loss</b>
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	11,082	7,625	535	34,249	(32,104)

b) Accounting method of the reasonable justification of unconsolidated in Join Ventures that booked on the unconsolidated parent bank's financial statements

The Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., it is presented as joint venture in financial statements however, it is carried by cost value since necessary requirements for consolidation is not met.

**10. Information on finance lease receivables (Net):** None (31 December 2011: None).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

**11. Information on derivative financial assets for hedging purposes:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge	4,907	157	9,524	13
Cash flow hedge	11,819	-	13,263	-
Hedge of net investment in foreign operations	-	-	-	-
<b>Total</b>	<b>16,726</b>	<b>157</b>	<b>22,787</b>	<b>13</b>

**12. Information on tangible assets :**

	31 December 2011	Additions	Disposals	Other	31 December 2012
Cost:					
Land and buildings	121,049	-	(13,641)	-	107,408
Leased tangible assets	56,221	5	(2,316)	-	53,910
Other	667,000	73,933	(22,832)	-	718,101
<b>Total Cost</b>	<b>844,270</b>	<b>73,938</b>	<b>(38,789)</b>	<b>-</b>	<b>879,419</b>
		Period Charge	Disposals	Other	
Accumulated Depreciation:					
Land and buildings	32,003	4,664	(4,555)	-	32,112
Leased tangible assets	54,352	1,729	(2,306)	-	53,775
Other	503,582	64,289	(21,172)	-	546,699
<b>Total Accumulated Depreciation</b>	<b>589,937</b>	<b>70,682</b>	<b>(28,033)</b>	<b>-</b>	<b>632,586</b>
<b>Net Book Value</b>	<b>254,333</b>				<b>246,833</b>

- a) 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.
- b) 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:**

	31 December 2011	Additions	Disposals	Other	31 December 2012
Cost:					
Other intangible assets	102,666	16,939	(10)	-	119,595
<b>Total Cost</b>	<b>102,666</b>	<b>16,939</b>	<b>(10)</b>	<b>-</b>	<b>119,595</b>
	31 December 2011	Period Charge	Disposals	Other	31 December 2012
Accumulated Depreciation:					
Other intangible assets	85,444	11,874	-	-	97,318
<b>Total Accumulated Depreciation</b>	<b>85,444</b>	<b>11,874</b>	<b>-</b>	<b>-</b>	<b>97,318</b>
<b>Net Book Value</b>	<b>17,222</b>				<b>22,277</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

- a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition : None.
- d) The book value of intangible fixed assets that are pledged or restricted for use: None.
- f) Amount of purchase commitments for intangible fixed assets: None
- g) 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: Not applicable for the unconsolidated financial statements
- i) Information on Goodwill:

Following announcement of the BRSA approval dated 10 February 2011 at the Official Gazette dated 12 February 2011 and numbered 27844, merger of two banks by means of transfer of all rights, receivables, liabilities and obligations to the Bank by dissolution of Fortis Bank A.Ş. has been effectuated with the relevant registration dated 14 February 2011 to İstanbul Trade Registry. Registered shares to be issued were distributed to the shareholders of Fortis Bank A.Ş., which was dissolved due to the merger, in exchange of their current shares. Fortis Bank A.Ş. shareholders received 1.0518 registered Türk Ekonomi Bankası A.Ş. shares for each Fortis Bank A.Ş. share having a nominal value of TL 1. The related transaction has been accounted for in accordance with the requirements of TFRS 3 “Business Combination”, since the merging banks were not under common control of the same parties before and after the merger. In this merger transaction, Fortis Bank A.Ş. was determined as the acquiree, and with the merger, the fair value of the equity shares exchanged as of 14 February 2011 was considered as the fair value of consideration transferred, and the difference between this value and the fair value of identifiable net asset value of Fortis Bank A.Ş. is accounted as goodwill.

Main principles related with the merger transaction are summarized as follows:

- Identifiable assets and liabilities of Fortis Bank A.Ş. were measured at fair value as of 14 February 2011. The difference between the fair value of the identifiable net assets and the fair value of equity shares exchanged is accounted as goodwill.
- Fair value of the equity shares exchanged as of the merger date is based on an independent appraisal report in which “discounted dividend” method was used.
- The difference resulting from the transactions described above is accounted under “Other Capital Reserves”..
- The net profit and net interest income of the acquiree Fortis Bank A.Ş. was realized as TL 64 and TL 90,147, respectively, for the period 1 January 2011- 14 February 2011 before the merger. The stated amounts were accounted under retained earnings in the accompanying financial statements. If the merger had been completed as of 1 January 2011, the net profit and net interest income of the merged Bank would have been realized as TL 206,739 and TL 1,465,149 respectively.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

i) Information on Goodwill (Continued):

Information related to the calculation of the goodwill related to the merger is as follows:

	<b>14 February 2011</b>
Fair value of equity shares exchanged	2,385,482
Fair value of the identifiable net assets of Fortis Bank A.Ş.	1,964,358
<b>Goodwill</b>	<b>421,124</b>

Fair value of the identifiable net assets of Fortis Bank A.Ş. as of 14 February 2011 is considered as follows:

	<b>14 February 2011 Fair Value (*)</b>
Cash and balances with Central Bank and money market placements	2,133,269
Marketable Securities	1,438,043
Loans and receivables	8,062,707
Tangible and intangible assets	170,696
Deferred tax asset	56,650
Other receivables and other assets	325,384
Deposits	(6,195,402)
Funds borrowed and money market balances	(2,990,035)
Other liabilities	(1,036,954)
<b>Net assets Acquired</b>	<b>1,964,358</b>

(\*) Fair value differences arise mainly from loans and receivables, marketable securities, fixed assets and funds borrowed.

j) Movements on goodwill in the current period :

	<b>Current Period</b>	<b>Prior Period</b>
Beginning Balance	421,124	-
Foreign Exchange differences	-	-
Additions	-	421,124
<b>Ending balance</b>	<b>421,124</b>	<b>421,124</b>

**14. Information on investment properties:** None (31 December 2011: None).

**15. Explanations on deferred tax assets:**

- As of 31 December 2012, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL 124,686 (31 December 2011: TL 66,748). There are no tax exemptions or deductions over which deferred tax asset is computed.
- Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and Disclosures Related to the Assets (Continued)**

**15 Explanations on deferred tax assets (Continued):**

d) Movement of deferred tax:

	<b>Current Period</b>	<b>Prior Period</b>
<b>At January 1,</b>	<b>66,748</b>	<b>13,093</b>
Other (*)	-	56,694
Deferred tax / benefit (charge)	84,599	(48,791)
Deferred tax accounted for under equity	(26,661)	45,752
<b>Deferred Tax Asset</b>	<b>124,686</b>	<b>66,748</b>

(\*) Deferred tax asset transferred from Fortis Bank A.Ş. is presented in “Other” column..

**16. Information on assets held for sale and discontinued operations:**

	<b>Current Period</b>	<b>Previous Period</b>
Beginning of Period Cost	69,037	34,352
Beginning of Period Accumulated Depreciation	1,988	370
<b>Net Book Value</b>	<b>67,049</b>	<b>33,982</b>
Opening Balance	67,049	33,982
Acquired	34,686	58,820
Disposed(-), net	36,611	23,863
Impairment (-)	1,858	743
Depreciation Value (-)	1,676	1,147
Period End Cost	64,091	69,037
Period End Accumulated Depreciation (-)	2,501	1,988
<b>Closing Net Book Value</b>	<b>61,590</b>	<b>67,049</b>

**17. Information on other assets:**

Other Assets item of the balance sheet amounting to TL 1,056,387 (31 December 2011: TL 650,836) does not exceed 10% of the total amount of balance sheet except for off-balance sheet commitments.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**II. Explanations and Disclosures Related to the Liabilities**

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

**a.1) Current period:**

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 6 Month- Months 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	561,663	-	2,520,561	5,484,070	2,065,011	210,296	29,899	- 10,871,500
Foreign currency deposits	1,470,476	-	712,933	4,343,852	210,964	107,084	101,887	- 6,947,196
Residents in Turkey	1,379,111	-	712,933	4,005,023	194,861	56,510	101,511	- 6,449,949
Residents abroad	91,365	-	-	338,829	16,103	50,574	376	- 497,247
Public sector deposits	204,251	-	12,498	231,118	1,983	1,465	-	- 451,315
Commercial deposits	1,451,498	-	1,175,750	3,310,122	1,009,102	115,071	5,084	- 7,066,627
Other institutions deposits	30,226	-	32,306	871,266	805,831	29,076	23	- 1,768,728
Precious metals deposits	427,348	-	19,982	286,271	30,751	33,659	-	- 798,011
Interbank deposits	193,836	-	546,098	60,608	18,417	-	4,229	- 823,188
Central Bank of Turkey	-	-	-	-	-	-	-	- -
Domestic Banks	4	-	170,028	24,407	-	-	4,229	- 198,668
Foreign Banks	30,497	-	376,070	36,201	18,417	-	-	- 461,185
Special finance houses	163,335	-	-	-	-	-	-	- 163,335
Other	-	-	-	-	-	-	-	- -
<b>Total</b>	<b>4,339,298</b>	<b>-</b>	<b>5,020,128</b>	<b>14,587,307</b>	<b>4,142,059</b>	<b>496,651</b>	<b>141,122</b>	<b>- 28,726,565</b>

**a.2) Prior period:**

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 6 Month- Months 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	677,566	-	608,764	5,631,960	169,620	63,647	46,739	- 7,198,296
Foreign currency deposits	1,235,245	-	1,918,641	3,976,757	90,209	71,772	10,360	- 7,302,984
Residents in Turkey	1,159,672	-	1,836,429	3,864,739	80,750	47,641	2,626	- 6,991,857
Residents abroad	75,573	-	82,212	112,018	9,459	24,131	7,734	- 311,127
Public sector deposits	58,356	-	13,547	545,826	113	-	97	- 617,939
Commercial deposits	1,400,902	-	1,318,121	2,214,703	84,385	45,656	112	- 5,063,879
Other institutions deposits	22,167	-	91,553	954,176	1,719	45,545	529	- 1,115,689
Precious metals deposits	438,959	-	90,677	97,962	22,062	10,656	-	- 660,316
Interbank deposits	192,895	-	723,075	7,403	-	2,068	2,068	- 927,509
Central Bank of Turkey	-	-	-	-	-	-	-	- -
Domestic Banks	12	-	196,111	-	-	-	2,068	- 198,191
Foreign Banks	43,974	-	526,964	7,403	-	2,068	-	- 580,409
Special finance houses	148,909	-	-	-	-	-	-	- 148,909
Other	-	-	-	-	-	-	-	- -
<b>Total</b>	<b>4,026,090</b>	<b>-</b>	<b>4,764,378</b>	<b>13,428,787</b>	<b>368,108</b>	<b>239,344</b>	<b>59,905</b>	<b>- 22,886,612</b>

**b) Information on saving deposits under the guarantee of saving deposit insurance:**

**b.1) Saving deposits exceeding the limit of insurance:**

**i) 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 Insurance(*)		Exceeding the limit of Insurance(*)	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	3,757,130	2,651,608	6,951,578	4,438,751
Foreign currency saving deposits	689,586	610,562	3,208,096	2,442,750
Other deposits in the form of saving deposits	206,322	243,165	522,832	356,186
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
<b>Total</b>	<b>4,653,038</b>	<b>3,505,335</b>	<b>10,682,506</b>	<b>7,237,687</b>

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**II. Explanations and Disclosures Related to the Liabilities (Continued)**

ii) Deposits of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Deposits and accounts in branches abroad	145,967	130,879
Deposits of ultimate shareholders and their close families	229,879	163,139
Deposits of chairman and members of the Board of Directors and their close families	23,176	15,913
Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated 26 September 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	11,810	26,424	10,756	13,860
Swap Transactions	115,815	12,646	84,742	50,581
Futures Transactions	-	-	-	-
Options	48,198	18,306	62,210	27,808
Other	-	-	-	-
<b>Total</b>	<b>175,823</b>	<b>57,376</b>	<b>157,708</b>	<b>92,249</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	99,424	197,910	95,380	147,259
From Foreign Banks, Institutions and Funds	174,184	4,707,264	2,299,424	4,037,136
<b>Total</b>	<b>273,608</b>	<b>4,905,174</b>	<b>2,394,804</b>	<b>4,184,395</b>

As of 31 December 2012, the Bank has borrowings from its related parties amounting to TL2,606,616 (31 December 2011: TL5,027,873).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	96,784	4,032,945	1,824,078	2,360,602
Medium and long-term	176,824	872,229	570,726	1,823,793
<b>Total</b>	<b>273,608</b>	<b>4,905,174</b>	<b>2,394,804</b>	<b>4,184,395</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**II. Explanations and Disclosures Related to the Liabilities (Continued)**

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

The Bank diversifies its funding sources through customer deposit and borrowings from abroad. As of 31 December 2012 foreign borrowings of the Bank includes syndication loan obtained with the agreement dated 24 August 2012 and 23 August 2013 maturity amounting to EUR 250,000,000 and USD 122,000,000.

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

- d) Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From domestic transactions</b>	<b>40,916</b>	-	<b>1,104,748</b>	-
Financial institutions and organizations	40,916	-	1,102,228	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	2,520	-
<b>From foreign transactions</b>	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
<b>Total</b>	<b>40,916</b>	-	<b>1,104,748</b>	-

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**II. Explanations and Disclosures Related to the Liabilities (Continued)**

e) Information on debt securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank bonds	333,689	-	249,107	-
Treasury bills	160,548	-	-	-
<b>Total</b>	<b>494,237</b>	<b>-</b>	<b>249,107</b>	<b>-</b>

The bonds issued in 2011 with notional value of 300,000 TL, maturity of 178 days, issue date of 19 July 2011, simple interest rate of 8.72877%, annual compounding rate of 8.92408% started trading in IMKB Quote Administration on 21 July 2011 with ISIN code of ‘TRQTEBK11215’ and matured on 13 January 2012.

The bond issued by the Bank on 2 May 2012 with a nominal value of TL150,000, maturity of 378 days, with due date of 15 May 2013, with an interest rate of 10.47127% and with an annual compound rate of 10.45244% has started to be publicly traded in bonds and bills markets under the ISIN code “TRSTEBK51316”.

The bond issued by the Bank on 20 July 2012 with a nominal value of TL384,586, maturity of 175 days, with due date of 14 January 2013, with an interest rate of 8.83824% and with an annual compound rate of 9.04179% has started to be publicly traded in bonds and bills markets with the ISIN code “TRQTEBK11314”.

The bond issued by the Bank on 24 September 2012 with a nominal value of TL109,132, maturity of 351 days, with due date of 11 September 2013, with an interest rate of 8.08557% and with an annual compound rate of 8.09781% has started to be publicly traded in bonds and bills markets with the ISIN code “TRQTEBK91316”.

Bond issued by the Bank on 5 December 2012 with a nominal value of TL100,000, maturity of 365 days, with due date of 4 December 2013, with an interest rate of 6.89500% and with an annual compound rate of 6.89500% has started to be publicly traded in bonds and bill market with the ISIN code “TRSTEBKA1319”

**4. 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 (31 December 2011: None).

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

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**II. Explanations and Disclosures Related to the Liabilities (Continued)**

**5. Explanations on financial lease obligations (Net) (Continued):**

b) The explanation on modifications in agreements and new obligations resulting from such modifications: None.

c) Explanation on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	-	-	1	-
Between 1-4 Years	-	-	-	-
More than 4 Years	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>

d) Explanations regarding operational leases:

For the period ended 31 December 2012, operational lease expenses amounting to 141,644 TL (31 December 2011: 137,760 TL) have been recorded in the profit and loss accounts. The lease periods vary between 1 and 10 years and lease agreements are cancelable subject to a certain period of notice.

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

**6. Negative differences table of derivative financial liabilities for hedging purposes:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge	47,695	1	23,398	-
Cash flow hedge	120,811	-	27,049	-
Hedge of net investment in foreign operations	-	-	-	-
<b>Total</b>	<b>168,506</b>	<b>1</b>	<b>50,447</b>	<b>-</b>

**7. Information on provisions:**

a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	315,620	216,997
Additional Provision for Loans and Receivables with Extended Maturities	22,203	-
Provisions for Second Group Loans and Receivables	26,553	22,287
Additional Provision for Loans and Receivables with Extended Maturities	1,926	-
Provisions for Non-Cash Loans	29,734	18,269
Other	9,269	6,561
<b>Total</b>	<b>405,305</b>	<b>264,114</b>

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses on the foreign currency indexed loans amounting to TL 91,324 (31 December 2011: TL42,495) is offset from the loans on the balance sheet.

c) The specific provisions provided for unindemnified non cash loans amount to TL 22,512 (31 December 2011: TL 32,652).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**II. Explanations and Disclosures Related to the Liabilities (Continued)**

**7. Information on provisions: (continued)**

d) Liabilities on unused vacation, bonus and employee termination benefits:

As of 31 December 2012 TL26,458 (31 December 2011: TL26,745) unused vacation provision, TL 89,898 (31 December 2011: TL57,957) employee termination benefit provision and TL 60,069 (31 December 2011: TL34,245) bonus for the employee are presented under “Reserve for Employee Benefit” in financial statements.

d.1) Movement of employee termination benefits

	<b>Current Period</b>	<b>Prior Period</b>
As of January 1	57,957	24,178
Increase due to merger	-	23,653
Service cost	8,338	6,871
Interest cost	5,385	4,327
Settlement cost	5,807	-
Actuarial loss	23,693	14,794
Benefits paid	(11,282)	(15,866)
<b>Total</b>	<b>89,898</b>	<b>57,957</b>

(i) Retirement Benefits:

The employees who have joined the Bank as a consequence of the merger of TEB and Fortis Bank are members of the “Pension Fund Foundation” established in accordance with the Social Security Law No.506, Article No.20.

The liabilities described in the Retirement Fund Section 3 No. XV “Explanations on Liabilities related to Rights of Employees” which may arise during the transfer have been calculated by the actuary based on the principles of the related regulation, whereas the liabilities in connection with other social rights and benefits which will not be undertaken by the SSI after the transfer have been calculated by the actuary based on IAS 19 principles. The Bank is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2012 and 31 December 2011. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**II. Explanations and Disclosures Related to the Liabilities (Continued)**

**7. Information on provisions: (continued)**

Based on the determined assumptions,

<b>Transferrable Retirement and Health Liabilities:</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
Net Present Value of Transferrable Retirement Liabilities	(823,577)	(763,025)
Net Present Value of Transferrable Retirement and Health Contributions	534,823	635,342
General Administration Expenses	(8,235)	(7,630)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(296,989)	(135,313)
Fair Value of Plan Assets (2)	1,179,000	1,056,160
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	882,011	920,847
Non-Transferable Benefits (4)	(183,383)	(172,455)
Asset Surplus over Total Benefits ((3)-(4))	698,628	748,392

Distribution of total assets of the Retirement Fund as of 31 December 2012 and 31 December 2011 is presented below:

	<b>31 December 2012</b>	<b>31 December 2011</b>
Bank placements	1,060,309	901,672
Government Bonds and Treasury Bill, Fund and Accrual Interest		
Income	43,563	79,084
Tangible assets	66,840	60,692
Other	8,288	14,712
<b>Total</b>	<b>1,179,000</b>	<b>1,056,160</b>

Actuarial assumptions used in valuation of liabilities except for transferrable liabilities based on IAS 19 are as follows:

	<b>31 December 2012</b>	<b>31 December 2011</b>
Discount Rate	%7.00	%9.15
Expected Inflation Rate	%4.61	%5.00

Medical inflation is expected more than 40% for two periods. In order to represent the expected mortality rates before and after the retirement, CSO 2001 (31 December 2011: CSO 1980) Female/Male mortality table is used.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**II. Explanations and Disclosures Related to the Liabilities (Continued)**

**7. Information on provisions (Continued):**

e) Information on other provisions:

e.1) Provisions for possible losses: None (31 December 2011: None).

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

	<b>Current Period</b>	<b>Prior Period</b>
Provision for legal cases	45,171	43,577
Provision for unindemnified non-cash loans	22,512	32,652
Provision for promotions of credit cards and banking services	12,093	11,926
Other	13,138	14,292
<b>Total</b>	<b>92,914</b>	<b>102,447</b>

**8. Explanations on taxes payable:**

a) Information on current tax liability:

	<b>Current Period</b>	<b>Prior Period</b>
Provision for corporate taxes	63,524	25,021
Taxation on Securities	23,176	20,826
Property Tax	1,637	1,658
Banking Insurance Transaction Tax (BITT)	24,915	23,071
Foreign Exchange Transaction Tax	10	14
Value Added Tax Payable	3,287	1,575
Other (*)	13,024	14,096
<b>Total</b>	<b>129,573</b>	<b>86,261</b>

(\*) Others include income taxes deducted from wages amounting to TL10,618 (31 December 2011: TL12,185) and stamp taxes payable amounting to TL931 (31 December 2011: TL994).

b) Information on premiums:

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums-Employee	3,478	6,057
Social Security Premiums-Employer	3,868	6,861
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	342	652
Unemployment Insurance-Employer	489	853
Other	-	-
<b>Total</b>	<b>8,177</b>	<b>14,423</b>

c) Explanations on deferred tax liabilities, if any: None (31 December 2011: None).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**II. Explanations and Disclosures Related to the Liabilities (Continued)**

**9. Information on liabilities regarding assets held for sale and discontinued operations:**

None (31 December 2011: None).

**10. 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:**

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

The Bank has obtained a primary subordinated loan by issuing a bond amounting to USD 100 million as of 31 July 2007. The investor of the bond is IFC. The maturity of the borrowing is indefinite with semi-annually interest payment. The interest rate is defined as LIBOR+3.5% until 31 July 2017. In case the borrowed amount is not repaid at that date, the interest rate will be revised as LIBOR + 5.25%. Notes are issued as perpetual.

The Bank has obtained secondary subordinated loans by issuing a bond amounting to EUR 75 million as of 4 November 2011 and a bond amounting to EUR 100 million as of 21 December 2011. The bond issue on 21 December 2011 amounting to EUR 100 million is added up with the first issue of EUR 75 million and together will be followed as EUR 175 million. Since the coupon rate of the issue amounting to EUR 100 million is semi-annual Euribor + 5.25% and two issues stated above will be merged and the merged issue will carry the coupon rate of the first issue (Euribor + 4.75% on an annual basis), the price of EUR 100 million issue has been determined as 96.026% (the price determined as the 12-year interest difference between two issues discounted by new issues semi-annual coupon rate of Euribor + 5.25%). As interest payment periods of the new issue will be same with the first one, 47-day interest accrual amounting to EUR 852,527.78 related to the period between 4 November 2011 and 21 December 2011 was paid to the Bank by the investor purchasing the second issue. On 21 December 2011, total net amount of EUR 96,878,527.78 is transferred to the bank accounts.

The Bank, during its Board of Directors’ meeting dated 8 May 2012 has resolved to issue a debt instrument as Secondary Subordinated debt instrument with a value of USD 65 million on 14 May 2012. The semi annually interest rate of the issuance is determined as USD Libor + %5.75. The due date of the debt instrument is determined as 14 May 2024 and for the first seven years there is no option to repay before its due date. The debt instrument can be amortized on 14 May 2019 with the decision of the Board of Directors and upon the approval of Banking Regulation and Supervision Agency.

The Bank has resolved to issue a Secondary Subordinated Debt in the amount of EURO 100 million on 20 July 2012. The interest rate of the issuance has been determined as semi-annually EURIBOR + 4.75%. The due date of the debt instrument is 20 July 2024 and there is no option to repay within the first seven years. The debt instrument can be amortized on 20 July 2019 with the resolution of the BoD and upon the approval of the BRSA

The above mentioned five subordinated loans are utilized in-line with the “loan capital” definition of BRSA and will positively affect the capital adequacy ratio of the Bank as well as utilizing long term funding

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**II. Explanations and Disclosures Related to the Liabilities (Continued)**

**10. 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):**

a) Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	1,037,480	-	712,346
<b>Total</b>	-	<b>1,037,480</b>	-	<b>712,346</b>

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

a) Presentation of Paid-in Capital:

	Current Period	Prior Period
Common stock	2,204,390	2,204,390
Preferred stock	-	-

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

Capital System	Paid-in capital	Ceiling
Registered Capital System	2,204,390	-

c) Information on share capital increases and their sources; other information on increased capital shares in current period: None.

d) Information on share capital increases from revaluation funds: None.

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.

f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

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

g) Information on preferred shares:

7% of the Bank's remaining net income after tax subsequent to deducting legal reserves and first dividends, corresponding to the Bank's 0,06 shares of TL30 (in full TL) is distributed to the founder shares.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**II. Explanations and Disclosures Related to the Liabilities (Continued)**

**11. Information on Shareholders’ Equity (Continued):**

h) Information on marketable securities valuation differences:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	57,529	4,016	(87,265)	(12,005)
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>57,529</b>	<b>4,016</b>	<b>(87,265)</b>	<b>(12,005)</b>

**12. Information on minority shares:** None (31 December 2011:None)

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

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

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card expenditure limits	2,933,697	2,661,586
Loan granting commitments	2,942,424	2,284,218
Payment commitment for checks	1,879,298	1,455,318
Forward asset purchase commitments	1,309,306	1,619,012
Forward deposit purchase commitments	614,094	-
Tax and fund liabilities from export commitments	11,709	10,380
Commitments for promotions related with credit cards and banking activities	5,978	7,608
Share capital commitment to associates and subsidiaries	-	4,000
Other irrevocable commitments	147,132	85,410
<b>Total</b>	<b>9,843,638</b>	<b>8,127,532</b>

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

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

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

	Current Period	Prior Period
Letters of Credit	1,388,201	1,319,224
Bank Acceptances	903,219	342,297
Other Commitments	1,032,189	756,605
Other Contingencies	292,651	85,162
<b>Total</b>	<b>3,616,260</b>	<b>2,503,288</b>

b.2) Guarantees, surety ships, and similar transactions:

	Current Period	Prior Period
Guarantee Letters	4,519,954	3,995,191
Advance Guarantee Letters	921,924	608,580
Temporary Guarantee Letters	462,831	492,886
Guarantee Letters Given for Customs	317,546	249,834
Other Guarantee Letters	464,704	213,003
<b>Total</b>	<b>6,686,959</b>	<b>5,559,494</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

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

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

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	887,465	517,531
With maturity of 1 year or less than 1 year	210,284	116,345
With maturity of more than 1 year	677,181	401,186
Other non-cash loans	9,415,754	7,545,251
<b>Total</b>	<b>10,303,219</b>	<b>8,062,782</b>

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	57,744	1.43	114,344	1.82	56,900	1.65	75,514	1.63
Farming and raising livestock	43,248	1.07	112,166	1.79	43,627	1.26	74,530	1.61
Forestry, Wood and Paper	13,531	0.34	2,081	0.03	12,644	0.37	644	0.01
Fishery	965	0.02	97	0.00	629	0.02	340	0.01
Manufacturing	1,897,967	47.14	3,675,770	58.55	1,619,045	47.01	2,776,865	60.12
Mining and Quarry	122,124	3.03	123,292	1.96	101,475	2.95	74,724	1.62
Production	1,696,182	42.13	3,517,196	56.03	1,463,029	42.48	2,608,420	56.47
Electricity, Gas and Water	79,661	1.98	35,282	0.56	54,541	1.58	93,721	2.03
Construction	969,447	24.08	1,217,275	19.39	848,015	24.63	549,706	11.90
Services	1,021,259	25.37	539,858	8.60	837,762	24.33	421,183	9.12
Wholesale and Retail Trade	460,398	11.44	66,873	1.07	378,271	10.99	56,324	1.22
Hotel, Tourism, Food and Beverage Services	37,753	0.94	23,662	0.38	34,211	0.99	18,006	0.39
Transportation and Communication	217,069	5.39	258,234	4.11	181,676	5.28	174,204	3.77
Financial Institutions	79,383	1.97	65,557	1.04	49,960	1.45	59,635	1.29
Real Estate and Renting	91,587	2.27	64,885	1.03	73,056	2.12	48,736	1.06
Self-employment Services	71,903	1.79	31,128	0.50	59,110	1.72	35,935	0.78
Education Services	2,863	0.07	1,361	0.02	2,134	0.06	873	0.02
Health and Social Services	60,303	1.50	28,158	0.45	59,344	1.72	27,470	0.59
Other	79,764	1.98	729,791	11.64	81,993	2.38	795,799	17.23
<b>Total</b>	<b>4,026,181</b>	<b>100.00</b>	<b>6,277,038</b>	<b>100.00</b>	<b>3,443,715</b>	<b>100.00</b>	<b>4,619,067</b>	<b>100.00</b>

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

Non-cash loans	I st Group		II st Group	
	TL	FC	TL	FC
Letters of guarantee	3,349,270	3,246,627	55,093	35,969
Bank acceptances	-	903,219	-	-
Letters of credit	4,666	1,381,555	-	1,980
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	613,756	707,613	3,396	75
<b>Total</b>	<b>3,967,692</b>	<b>6,239,014</b>	<b>58,489</b>	<b>38,024</b>

The Bank provided a reserve of TL 46,581 (31 December 2011: TL 44,019) for non-cash loans not indemnified yet amounting to TL 22,512 (31 December 2011: TL 32,652).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

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

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

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
<b>Types of trading transactions</b>				
Foreign currency related derivative transactions (I):	34,526,021	28,866,929	-	-
Forward transactions	6,265,980	4,619,076	-	-
Swap transactions	11,448,558	9,637,740	-	-
Futures transactions	-	-	-	-
Option transactions	16,811,483	14,610,113	-	-
Interest related derivative transactions (II):	2,256,150	1,562,582	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	1,945,502	1,163,468	-	-
Interest option transactions	310,648	399,114	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	-	-	-	-
Other trading derivative transactions (IV)	-	-	-	-
<b>A. Total trading derivative transactions (I+II+III+IV)</b>	<b>36,782,171</b>	<b>30,429,511</b>	-	-
<b>Types of hedging transactions</b>				
Fair value hedges	-	-	1,441,536	161,558
Cash flow hedges	-	-	3,153,677	1,918,710
Net investment hedges	-	-	-	-
<b>B. Total hedging related derivatives</b>	-	-	<b>4,595,213</b>	<b>2,080,268</b>
<b>Total Derivative Transactions (A+B)</b>	<b>36,782,171</b>	<b>30,429,511</b>	<b>4,595,213</b>	<b>2,080,268</b>

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

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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

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

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

i) Derivative instruments for fair value hedging purposes:

As of 1 July 2008, the Bank has started to apply fair value hedge accounting in order to avoid the effects of interest rate fluctuations in the market by matching its swap portfolio with its loan portfolio. As of 31 December 2012, nominal value of derivative instruments for hedging purposes is TL 1,441,536 (31 December 2011: TL 161,558) and net fair value is TL 32,389 liability (31 December 2011: TL 13,861) while fair value of the hedged item loans is TL 16,309 (31 December 2011: TL 11,554). The Bank accounts TL 22,865 (31 December 2011: TL 18,797 income) expense for derivative instruments for hedging purposes and TL 4,755 (31 December 2011: TL 22,094 expense) income from hedged item loans in the financial statements.

	<u>Current Period</u>			<u>Prior Period</u>		
	<u>Nominal</u>	<u>Fair Value</u>		<u>Nominal</u>	<u>Fair Value</u>	
		<u>Asset</u>	<u>Liability</u>		<u>Asset</u>	<u>Liability</u>
Interest Rate Swaps	-	-	-	60,000	1,526	4,281
Cross Currency Swaps	1,441,536	5,064	47,696	101,558	8,011	19,117
	<b>1,441,536</b>	<b>5,064</b>	<b>47,696</b>	<b>161,558</b>	<b>9,537</b>	<b>23,398</b>

ii) Derivative instruments for cash flow hedge purposes:

The Bank has adopted cash flow hedge accounting by matching its swap portfolio having total buy-sell nominal amounting to TL 2,083,677 since 2011, and TL 1.100.000 since 2012 with the deposit portfolio having maturity of 28-32 days. Effective portion of TL 62,082 accounted for under equity is presented after deduction of its deferred tax effect of TL 12,416 in the financial statements. In 2012, the ineffective portion of TL 3,455 is accounted as expense in the income statement. There is no cash flow hedge ceased in 2012.

	<u>Current Period</u>			<u>Prior Period</u>		
	<u>Nominal</u>	<u>Fair Value</u>		<u>Nominal</u>	<u>Fair Value</u>	
		<u>Asset</u>	<u>Liability</u>		<u>Asset</u>	<u>Liability</u>
Interest Rate Swaps	3,153,677	11,819	120,811	1,918,710	13,263	27,049

**3. Credit derivatives and risk exposures on credit derivatives: None.**

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

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

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

- a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in entities under common control (joint ventures): None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
- b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes: As of 31 December 2012, there are no contingent assets that need to be explained (31 December 2011: None).
- b.2) A provision is made for contingent liabilities, if realization is probable and the amount can be reliably determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes:

Following a resolution in favor of the Bank in 2003 for the case related to deduct accumulated losses from the corporate tax base for 2002 and for subsequent periods in accordance with Corporate Tax Law article 14/7; the Ministry of Finance appealed against the decision, however, the case was again concluded in favor of the Bank by Tax Supreme Court. In this context, the Bank acquired the right to deduct accumulated losses amounting to TL 364,501 thousand from the corporate tax base. Related accumulated losses have been deducted from tax base by the Bank between the years 2003 and 2006.

On the other hand, the Tax Office has not taken into consideration the deduction amount of TL 144,824 which is included in the 2003/4 temporary tax declaration based on the resolution of the Tax Supreme Court, and recalculated a temporary corporate tax liability of TL 15,510 and levied a fine of TL 16,131 to the Bank based on the declaration as of 20 April 2004. In that respect, the Bank has filed a counter case against the Tax Office, and 1st Tax Office decided in favor of the Bank with resolution no: K:2006/974 based on its decision related with 2002/I period explained above .

The Tax Office filed an appeal against the ruling; however, the 4th Administration of Council of State resolution no: K:2007/4747 ruled that the defendant's claim on the Management's double loss deduction should be initially reviewed and a new ruling should be made accordingly. Therefore the tax office's resolution is overruled by the Council of State.

Although the 1st Tax Office of İstanbul had reviewed the related issues upon the Council of State's overruling and conducted the litigation in favor of the Bank upon its resolution no: K:2010/2377, TL 48,557 of loss amount is considered as undeductible in the basis of the resolution. Therefore, the Bank has filed an appeal on 4 October 2010 for the overruling of the related resolution basis and the outcome of the appeal is still in process. As the Bank management foresees no significant risk in relation to the related lawsuits, no provision is provided in the financial statements. The Bank has increased the tax base by TL 2,863 in regards to the related lawsuit in accordance with the requirements of the Communiqué No:6111 "Restructuring of Specific Receivables and Social Insurance and General Health Insurance Law and Amendments to Some Other Laws and Requirements".

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

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

**5. Custodian and intermediary services:**

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

Investment fund participation certificates held in custody which belong to the customers and the portfolio are accounted for with their nominal values. As of 31 December 2012 the total nominal value and number of certificates are TL 2,673,619 and 267,361,941 thousand (31 December 2011: TL 2,064,582 and 206,458,233 thousand) and the total fair value is TL 9,894,934 (31 December 2011: TL 8,601,613).

**6. The information on the Bank’s rating by the international rating introductions (\*):**

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

**Moody’s Investor Services: July 2012**

<b>View</b>	Negative
<b>Bank Financial Strength</b>	D+
<b>Foreign Currency Deposits</b>	Ba2/NP

**Fitch Ratings: November 2012**

<b>Foreign Currency Commitments</b>	
Long term	BBB
Short term	F3
View	Stable
<b>Turkish Lira Commitments</b>	
Long term	BBB+
Short term	F2
View	Stable
National	AAA (tur)
View	Stable
<b>Individual Rating</b>	bb+
<b>Support Points</b>	2

(\*) Ratings above are not performed based on the “Communiqué for Authorization and Activities of Rating Institutions” published by the Capital Markets Board.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**IV. Explanations and Disclosures Related to the Statement of Income**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Interest on loans (*)</b>				
Short term loans	1,831,807	140,924	1,205,057	124,452
Medium and long term loans	1,312,162	155,861	975,888	104,288
Interest on non-performing loans	29,471	-	36,356	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>3,173,440</b>	<b>296,785</b>	<b>2,217,301</b>	<b>228,740</b>

(\*) Includes fees and commissions obtained from cash loans amounting to 106,335 TL (31 December 2011: 102,079 TL)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	5,382	165	4,321	113
Foreign banks	2,663	1,432	2,617	2,730
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>8,045</b>	<b>1,597</b>	<b>6,938</b>	<b>2,843</b>

**c) Information on interest received from securities portfolio:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets held for Trading	52,902	8,329	56,038	52,358
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	332,795	7,539	321,791	21,806
Investments Held-to-Maturity	-	-	2,469	-
<b>Total</b>	<b>385,697</b>	<b>15,868</b>	<b>380,298</b>	<b>74,164</b>

**d) Interest received from Subsidiaries and Associates:**

	Current Period	Prior Period
Interest received from Subsidiaries and Associates	4,222	4,120

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
The Central Bank of Turkey	-	-	-	-
Domestic banks	7,884	5,910	5,939	3,089
Foreign banks	128,631	107,658	197,265	87,330
Branches and head office abroad	-	-	-	-
Other financial institutions	-	14,425	-	32,119
<b>Total</b>	<b>136,515</b>	<b>127,993</b>	<b>203,204</b>	<b>122,538</b>

(\*) Includes fees and commission expenses of cash loans amounting to 4,805 TL (31 December 2011: TL 12,391).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**IV. Explanations and Disclosures Related to the Statement of Income (Continued)**

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

	Current Period	Prior Period
Interest expenses to associates and subsidiaries	1,502	1,539

**c) Information on interest expenses on securities issued:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on securities issued	37,311		10,089	-
<b>Total</b>	<b>37,311</b>	<b>-</b>	<b>10,089</b>	<b>-</b>

**d) Distribution of interest expenses on deposits based on maturity of deposits:**

Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>TL</b>								
Bank deposits	-	7,778	512	177	64	342	-	8,873
Saving deposits	-	153,809	675,038	23,162	6,028	2,326	-	860,363
Public sector deposits	1	6,410	29,364	24	2	-	-	35,801
Commercial deposits	1	97,849	323,894	14,667	9,926	1	-	446,338
Other deposits	-	5,332	127,126	11,575	3,768	35	-	147,836
7 days call accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2</b>	<b>271,178</b>	<b>1,155,934</b>	<b>49,605</b>	<b>19,788</b>	<b>2,704</b>	<b>-</b>	<b>1,499,211</b>
<b>FC</b>								
Foreign currency deposits	4	64,034	146,265	11,484	4,704	2,527	-	229,018
Bank deposits	4	412	675	-	-	-	-	1,091
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	1,758	2,338	261	466	-	-	4,823
<b>Total</b>	<b>8</b>	<b>66,204</b>	<b>149,278</b>	<b>11,745</b>	<b>5,170</b>	<b>2,527</b>	<b>-</b>	<b>234,932</b>
<b>Grand Total</b>	<b>10</b>	<b>337,382</b>	<b>1,305,212</b>	<b>61,350</b>	<b>24,958</b>	<b>5,231</b>	<b>-</b>	<b>1,734,143</b>

**3. Information on dividend income:**

	Current Period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	874	432
Other	17,189	17,802
<b>Total</b>	<b>18,063</b>	<b>18,234</b>

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**IV. Explanations and Disclosures Related to the Statement of Income (Continued)**

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Income</b>	<b>5,144,767</b>	<b>7,514,039</b>
Gains on capital market operations	64,702	200,081
Gains on derivative financial instruments (*)	1,527,692	1,820,389
Foreign exchange gains (**)	3,552,373	5,493,569
<b>Losses (-)</b>	<b>5,226,230</b>	<b>7,538,347</b>
Losses on capital market operations	34,451	190,147
Losses on derivative financial instruments (*)	2,007,565	1,772,163
Foreign exchange losses (**)	3,184,214	5,576,037

(\*) Foreign exchange gains on hedging transactions are TL 1,410 (31 December 2011: TL 7,999), while foreign exchange losses on hedging transactions are TL 15,229 (31 December 2011: TL 4,167).

(\*\*) Foreign exchange gains on derivative financial transactions are TL37,244 (31 December 2011: TL 173,594 foreign exchange gains).

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

There is no issue that includes new developments and can influence the Bank’s income significantly.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**IV. Explanations and Disclosures Related to the Statement of Income (Continued)**

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

	<b>Current Period</b>	<b>Prior Period</b>
Specific provisions for loans and other receivables	132,061	46,788
III. Group Loans and Receivables	43,943	17,937
IV. Group Loans and Receivables	50,046	19,003
V. Group Loans and Receivables	38,072	9,848
General provision expenses	141,191	85,242
Provision expenses for possible losses	-	-
Marketable securities impairment losses	-	5,131
Financial assets at fair value through profit and loss	-	5,131
Investment securities available for sale	-	-
Impairment provision expense	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investments held to maturity	-	-
Other	650	(9,210)
<b>Total</b>	<b>273,902</b>	<b>127,951</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Personnel expenses (*)	634,396	590,745
Reserve for employee termination benefits (**)	43,223	38,135
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets (***)	70,682	81,313
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	11,874	10,559
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1,858	743
Depreciation expenses of assets to be disposed	1,676	1,147
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	519,392	491,906
Rent expenses (****)	141,644	140,777
Maintenance expenses	17,359	14,137
Advertisement expenses(*****)	66,778	59,685
Other expenses	293,611	277,307
Loss on sales of assets	3,364	1,150
Other (*****)	209,066	163,443
<b>Total</b>	<b>1,495,531</b>	<b>1,379,141</b>

(\*) Includes restructuring expenses amounting to TL 11,602 (31 December 2011: TL 11,613).

(\*\*) Includes TL7,646 restructuring charges (31 December 2011: TL12,143).

(\*\*\*) Includes TL 4,978 restructuring charges in 31 December 2011 (31 December 2012: TL None).

(\*\*\*\*) Includes TL1,382 restructuring charges (31 December 2011: TL 3,017).

(\*\*\*\*\*) Includes TL 295 restructuring charges. (31 December 2011: TL 15,923).

(\*\*\*\*\*\*) Included TL26,496 (31 December 2011: TL 17,814) in other premiums paid to the Saving Deposit Insurance Fund, TL72,997 (31 December 2011: TL 71,575) is other taxes and duties paid and TL11,492 (31 December 2011: TL20,117) is merger and restructuring costs.

**8. Information on profit/(loss) from continued and discontinued operations before taxes:**

Profit before tax of the Bank consists of net interest income and net fees and commission income amounting to TL 1,844,714 (31 December 2011: TL 1,375,002) and TL 536,890 (31 December 2011: TL 335,848), respectively; while operating expenses are TL 1,495,531 (31 December 2011: TL 1,379,141).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**IV. Explanations and Disclosures Related to the Statement of Income (Continued)**

**9. Information on tax provision for continued and discontinued operations:**

- a) As of 31 December 2012, the current tax charge is TL239,694 (31 December 2011: TL 27,871), and deferred tax asset is TL84,599 (31 December 2011: TL 48,791 deferred tax liability). There is no current and deferred tax income due to calculated discontinued operations.
- b) Deferred tax benefit on temporary differences resulted from continued operations is TL84,599 (31 December 2011: TL 48,791 deferred tax liability).
- c) Tax reconciliation:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Profit before tax</b>	<b>640,722</b>	<b>283,337</b>
<b>Additions</b>	<b>158,120</b>	<b>132,003</b>
Nonallowable expenses	17,167	40,165
General loan loss provision	140,953	91,838
<b>Deductions</b>	<b>(23,366)</b>	<b>(32,030)</b>
Dividend income	(17,929)	(18,120)
Other	(5,437)	(13,910)
<b>Taxable Profit / (Loss)</b>	<b>775,476</b>	<b>383,310</b>
Corporate tax rate	20%	20%
<b>Tax calculated</b>	<b>155,095</b>	<b>76,662</b>

**10. Information on net profit/(loss) from continued and discontinued operations:**

The Bank's net profit from continued operations for the year ended 31December 2012 is TL 485,627 (31 December 2011: TL 206,675).

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

- a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None (31 December 2011: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2011: None).
- c) Profit or loss attributable to minority shares: None (31 December 2011: None).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**IV. Explanations and Disclosures Related to the Statement of Income (Continued)**

**12. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items:**

	<b>Current Period</b>	<b>Prior Period</b>
<b><u>Other fees and commissions received</u></b>		
Card fee and commissions	441,309	284,867
Intelligence fee and commissions	45,753	14,198
Insurance commissions	40,233	27,295
Transfer commissions	29,134	20,158
Fund management fees	18,492	28,901
Settlement expense provision, eft, swift, agency commissions	17,653	13,673
Commissions and fees earned from correspondent banks	14,880	12,124
Other	173,246	107,682
<b>Total</b>	<b>780,700</b>	<b>508,898</b>
<b><u>Other fees and commissions paid</u></b>		
Credit cards commissions and fees	258,824	172,721
Settlement expense provision, eft, swift, agency commissions	8,279	4,596
Commissions and fees paid to correspondent banks	6,019	8,647
Other	53,622	41,472
<b>Total</b>	<b>326,744</b>	<b>227,436</b>

**V. Explanations and Disclosures Related to Statement of Changes in Shareholders' Equity**

- a) Increasing resulting from revaluation of financial assets available for sale is TL 201,018 (31 December 2011: TL 243,092 decreased) and change effect to deferred tax is TL 40,203 (31 December 2011: TL 46,878)

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 amounting TL 204,478 income (31 December 2011: TL 175,385 income).

The amount recycled from equity 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): TL 3,460 income (31 December 2011: TL 65,707 income).

- b) Increase in cash flow risk hedging items:  
The Bank hedges itself against cash flow risk from Turkish Lira short term time deposits through its interest rate swaps. In this context, the effective portion is accounted for under equity in "Hedging Funds" account. The related amount in year 2012 is TL 67,713 (31 December 2011: TL 5,631 increased) and and change effect to deferred tax is TL 13,543 (31 December 2011: TL 1,126)
- c) The reconciliation related with foreign exchange amounts in the beginning and end of the period: None.
- d) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.
- e) 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.
- f) Proposals to General Assembly for the payment dates of dividends and if it will not be appropriated the reasons for this: The Board of Directors has not decided for profit appropriation as of the date of the financial statements are authorized for issue.
- g) Amounts transferred to legal reserves: Amount transferred to legal reserves is TL 10,334 in 2012 (31 December 2011: TL 15,015).
- h) Information on shares issued:

The Bank has not recorded any shares issued in "Share Premium" account in the current period.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**VI. Explanations and Disclosures 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 TL 1,733,960 (31 December 2011: TL 1,309,611) in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid and other expenses except for leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

“Net increase/decrease in other liabilities” amounting to TL 229,184 (31 December 2011: TL 95,869) in “Changes in operating assets and liabilities” consists of changes in sundry creditors, other liabilities and interbank money market borrowings. “Net increase/decrease in other assets” with a total amount of TL 2,051,946 (31 December 2011: TL 79,551) consists of changes in sundry debtors, blocked reserved deposits and other assets.

Other items” amounting to TL 16,939 (31 December 2011: TL 9,480) in “Net cash provided from investing activities” consists of cash paid for purchases of intangible assets.

Effect of change in foreign exchange rate on cash and cash equivalents includes the foreign exchange effect resulting from the translation of cash and cash equivalents in foreign currency by using the foreign exchange rates at the beginning and at the end of the period, and it is TL 16,322 for the year 2012 (31 December 2011: TL 166,409).

**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:

<b>Beginning of the period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>2,429,724</b>	<b>1,616,646</b>
Cash in TL/Foreign Currency	487,808	287,730
Central Bank – Unrestricted amount	1,616,648	1,301,246
Other	325,268	27,670
<b>Cash equivalents</b>	<b>817,678</b>	<b>703,336</b>
Banks	307,678	703,336
Money market placements	510,000	-
<b>Total cash and cash equivalents</b>	<b>3,247,402</b>	<b>2,319,982</b>

<b>End of the period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>1,088,529</b>	<b>2,429,724</b>
Cash in TL/Foreign Currency	591,035	487,808
Central Bank – Unrestricted amount	447,146	1,616,648
Other	50,348	325,268
<b>Nakde Eşdeğer Varlıklar</b>	<b>2,378,675</b>	<b>817,678</b>
Banks	678,675	307,678
Money market placements	1,700,000	510,000
<b>Total cash and cash equivalents</b>	<b>3,467,204</b>	<b>3,247,402</b>

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IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**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:**

Balance sheet items, income/expense items of previous periods are presented as of 31 December 2011.

a) Current Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		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	404	3,126	76,412	4	127,364	231,970
Balance at end of period	64	8,368	2,815	4	35,486	396,822
Interest and commission income	4,222	113	3,684	23	16,163	95

Subsidiaries, associates and entities under common control balance above includes TL 64, direct and indirect shareholders of the Bank balance above includes TL 2,118 and other entities included in the risk group balance above includes TL 152 placement in foreign banks.

b) Prior Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		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	331	735	38,643	40,782	142,406	114,606
Balance at end of period	404	3,126	76,412	4	127,364	231,970
Interest and commission income received	4,120	41	2,911	20	8,143	333

Subsidiaries, associates and entities under common control balance above includes TL 67, direct and indirect shareholders of the Bank balance above includes TL 1,913 and other entities included in the risk group balance above includes TL 12,744 placement in foreign banks

c.1) Information on related party deposits balances:

Related parties	Subsidiaries, associates and entities under common control (Joint Vent.)		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	46,466	73,452	430,246	1,024,799	372,913	336,262
Balance at end of period	44,929	46,466	471,343	430,246	236,958	372,913
Interest on deposits	1,502	1,539	14,033	18,505	23,496	7,646

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**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

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

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

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

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		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
Financial Assets at Fair Value Through Profit and Loss						
Beginning of period	-	-	9,020,778	2,958,850	178,125	887,840
End of period	-	-	8,489,076	9,020,778	3,628	178,125
Total income/loss	-	-	12,945	(22,025)	792	10,671
Hedging transactions purposes						
Beginning of period	-	-	522,500	201,151	-	-
End of period	-	-	830,956	522,500	-	-
Total income/loss	-	-	(16,405)	(5,836)	-	-

d) As of 31 December 2012, the total amount of remuneration and benefits provided for the senior management of the Bank is TL 26,259 (31 December 2011: TL 24,561).

**VIII. Explanations on the Bank’s Domestic Branches, Agencies and Branches Abroad and Off-shore Branches**

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

	Numbers	Employees		Total Assests	Capital
Domestic branches	504	9,239			
Rep-offices abroad	-	-	Country		
Branches abroad	4	46	Cyprus	359,997	20,000
Off-shore branches	1	3	Bahrain	991,055	-

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

In the year 2012, Bank opened 6 branches , closed 4 branches .

**IX. Explanations on significant events and matters arising subsequent to balance sheet date:**

i) Bond issued by The Parent Bank on 14 January 2013 with a nominal value of TL 364,702, maturity of 174 days with due date of 8 July 2013, with an interest rate of 6,71386%, and with an annual compound rate of 6,83192% has started to be publicly traded in bonds and bills market with ISIN code of “TRQTEBK71318”

ii) It is declared that merger operation of Fortis Faktoring A.Ş. and the Parent Bank’s subsidiary TEB Faktoring A.Ş. is started and share purchase agreement regarding share transfer before merger dated 31 January 2013 is signed Teb Faktoring A.Ş., subsidiary of Fortis Faktoring A.Ş. and the Parent Bank, According to share purchase agreement, TL 14,499.996 of TL 14,500 nominal value of Fortis Faktoring A.Ş.’s share is to be bought by TEB Faktoring A.Ş.. As a consequence of the share transfer, the Bank would be 100% shareholder indirectly. The Bank After the declared share transfer, TEB Faktoring A.Ş. and Fortis Faktoring A.Ş. are planned to be merged under TEB Faktoring A.Ş.

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**TÜRK EKONOMİ BANKASI A.Ş.  
UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD  
FROM 1 JANUARY TO 31 DECEMBER 2012**

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**SECTION SIX**

**OTHER EXPLANATIONS**

**I) Other Explanations on the Operations of the Bank**

None

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**SECTION SEVEN**

**INDEPENDENT AUDITOR’S REPORT**

**I. Explanations on the Independent Auditor’s Report**

The unconsolidated financial statements of the Bank were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the independent auditor’s report dated 14 February 2013 is presented preceding the financial statements.

**II. Other Footnotes and Explanations Prepared by the Independent Auditors**

None.

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