

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

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

**INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR 1 JANUARY 2011 – 31 DECEMBER 2011**

We have audited the accompanying consolidated balance sheet of Türk Ekonomi Bankası A.Ş. and its financial subsidiaries (the "Group") as at 31 December 2011, and the related consolidated statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no: 26333 on 1 November 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2011 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Articles 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by BRSA.

Additional paragraph for English translation:

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

İstanbul, 15 February 2012

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

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Özlem Gören Güçdemir
Partner

**THE CONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.
FOR THE YEAR ENDED 31 DECEMBER 2011**

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The year end consolidated 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 PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP WHICH IS UNDER CONSOLIDATION
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

The subsidiaries, associates and jointly controlled entities, financial statements of which are consolidated within the framework of the reporting package are as follows:

| | Subsidiaries | Associates | Jointly Controlled Entities |
|----|------------------------------------|-------------------|------------------------------------|
| 1. | The Economy Bank N.V. | - | - |
| 2. | Stichting Effecten Dienstverlening | - | - |
| 3. | Kronenburg Vastgoed B.V. | - | - |
| 4. | TEB Yatırım Menkul Değerler A.Ş. | - | - |
| 5. | TEB Faktoring A.Ş. | - | - |
| 6. | TEB Portföy Yönetimi A.Ş. | - | - |

The consolidated 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 | Dr. Akın | | | |
| Yavuz Canevi | Givadinovitch | Akbaygil | Varol Civil | M. Aşkın Dolaştır | Gökhan Kazcılar |
| Chairman of | Chairman | Vice Chairman | General Manager | Assistant General | Director |
| the Board of | of the Audit | of the Audit | | Manager Responsible of | Responsible of |
| Directors | Committee | Committee | | Financial Reporting | General Accounting |

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

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

Telephone Number: (0216) 635 24 63

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TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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

SECTION ONE

GENERAL INFORMATION

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

Türk Ekonomi Bankası Anonim Şirketi (the “Bank” or “TEB”), 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.

II. Explanation on the Parent Bank’s Capital Structure, Shareholders of the Parent Bank who are in Charge of the Management and/or Auditing of the Parent Bank Directly or Indirectly, Changes in These Matters (if any), and the Group the Parent 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 bank by means of transfer of all rights, receivables, liabilities and obligations to the Parent 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 Parent Bank is increased from TL 1,400,000 to TL 2,204,390 and the issued capital of the Parent Bank is increased by TL 1,104,390 from TL 1,100,000 to TL 2,204,390.

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. (the “Bank”) shares for each Fortis Bank A.Ş. share having a nominal value of TL 1.

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 Parent 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 above mentioned 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 Parent 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%-50%, subject to the required approvals of the regulatory authorities.

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 TL 500,000 to TL 590,863 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%.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

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 TL 616,935. 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 TL 448,512 held by Fortis Bank SA/NV, were transferred to BNPP Yatırımlar Holding A.Ş. for a consideration of TL 865,440; and 14.08% of shares in TEB, having a total nominal value of TL 310,480, held by Fortis Bank SA/NV, were transferred to BNP Paribas Fortis Yatırımlar Holding A.Ş. for a consideration of TL 670,636.

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 TL 2.21 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. TL 310,480 (14.085%)
 -BNPP Yatırımlar Holding A.Ş. TL 448,512 (20.346%)

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

-BNP Paribas Fortis Yatırımlar Holding A.Ş. TL 376,584 (17.083%)
 -BNPP Yatırımlar Holding A.Ş. TL 514,616 (23.345%)

As of 31 December 2011 and 31 December 2010 the shareholders’ structure and their respective ownerships are summarized as follows:

| Name of shareholders | As of 31 December 2011 | | As of 31 December 2010 | |
|--|------------------------|---------------|------------------------|---------------|
| | Paid in capital | % | Paid in capital | % |
| TEB Holding A.Ş. | 1,212,414 | 55.00 | 926,796 | 84.25 |
| BNP Yatırımlar Holding A.Ş. | 514,616 | 23.34 | - | - |
| BNP Paribas Fortis Yatırımlar Holding A.Ş. | 376,584 | 17.08 | - | - |
| Publicly Traded | 99,556 | 4.52 | 171,966 | 15.63 |
| Other Shareholders | 1,220 | 0.06 | 1,238 | 0.12 |
| | 2,204,390 | 100.00 | 1,100,000 | 100.00 |

As of 31 December 2011, Parent Bank’s paid-in-capital consists of 2,204,390,000 shares of TL 1.00 (full TL) nominal each.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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

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

| <u>Name</u> | <u>Title</u> |
|---|--|
| Board of Directors; | |
| 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 |
| Musa Erden | Member of the Board of Directors |
| Alain Georges Auguste Fonteneau | Member of the Board of Directors |
| Jean Yves Fillon | Member of the Board of Directors |
| Assistant General Managers; | |
| 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 | Assistant General Manager Responsible from Banking Operations |
| 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 General Manager Responsible from Information Technologies |
| Akil Özçay(*) | Assistant General Manager Responsible from Financial Markets |
| Group Heads | |
| Ayşe Korkmaz | Head of Compliance and Internal Control |
| Didier Albert Nicole Van Hecke | Chief Risk Officer |
| Inspection Committee and Statutory Auditors; | |
| Hakan Tıraşın | Chairman of the Inspection Committee |
| Esra Peri Aydoğan | Statutory Auditor |
| Cihat Madanoğlu | Statutory Auditor |

(*) Akil Özçay was appointed as the Assistant General Manager responsible from Financial Markets as of 21 November 2011.

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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

IV. Information About the Persons and Institutions That Have Qualified Shares in the Parent Bank

| Name / Commercial Name | Share Amount | Share Ratio | Paid up Shares | Unpaid Shares |
|--|--------------|-------------|----------------|---------------|
| TEB Holding A.Ş. | 1,212,414 | 55.00% | 1,212,414 | - |
| BNP 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 Parent 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 Parent Bank's Functions and Areas of Activity

The Parent 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 Parent Bank is handling agency functions through its branches on behalf of TEB Yatırım Menkul Değerler A.Ş., Zurich Sigorta A.Ş., Cardif Hayat Sigorta A.Ş., Fortis Emeklilik ve Hayat A.Ş. As of 31 December 2011, the Parent Bank has 503 local branches and 4 foreign branches (31 December 2010: 331 local branches, 4 foreign branches).

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2011 AND 2010

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

I. CONSOLIDATED BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)

| | Note Ref. | Audited Current Period 31.12.2011 | | | Audited Prior Period 31.12.2010 | | |
|---|-------------|--------------------------------------|-------------------|-------------------|------------------------------------|------------------|-------------------|
| | | TL | FC | Total | TL | FC | Total |
| I. CASH AND BALANCES WITH THE CENTRAL BANK | (1) | 1,500,361 | 2,517,896 | 4,018,257 | 786,645 | 1,240,651 | 2,027,296 |
| II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net) | (2) | 860,882 | 415,909 | 1,276,791 | 187,771 | 28,417 | 216,188 |
| 2.1 Financial assets held for trading | | 860,882 | 415,909 | 1,276,791 | 187,771 | 28,417 | 216,188 |
| 2.1.1 Public sector debt securities | | 596,824 | 357,553 | 954,377 | 106,786 | 5,878 | 112,664 |
| 2.1.2 Share certificates | | - | - | - | - | - | - |
| 2.1.3 Derivative financial assets held for trading | | 264,058 | 58,356 | 322,414 | 80,985 | 22,539 | 103,524 |
| 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 | | - | - | - | - | - | - |
| III. BANKS | (3) | 152,232 | 453,606 | 605,838 | 507,449 | 515,376 | 1,022,825 |
| IV. MONEY MARKET PLACEMENTS | | 523,574 | - | 523,574 | 238 | - | 238 |
| 4.1 Interbank money market placements | | - | - | - | - | - | - |
| 4.2 Istanbul Stock Exchange money market placements | | 12,599 | - | 12,599 | - | - | - |
| 4.3 Receivables from reverse repurchase agreements | | 510,975 | - | 510,975 | 238 | - | 238 |
| V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net) | (4) | 4,103,629 | 594,316 | 4,697,945 | 2,999,258 | 515,748 | 3,515,006 |
| 5.1 Share certificates | | 19,619 | 4,318 | 23,937 | 14,603 | 2,256 | 16,859 |
| 5.2 Public sector debt securities | | 4,082,934 | 582,630 | 4,665,564 | 2,982,109 | 507,298 | 3,489,407 |
| 5.3 Other marketable securities | | 1,076 | 7,368 | 8,444 | 2,546 | 6,194 | 8,740 |
| VI. LOANS AND RECEIVABLES | (5) | 20,511,045 | 6,452,442 | 26,963,487 | 9,368,590 | 3,557,575 | 12,926,165 |
| 6.1 Loans and receivables | | 20,302,264 | 6,446,621 | 26,748,885 | 9,245,768 | 3,552,988 | 12,798,756 |
| 6.1.1 Loans to Risk Group of the Bank | | 113,800 | 75,319 | 189,119 | 141,923 | 22,708 | 164,631 |
| 6.1.2 Public sector debt securities | | - | - | - | - | - | - |
| 6.1.3 Other | | 20,188,464 | 6,371,302 | 26,559,766 | 9,103,845 | 3,530,280 | 12,634,125 |
| 6.2 Non-performing loans | | 726,299 | 29,379 | 755,678 | 360,075 | 15,399 | 375,474 |
| 6.3 Specific provisions (-) | | 517,518 | 23,558 | 541,076 | 237,253 | 10,812 | 248,065 |
| VII. FACTORING RECEIVABLES | | 516,926 | 302,085 | 819,011 | 412,868 | 189,451 | 602,319 |
| VIII. HELD TO MATURITY INVESTMENTS (Net) | (6) | - | 21,224 | 21,224 | 217,604 | 17,415 | 235,019 |
| 8.1 Public sector debt securities | | - | 21,224 | 21,224 | 217,604 | 17,415 | 235,019 |
| 8.2 Other marketable securities | | - | - | - | - | - | - |
| IX. INVESTMENTS IN ASSOCIATES (Net) | (7) | - | - | - | - | - | - |
| 9.1 Accounted for under equity method | | - | - | - | - | - | - |
| 9.2 Unconsolidated associates | | - | - | - | - | - | - |
| 9.2.1 Financial investments | | - | - | - | - | - | - |
| 9.2.2 Non-financial investments | | - | - | - | - | - | - |
| X. INVESTMENTS IN SUBSIDIARIES (Net) | (8) | - | - | - | - | - | - |
| 10.1 Unconsolidated financial subsidiaries | | - | - | - | - | - | - |
| 10.2 Unconsolidated non-financial subsidiaries | | - | - | - | - | - | - |
| XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net) | (9) | 5 | - | 5 | 5 | - | 5 |
| 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 |
| XII. FINANCE LEASE RECEIVABLES | (10) | - | - | - | - | - | - |
| 12.1 Finance lease receivables | | - | - | - | - | - | - |
| 12.2 Operating lease receivables | | - | - | - | - | - | - |
| 12.3 Other | | - | - | - | - | - | - |
| 12.4 Unearned income (-) | | - | - | - | - | - | - |
| XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES | (11) | 22,787 | 13 | 22,800 | 11,114 | 43 | 11,157 |
| 13.1 Fair value hedge | | 9,524 | 13 | 9,537 | 11,114 | 43 | 11,157 |
| 13.2 Cash flow hedge | | 13,263 | - | 13,263 | - | - | - |
| 13.3 Hedge of net investment risks in foreign operations | | - | - | - | - | - | - |
| XIV. TANGIBLE ASSETS (Net) | (12) | 255,711 | 8,600 | 264,311 | 110,334 | 7,234 | 117,568 |
| XV. INTANGIBLE ASSETS (Net) | (13) | 440,358 | 899 | 441,257 | 13,020 | 921 | 13,941 |
| 15.1 Goodwill | | 421,124 | - | 421,124 | 1,205 | - | 1,205 |
| 15.2 Other | | 19,234 | 899 | 20,133 | 11,815 | 921 | 12,736 |
| XVI. INVESTMENT PROPERTIES (Net) | (14) | - | - | - | - | - | - |
| XVII. TAX ASSET | (15) | 71,555 | 2,581 | 74,136 | 15,514 | 2,119 | 17,633 |
| 17.1 Current tax asset | | 561 | - | 561 | - | - | - |
| 17.2 Deferred tax asset | | 70,994 | 2,581 | 73,575 | 15,514 | 2,119 | 17,633 |
| XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net) | (16) | - | - | - | - | - | - |
| 18.1 Held for sale | | - | - | - | - | - | - |
| 18.2 Discontinued operations | | - | - | - | - | - | - |
| XIX. OTHER ASSETS | (17) | 626,835 | 98,976 | 725,811 | 396,835 | 71,024 | 467,859 |
| TOTAL ASSETS | | 29,585,900 | 10,868,547 | 40,454,447 | 15,027,245 | 6,145,974 | 21,173,219 |

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2011 AND 2010

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

I. CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)

| | Note Ref. | Audited Current Period 31.12.2011 | | Audited Prior Period 31.12.2010 | | Total | |
|--|-----------|--------------------------------------|-------------------|------------------------------------|-------------------|------------------|-------------------|
| | | TL | FC | TL | FC | | |
| I. DEPOSITS | (1) | 14,799,179 | 9,298,271 | 24,097,450 | 8,486,701 | 4,677,170 | 13,163,871 |
| 1.1 Deposits from Risk Group of the Bank | | 569,023 | 264,370 | 833,393 | 1,164,992 | 251,151 | 1,416,143 |
| 1.2 Other | | 14,230,156 | 9,033,901 | 23,264,057 | 7,321,709 | 4,426,019 | 11,747,728 |
| II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING | (2) | 157,708 | 116,091 | 273,799 | 64,433 | 32,335 | 96,768 |
| III. FUNDS BORROWED | (3) | 2,853,408 | 4,596,346 | 7,449,754 | 2,512,012 | 1,889,976 | 4,401,988 |
| IV. MONEY MARKET BALANCES | | 1,104,748 | - | 1,104,748 | 86,665 | - | 86,665 |
| 4.1 Interbank money market takings | | - | - | - | - | - | - |
| 4.2 Istanbul Stock Exchange money market takings | | - | - | - | 12,308 | - | 12,308 |
| 4.3 Funds provided under repurchase agreements | | 1,104,748 | - | 1,104,748 | 74,357 | - | 74,357 |
| V. MARKETABLE SECURITIES ISSUED (Net) | | 249,107 | - | 249,107 | - | - | - |
| 5.1 Bills | | 249,107 | - | 249,107 | - | - | - |
| 5.2 Asset backed securities | | - | - | - | - | - | - |
| 5.3 Bonds | | - | - | - | - | - | - |
| VI. FUNDS | | - | - | - | - | - | - |
| 6.1 Borrower funds | | - | - | - | - | - | - |
| 6.2 Other | | - | - | - | - | - | - |
| VII. SUNDRY CREDITORS | | 774,717 | 66,939 | 841,656 | 318,596 | 24,809 | 343,405 |
| VIII. OTHER LIABILITIES | (4) | 622,004 | 2,884 | 624,888 | 304,061 | 1,354 | 305,415 |
| IX. FACTORING PAYABLES | | 4,259 | 2,251 | 6,510 | - | - | - |
| X. FINANCE LEASE PAYABLES | (5) | - | 8 | 8 | - | 16 | 16 |
| 10.1 Finance lease payables | | - | 9 | 9 | - | 21 | 21 |
| 10.2 Operating lease payables | | - | - | - | - | - | - |
| 10.3 Other | | - | - | - | - | - | - |
| 10.4 Deferred finance lease expenses (-) | | - | 1 | 1 | - | 5 | 5 |
| XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES | (6) | 50,447 | - | 50,447 | 56,547 | - | 56,547 |
| 11.1 Fair value hedge | | 23,398 | - | 23,398 | 56,547 | - | 56,547 |
| 11.2 Cash flow hedge | | 27,049 | - | 27,049 | - | - | - |
| 11.3 Hedge of net investment in foreign operations | | - | - | - | - | - | - |
| XII. PROVISIONS | (7) | 496,852 | 10,256 | 507,108 | 176,979 | 28,225 | 205,204 |
| 12.1 General loan loss provisions | | 266,177 | 7,232 | 273,409 | 88,034 | 26,079 | 114,113 |
| 12.2 Restructuring reserve | | 2,663 | - | 2,663 | 228 | - | 228 |
| 12.3 Reserve for employee benefits | | 125,025 | 2,278 | 127,303 | 60,738 | 2,146 | 62,884 |
| 12.4 Insurance technical reserves (Net) | | - | - | - | - | - | - |
| 12.5 Other provisions | | 102,987 | 746 | 103,733 | 27,979 | - | 27,979 |
| XIII. TAX LIABILITY | (8) | 104,811 | 1,037 | 105,848 | 86,463 | 1,081 | 87,544 |
| 13.1 Current tax liability | | 104,811 | 1,037 | 105,848 | 86,463 | 1,081 | 87,544 |
| 13.2 Deferred tax liability | | - | - | - | - | - | - |
| XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net) | (9) | - | - | - | - | - | - |
| 14.1 Held for sale | | - | - | - | - | - | - |
| 14.2 Discontinued operations | | - | - | - | - | - | - |
| XV. SUBORDINATED LOANS | (10) | - | 712,346 | 712,346 | - | 472,542 | 472,542 |
| XVI. SHAREHOLDERS' EQUITY | (11) | 4,314,992 | 115,786 | 4,430,778 | 1,837,787 | 115,467 | 1,953,254 |
| 16.1 Paid-in capital | | 2,204,390 | - | 2,204,390 | 1,100,000 | - | 1,100,000 |
| 16.2 Supplementary capital | | 684,228 | (11,466) | 672,762 | 86,999 | (823) | 86,176 |
| 16.2.1 Share premium | | 2,565 | - | 2,565 | 2,227 | - | 2,227 |
| 16.2.2 Share cancellation profits | | - | - | - | - | - | - |
| 16.2.3 Marketable securities valuation differences | | (94,021) | (11,466) | (105,487) | 83,846 | (823) | 83,023 |
| 16.2.4 Tangible assets revaluation differences | | 100,483 | - | 100,483 | - | - | - |
| 16.2.5 Intangible assets revaluation differences | | - | - | - | - | - | - |
| 16.2.6 Investment properties revaluation differences | | - | - | - | - | - | - |
| 16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.) | | 527 | - | 527 | - | - | - |
| 16.2.8 Hedging funds (Effective portion) | | 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 | 926 | - | 926 |
| 16.3 Profit reserves | | 1,179,294 | 127,252 | 1,306,546 | 378,169 | 116,290 | 494,459 |
| 16.3.1 Legal reserves | | 130,033 | - | 130,033 | 60,825 | - | 60,825 |
| 16.3.2 Status reserves | | - | - | - | - | - | - |
| 16.3.3 Extraordinary reserves | | 945,641 | 127,252 | 1,072,893 | 271,563 | 116,290 | 387,853 |
| 16.3.4 Other profit reserves | | 103,620 | - | 103,620 | 45,781 | - | 45,781 |
| 16.4 Profit or loss | | 234,061 | - | 234,061 | 272,619 | - | 272,619 |
| 16.4.1 Prior years' income/ (loss) | | 9,497 | - | 9,497 | - | - | - |
| 16.4.2 Current year income/ (loss) | | 224,564 | - | 224,564 | 272,619 | - | 272,619 |
| 16.5 Minority shares | (12) | 13,019 | - | 13,019 | - | - | - |
| TOTAL LIABILITIES AND EQUITY | | 25,532,232 | 14,922,215 | 40,454,447 | 13,930,244 | 7,242,975 | 21,173,219 |

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND
COMMITMENTS AS OF 31 DECEMBER 2011 AND 2010

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

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

| | Note Ref. | Audited Current Period 31.12.2011 | | | Audited Prior Period 31.12.2010 | | |
|--|-----------|---|-------------------|--------------------|---------------------------------------|-------------------|-------------------|
| | | TL | FC | Total | TL | FC | Total |
| A. OFF BALANCE SHEET CONTINGENCIES AND | | | | | | | |
| COMMITMENTS (I+II+III) | | 23,399,719 | 27,196,827 | 50,596,546 | 9,679,137 | 10,767,919 | 20,447,056 |
| I. GUARANTEES | (1), (3) | 3,443,715 | 4,928,178 | 8,371,893 | 1,985,101 | 2,431,209 | 4,416,310 |
| 1.1 Letters of guarantee | | 2,994,478 | 2,615,011 | 5,609,489 | 1,754,833 | 1,297,973 | 3,052,806 |
| 1.1.1 Guarantees subject to State Tender Law | | 149,521 | 47,724 | 197,245 | 85,204 | 15,287 | 100,491 |
| 1.1.2 Guarantees given for foreign trade operations | | 231,520 | 98,260 | 329,780 | 202,716 | 48,580 | 251,296 |
| 1.1.3 Other letters of guarantee | | 2,613,437 | 2,469,027 | 5,082,464 | 1,466,913 | 1,234,106 | 2,701,019 |
| 1.2 Bank loans | | - | 342,297 | 342,297 | 345 | 55,187 | 55,532 |
| 1.2.1 Import letter of acceptance | | - | 148,980 | 148,980 | 345 | 54,407 | 54,752 |
| 1.2.2 Other bank acceptances | | - | 193,317 | 193,317 | - | 780 | 780 |
| 1.3 Letters of credit | | - | 1,578,340 | 1,578,340 | 493 | 992,949 | 993,442 |
| 1.3.1 Documentary letters of credit | | - | 1,077,679 | 1,077,679 | 493 | 870,224 | 870,717 |
| 1.3.2 Other letters of credit | | - | 500,661 | 500,661 | - | 122,725 | 122,725 |
| 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 | | 447,251 | 309,354 | 756,605 | 228,526 | 50,508 | 279,034 |
| 1.9 Other collaterals | | 1,986 | 83,176 | 85,162 | 904 | 34,592 | 35,496 |
| II. COMMITMENTS | (1), (3) | 6,645,551 | 1,563,069 | 8,208,620 | 3,342,461 | 430,708 | 3,773,169 |
| 2.1 Irrevocable commitments | | 6,645,551 | 1,563,069 | 8,208,620 | 3,342,461 | 430,708 | 3,773,169 |
| 2.1.1 Forward asset purchase commitments | | 157,738 | 1,461,274 | 1,619,012 | 463 | 363,776 | 364,239 |
| 2.1.2 Forward deposit purchase and sales commitments | | - | - | - | - | - | - |
| 2.1.3 Share capital commitment to associates and subsidiaries | | 4,000 | - | 4,000 | 2,000 | - | 2,000 |
| 2.1.4 Loan granting commitments | | 2,284,108 | 110 | 2,284,218 | 1,410,868 | 86 | 1,410,954 |
| 2.1.5 Securities underwriting commitments | | - | - | - | - | - | - |
| 2.1.6 Commitments for reserve deposit requirements | | - | - | - | - | - | - |
| 2.1.7 Payment commitment for checks | | 1,455,318 | - | 1,455,318 | 707,681 | - | 707,681 |
| 2.1.8 Tax and fund liabilities from export commitments | | 10,380 | - | 10,380 | 15,565 | - | 15,565 |
| 2.1.9 Commitments for credit card expenditure limits | | 2,661,586 | - | 2,661,586 | 1,152,230 | 1,319 | 1,153,549 |
| 2.1.10 Commitments for promotions related with credit cards and banking activities | | 7,608 | - | 7,608 | 2,986 | - | 2,986 |
| 2.1.11 Receivables from short sale commitments | | - | - | - | - | - | - |
| 2.1.12 Payables for short sale commitments | | - | - | - | - | - | - |
| 2.1.13 Other irrevocable commitments | | 64,813 | 101,685 | 166,498 | 50,668 | 65,527 | 116,195 |
| 2.2 Revocable commitments | | - | - | - | - | - | - |
| 2.2.1 Revocable loan granting commitments | | - | - | - | - | - | - |
| 2.2.2 Other revocable commitments | | - | - | - | - | - | - |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | (2) | 13,310,453 | 20,705,580 | 34,016,033 | 4,351,575 | 7,906,002 | 12,257,577 |
| 3.1 Derivative financial instruments for hedging purposes | | 2,025,490 | 54,778 | 2,080,268 | 343,443 | 147,610 | 491,053 |
| 3.1.1 Fair value hedge | | 106,780 | 54,778 | 161,558 | 343,443 | 147,610 | 491,053 |
| 3.1.2 Cash flow hedge | | 1,918,710 | - | 1,918,710 | - | - | - |
| 3.1.3 Hedge of net investment in foreign operations | | - | - | - | - | - | - |
| 3.2 Held for trading transactions | | 11,284,963 | 20,650,802 | 31,935,765 | 4,008,132 | 7,758,392 | 11,766,524 |
| 3.2.1 Forward foreign currency buy/sell transactions | | 1,583,321 | 3,063,986 | 4,647,307 | 465,316 | 1,665,347 | 2,130,663 |
| 3.2.1.1 Forward foreign currency transactions-buy | | 480,076 | 1,836,452 | 2,316,528 | 140,871 | 1,015,658 | 1,156,529 |
| 3.2.1.2 Forward foreign currency transactions-sell | | 1,103,245 | 1,227,534 | 2,330,779 | 324,445 | 649,689 | 974,134 |
| 3.2.2 Swap transactions related to f.c. and interest rates | | 3,896,066 | 8,380,897 | 12,276,963 | 1,437,182 | 2,980,975 | 4,418,157 |
| 3.2.2.1 Foreign currency swap-buy | | 1,582,082 | 3,759,774 | 5,341,856 | 665,827 | 1,243,992 | 1,909,819 |
| 3.2.2.2 Foreign currency swap-sell | | 1,913,984 | 3,401,573 | 5,315,557 | 438,855 | 1,608,351 | 2,047,206 |
| 3.2.2.3 Interest rate swaps-buy | | 200,000 | 609,775 | 809,775 | 166,250 | 64,316 | 230,566 |
| 3.2.2.4 Interest rate swaps-sell | | 200,000 | 609,775 | 809,775 | 166,250 | 64,316 | 230,566 |
| 3.2.3 Foreign currency, interest rate and securities options | | 5,805,576 | 9,205,919 | 15,011,495 | 2,104,075 | 2,613,176 | 4,717,251 |
| 3.2.3.1 Foreign currency options-buy | | 2,227,449 | 5,121,384 | 7,348,833 | 861,455 | 1,377,898 | 2,239,353 |
| 3.2.3.2 Foreign currency options-sell | | 3,368,127 | 3,895,421 | 7,263,548 | 978,075 | 1,217,600 | 2,195,675 |
| 3.2.3.3 Interest rate options-buy | | 110,000 | 94,557 | 204,557 | 264,545 | - | 264,545 |
| 3.2.3.4 Interest rate options-sell | | 100,000 | 94,557 | 194,557 | - | - | - |
| 3.2.3.5 Securities options-buy | | - | - | - | - | - | - |
| 3.2.3.6 Securities options-sell | | - | - | - | - | 17,678 | 17,678 |
| 3.2.4 Foreign currency futures | | - | - | - | - | 498,894 | 498,894 |
| 3.2.4.1 Foreign currency futures-buy | | - | - | - | - | 246,626 | 246,626 |
| 3.2.4.2 Foreign currency futures-sell | | - | - | - | - | 252,268 | 252,268 |
| 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 | | - | - | - | 1,559 | - | 1,559 |
| B. CUSTODY AND PLEDGED ITEMS (IV+V+VI) | | 86,276,517 | 22,413,492 | 108,690,009 | 31,256,234 | 7,628,600 | 38,884,834 |
| IV. ITEMS HELD IN CUSTODY | | 16,402,569 | 1,447,233 | 17,849,802 | 8,327,805 | 615,870 | 8,943,675 |
| 4.1 Assets under management | | 2,064,803 | 419 | 2,065,222 | 1,143,167 | 228 | 1,143,395 |
| 4.2 Investment securities held in custody | | 7,021,897 | 321,785 | 7,343,682 | 3,484,273 | 158,537 | 3,642,810 |
| 4.3 Checks received for collection | | 6,991,767 | 738,754 | 7,730,521 | 3,527,213 | 323,800 | 3,851,013 |
| 4.4 Commercial notes received for collection | | 323,682 | 132,614 | 456,296 | 171,883 | 60,274 | 232,157 |
| 4.5 Other assets received for collection | | 321 | 253,661 | 253,982 | 1,170 | 73,031 | 74,201 |
| 4.6 Assets received for public offering | | - | - | - | - | - | - |
| 4.7 Other items under custody | | 99 | - | 99 | 99 | - | 99 |
| 4.8 Custodians | | - | - | - | - | - | - |
| V. PLEDGED ITEMS | | 69,742,283 | 20,935,121 | 90,677,404 | 22,887,915 | 7,004,752 | 29,892,667 |
| 5.1 Marketable securities | | 2,358,907 | 44,266 | 2,403,173 | 548,824 | 10,852 | 559,676 |
| 5.2 Guarantee notes | | 37,625,367 | 13,099,850 | 50,725,217 | 11,722,942 | 5,498,932 | 17,221,874 |
| 5.3 Commodity | | 11,732 | 342,758 | 354,490 | 38,558 | 106,280 | 144,838 |
| 5.4 Warranty | | - | - | - | - | - | - |
| 5.5 Properties | | 25,335,727 | 6,590,324 | 31,926,051 | 9,094,941 | 877,281 | 9,972,222 |
| 5.6 Other pledged items | | 4,410,550 | 857,923 | 5,268,473 | 1,482,650 | 511,407 | 1,994,057 |
| 5.7 Pledged items-depository | | - | - | - | - | - | - |
| VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES | | 131,665 | 31,138 | 162,803 | 40,514 | 7,978 | 48,492 |
| TOTAL OFF BALANCE SHEET ACCOUNTS (A+B) | | 109,676,236 | 49,610,319 | 159,286,555 | 40,935,371 | 18,396,519 | 59,331,890 |

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED
31 DECEMBER 2010 AND 2009

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

III. CONSOLIDATED STATEMENT OF INCOME

| | Note Ref | Audited Current Period 01.01-31.12.2011 | Audited Prior Period 01.01-31.12.2010 |
|---|----------|---|---|
| I. INTEREST INCOME | (1) | 3,060,933 | 1,595,817 |
| 1.1 Interest on loans | | 2,520,299 | 1,261,224 |
| 1.2 Interest received from reserve deposits | | - | 14,539 |
| 1.3 Interest received from banks | | 13,421 | 10,686 |
| 1.4 Interest received from money market placements | | 1,811 | 2,186 |
| 1.5 Interest received from marketable securities portfolio | | 458,503 | 256,635 |
| 1.5.1 Held-for-trading financial assets | | 109,573 | 17,548 |
| 1.5.2 Financial assets at fair value through profit and loss | | - | - |
| 1.5.3 Available-for-sale financial assets | | 345,388 | 189,239 |
| 1.5.4 Investments held-to-maturity | | 3,542 | 49,848 |
| 1.6 Finance lease income | | - | - |
| 1.7 Other interest income | | 66,899 | 50,547 |
| II. INTEREST EXPENSE | (2) | 1,605,768 | 779,838 |
| 2.1 Interest on deposits | | 1,093,976 | 518,351 |
| 2.2 Interest on funds borrowed | | 363,048 | 191,278 |
| 2.3 Interest on money market borrowings | | 108,875 | 49,658 |
| 2.4 Interest on securities issued | | 10,089 | - |
| 2.5 Other interest expense | | 29,780 | 20,551 |
| III. NET INTEREST INCOME/EXPENSE (I - II) | | 1,455,165 | 815,979 |
| IV. NET FEES AND COMMISSIONS INCOME/EXPENSE | | 384,777 | 458,439 |
| 4.1 Fees and commissions received | | 620,065 | 597,089 |
| 4.1.1 Non-cash loans | | 68,348 | 54,715 |
| 4.1.2 Other | | 551,717 | 542,374 |
| 4.2 Fees and commissions paid | | 235,288 | 138,650 |
| 4.2.1 Non-cash loans | | 1,133 | 1,275 |
| 4.2.2 Other | | 234,155 | 137,375 |
| V. DIVIDEND INCOME | (3) | 454 | 17 |
| VI. NET TRADING INCOME | (4) | (24,524) | (7,099) |
| 6.1 Securities trading gains/ (losses) | | 9,986 | 31,696 |
| 6.2 Gains/ (losses) from derivative financial instruments | | 24,285 | (203,315) |
| 6.3 Foreign exchange gains/ (losses) | | (58,795) | 164,520 |
| VII. OTHER OPERATING INCOME | (5) | 85,770 | 45,068 |
| VIII. NET OPERATING INCOME (III+IV+V+VI+VII) | | 1,901,642 | 1,312,404 |
| IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) | (6) | 144,778 | 156,343 |
| X. OTHER OPERATING EXPENSES (-) | (7) | 1,443,424 | 837,379 |
| XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) | | 313,440 | 318,682 |
| XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER | | - | - |
| XIII. GAIN / (LOSS) ON EQUITY METHOD | | - | - |
| XIV. GAIN / (LOSS) ON NET MONETARY POSITION | | - | - |
| XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV) | (8) | 313,440 | 318,682 |
| XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±) | (9) | 87,420 | 72,537 |
| 16.1 Provision for current income taxes | | 41,478 | 94,355 |
| 16.2 Provision for deferred taxes | | 45,942 | (21,818) |
| XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI) | (10) | 226,020 | 246,145 |
| XVIII. INCOME ON DISCONTINUED OPERATIONS | | - | 88,990 |
| 18.1 Income on assets held for sale | | - | - |
| 18.2 Income on sale of associates, subsidiaries and jointly controlled entities (Joint vent.) | | - | 18,244 |
| 18.3 Income on other discontinued operations | | - | 70,746 |
| XIX. LOSS FROM DISCONTINUED OPERATIONS (-) | | - | 61,672 |
| 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 | | - | 61,672 |
| XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX) | (8) | - | 27,318 |
| XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±) | (9) | - | 844 |
| 21.1 Provision for current income taxes | | - | 4,969 |
| 21.2 Provision for deferred taxes | | - | (4,125) |
| XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI) | (10) | - | 26,474 |
| XXIII. NET PROFIT/LOSS (XVII+XXII) | (11) | 226,020 | 272,619 |
| 23.1 Group's profit/loss | | 224,564 | 272,619 |
| 23.2 Minority shares | | 1,456 | - |
| Earnings per share | | 0.1086 | 0.2478 |

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS ACCOUNTED FOR
UNDER EQUITY FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

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

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

| | Audited Current Period 01.01-31.12.2011 | Audited Prior Period 01.01-31.12.2010 |
|--|---|---|
| I. Additions to marketable securities valuation differences for available for sale financial assets | (169,355) | 106,840 |
| II. Tangible assets revaluation differences | - | - |
| III. Intangible assets revaluation differences | - | - |
| IV. Foreign exchange differences for foreign currency transactions | 36,835 | (6,856) |
| V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences) | 5,631 | - |
| VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences) | - | - |
| VII. The effect of corrections of errors and changes in accounting policies | - | - |
| VIII. Other profit loss items accounted for under equity due to TAS | - | - |
| IX. Deferred tax of valuation differences | 45,271 | (15,239) |
| X. Total Net Profit/Loss accounted for under equity (I+II+...+IX) | (81,618) | 84,745 |
| XI. Profit/Loss | (64,246) | (30,401) |
| 11.1 Change in fair value of marketable securities (Transfer to Profit/Loss) | (64,246) | (30,401) |
| 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 | - | - |
| XII. Total Profit/Loss accounted for the Period (X±XI) | (145,864) | 54,344 |

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

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

V. CONSOLIDATED 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 Valuation Differences | 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. | Equity Attributable to the Parent | Minority Shares | Total Equity |
|--|--------------|------------------|--|---------------|----------------------------|----------------|--------------------|------------------------|----------------|-----------------------------------|---------------------------------|---|--|---------------------------------------|---------------|--|-----------------------------------|-----------------|------------------|
| I. Prior Period – 01.01.-30.09.2010 | | | | | | | | | | | | | | | | | | | |
| Beginning Balance – 31.12.2009 | III-1 | 1,100,000 | 926 | 2,227 | - | 57,519 | - | 362,822 | 20,087 | - | 267,904 | 21,823 | - | - | - | - | 1,833,308 | - | 1,833,308 |
| II. Corrections according to TAS 8 | | | | | | | | | | | | | | | | | | | |
| 2.1 The effect of corrections of errors | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 The effects of changes in accounting policy | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. New Balance (I+II) | III-1 | 1,100,000 | 926 | 2,227 | - | 57,519 | - | 362,822 | 20,087 | - | 267,904 | 21,823 | - | - | - | - | 1,833,308 | - | 1,833,308 |
| Changes in period | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IV. Increase/Decrease related to merger | | | | | | | | | | | | | | | | | | | |
| V. Marketable securities valuation differences | | | | | | | | | | | | 61,200 | | | | | 61,200 | | 61,200 |
| VI. Hedging Funds (Effective Portion) | | | | | | | | | | | | | | | | | | | |
| 6.1 Cash-flow hedge | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6.2 Hedge of net investment in foreign operations | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. Tangible assets revaluation differences | | | | | | | | | | | | | | | | | | | |
| VIII. Intangible assets revaluation differences | | | | | | | | | | | | | | | | | | | |
| IX. Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint vent.) | | | | | | | | | | | | | | | | | | | |
| X. Foreign exchange differences | | | | | | | | | | | | | | | | | | | |
| XI. The disposal of assets | | | | | | | | | | | | | | | | | | | |
| XII. The reclassification of assets | | | | | | | | | | | | | | | | | | | |
| XIII. The effect of change in associate's equity | | | | | | | | | | | | | | | | | | | |
| XIV. Capital increase | | | | | | | | | | | | | | | | | | | |
| 14.1 Cash | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14.2 Internal sources | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XV. Share premium | | | | | | | | | | | | | | | | | | | |
| XVI. Share cancellation profits | | | | | | | | | | | | | | | | | | | |
| XVII. Inflation adjustment to paid-in capital | | | | | | | | | | | | | | | | | | | |
| XVIII. Other | | | | | | | | | | | | | | | | | | | |
| XIX. Period net income/(loss) | | | | | | | | | | 272,619 | | | | | | | 272,619 | | 272,619 |
| XX. Profit distribution | | | | | | | | | | | | | | | | | | | |
| 20.1 Dividends distributed | | - | - | - | - | 3,306 | - | 25,031 | 32,550 | - | (267,904) | - | - | - | - | - | (207,017) | - | (207,017) |
| 20.2 Transfers to reserves | | - | - | - | - | 3,306 | - | 232,048 | 32,550 | - | (267,904) | - | - | - | - | - | (207,017) | - | (207,017) |
| 20.3 Other | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Closing Balance 31.12.2010 | | | | | | | | | | | | | | | | | | | |
| (III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX) | | 1,100,000 | 926 | 2,227 | - | 60,825 | - | 387,853 | 45,781 | 272,619 | - | 83,023 | - | - | - | - | 1,953,254 | - | 1,953,254 |

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| Audited | | Note Ref | Paid-in Capital | Effect of Inflation Accounting on Capital and Other Capital Reserves | Share Premium | Share Certificate Cancellation Profits | Legal Reserves | Statutory Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Income/(Loss) | Prior Period Net Income/(Loss) | Marketable Securities Valuation Differences | 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. | Equity Attributable to the Parent | Minority Shares | Total Equity | |
|---|---|----------|-----------------|--|---------------|--|----------------|--------------------|------------------------|----------------|----------------------------------|--------------------------------|---|--|---------------------------------------|---------------|--|-----------------------------------|-----------------|--------------|--|
| I. | Current Period – 01.01.-31.12.2011 | | | | | | | | | | | | | | | | | | | | |
| | Prior period balance – 31.12.2010 | III-1 | 1,100,000 | 926 | 2,227 | - | 60,825 | - | 387,853 | 45,781 | - | 272,619 | 83,023 | - | - | - | - | 1,953,254 | - | 1,953,254 | |
| | Changes in period | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| II. | Increase/Decrease related to merger | III-1 | 1,050,000 | 199,336 | 407 | - | 53,526 | - | 561,714 | 469,907 | - | 9,497 | (1,306) | 42,604 | 527 | - | - | 2,386,212 | - | 2,386,212 | |
| III. | Marketable securities valuation differences | | - | - | - | - | - | - | - | - | - | - | (187,204) | - | - | - | - | (187,204) | - | (187,204) | |
| IV. | 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 | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| V. | Tangible assets revaluation differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| VI. | Intangible assets revaluation differences | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| VII. | Bonus shares obtained from associates, subsidiaries and entities under common control (Joint vent.) | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| VIII. | Foreign exchange differences | | - | - | - | - | - | - | - | 36,835 | - | - | - | - | - | - | - | 36,835 | - | 36,835 | |
| IX. | The disposal of assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| X. | The reclassification of assets | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| XI. | The effect of change in associates' equity | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| XII. | Capital increase | | 54,390 | - | - | - | - | - | (54,390) | - | - | - | - | - | - | - | - | - | - | - | |
| 12.1 | Cash | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 12.2 | Internal sources | | 54,390 | - | - | - | - | - | (54,390) | - | - | - | - | - | - | - | - | - | - | - | |
| XIII. | Share Premium | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| XIV. | Share cancellation profits | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| XV. | Inflation adjustment to paid-in capital | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| XVI. | Other | | - | - | (69) | - | (1,223) | - | 885 | - | - | - | - | - | - | - | - | (407) | 11,563 | 11,156 | |
| XVII. | Period net income/(loss) | | - | - | - | - | - | - | - | 224,564 | - | (272,619) | - | 57,879 | - | - | - | 224,564 | 1,456 | 226,020 | |
| XVIII. | Profit distribution | | - | - | - | - | 16,905 | - | 176,831 | 21,004 | - | (272,619) | - | 57,879 | - | - | - | - | - | - | |
| 18.1 | Dividends distributed | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 18.2 | Transfers to reserves | | - | - | - | - | 16,905 | - | 176,831 | 21,004 | - | (272,619) | - | 57,879 | - | - | - | - | - | - | |
| 18.3 | Other | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Closing Balance 31.12.2011 | | | | | | | | | | | | | | | | | | | | | |
| (I+II+III+IV+V+VI+VII+VIII+IX+X+XI+X | | | | | | | | | | | | | | | | | | | | | |
| II+XIII+XIV+XV+XVI+XVII+XVIII) | | | 2,204,390 | 200,262 | 2,565 | - | 130,033 | - | 1,072,893 | 573,527 | 224,564 | 9,497 | (105,487) | 100,483 | 527 | 4,505 | - | 4,417,759 | 13,019 | 4,430,778 | |

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED
31 DECEMBER 2011 AND 2010

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

VI. CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note Ref | Audited Current Period 01.01-31.12.2011 | Audited Prior Period 01.01-31.12.2010 |
|---|----------|---|---|
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 Operating profit before changes in operating assets and liabilities | | 250,322 | 466,562 |
| 1.1.1 Interest received | | 3,050,250 | 1,541,762 |
| 1.1.2 Interest paid | | (1,543,193) | (740,976) |
| 1.1.3 Dividend received | | 454 | 17 |
| 1.1.4 Fees and commissions received | | 627,397 | 602,603 |
| 1.1.5 Other income | | 91,365 | 279,887 |
| 1.1.6 Collections from previously written off loans | | 68,503 | 144,095 |
| 1.1.7 Payments to personnel and service suppliers | | (617,972) | (383,793) |
| 1.1.8 Taxes paid | | (95,619) | (47,489) |
| 1.1.9 Others | (1) | (1,330,863) | (929,544) |
| 1.2 Changes in operating assets and liabilities | | (690,071) | 683,866 |
| 1.2.1 Net (increase) decrease in financial assets held for trading | | (315,258) | 29,897 |
| 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 | | 56,665 | (46,353) |
| 1.2.4 Net (increase) decrease in loans | | (6,027,214) | (3,150,057) |
| 1.2.5 Net (increase) decrease in other assets | | (295,334) | (423,542) |
| 1.2.6 Net increase (decrease) in bank deposits | | (216,831) | 272,752 |
| 1.2.7 Net increase (decrease) in other deposits | | 5,790,667 | 1,535,621 |
| 1.2.8 Net increase (decrease) in funds borrowed | | 216,242 | 2,334,177 |
| 1.2.9 Net increase (decrease) in matured payables | | - | - |
| 1.2.10 Net increase (decrease) in other liabilities | (1) | 100,992 | 131,371 |
| I. Net cash provided from banking operations | | (439,749) | 1,150,428 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. Net cash provided from investing activities | | (311,869) | (1,018,606) |
| 2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.) | | - | (4) |
| 2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.) | | - | 113,345 |
| 2.3 Fixed assets purchases | | (69,232) | (20,537) |
| 2.4 Fixed assets sales | | 6,064 | 237 |
| 2.5 Cash paid for purchase of financial assets available for sale | | (3,889,046) | (4,504,164) |
| 2.6 Cash obtained from sale of financial assets available for sale | | 3,545,824 | 2,732,698 |
| 2.7 Cash paid for purchase of investment securities | | (1,243) | (9,400) |
| 2.8 Cash obtained from sale of investment securities | | 106,227 | 676,868 |
| 2.9 Others | | (10,463) | (7,649) |
| | (1) | | |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. Net cash provided from financing activities | | 484,677 | (215,646) |
| 3.1 Cash obtained from funds borrowed and securities issued | | 719,999 | - |
| 3.2 Cash used for repayment of funds borrowed and securities issued | | (235,287) | (8,613) |
| 3.3 Capital increase | | - | - |
| 3.4 Dividends paid | | - | (207,017) |
| 3.5 Payments for finance leases | | (35) | (16) |
| 3.6 Other | | - | - |
| | (1) | | |
| IV. Effect of change in foreign exchange rate on cash and cash equivalents | (1) | 199,750 | 48,270 |
| V. Net increase / (decrease) in cash and cash equivalents | (1) | (67,191) | (35,554) |
| VI. Cash and cash equivalents at beginning of the period (*) | | 3,579,825 | 2,666,213 |
| VII. Cash and cash equivalents at end of the period | | 3,512,634 | 2,630,659 |

(*) The cash and cash equivalents at beginning of the period also includes cash and cash equivalents that were transferred from Fortis Bank A.Ş. as at 14 February 2011 amounting to TL 936,187.

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED PROFIT DISTRIBUTION TABLES FOR THE YEARS ENDED
31 DECEMBER 2011 AND 2010

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

VII. CONSOLIDATED PROFIT DISTRIBUTION TABLE

| | (*) Audited Current Period 31.12.2011 | Audited Prior Period 31.12.2010 |
|---|---|---------------------------------------|
| I. DISTRIBUTION OF CURRENT YEAR INCOME | | |
| 1.1 CURRENT YEAR INCOME | - | - |
| 1.2 TAXES AND DUTIES PAYABLE (-) | - | - |
| 1.2.1 Corporate tax (Income tax) | - | - |
| 1.2.2 Income withholding tax | - | - |
| 1.2.3 Other taxes and duties | - | - |
| A. NET INCOME FOR THE YEAR (1.1-1.2) | - | - |
| 1.3 PRIOR YEARS' LOSSES (-) | - | - |
| 1.4 FIRST LEGAL RESERVES (-) | - | - |
| 1.5 OTHER STATUTORY RESERVES (-) | - | - |
| B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))] | - | - |
| 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 | - | - |
| 1.13 OTHER RESERVES | - | - |
| 1.14 SPECIAL FUNDS | - | - |
| II. DISTRIBUTION OF RESERVES | | |
| 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 (-) | - | - |
| III. EARNINGS PER SHARE | | |
| 3.1 TO OWNERS OF ORDINARY SHARES | - | - |
| 3.2 TO OWNERS OF ORDINARY SHARES (%) | - | - |
| 3.3 TO OWNERS OF PREFERRED SHARES | - | - |
| 3.4 TO OWNERS OF PREFERRED SHARES (%) | - | - |
| IV. DIVIDEND PER SHARE | | |
| 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 (%) | - | - |

(*) Based on the local regulations, no profit is distributed from the consolidated income.

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

The Parent Bank prepares its 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, communiqués 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 prepared 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. For comparison purposes, "Marketable Securities Impairment Losses" have been reclassified from "Provision for Loan Losses and Other Receivables" to "Interest Received from Marketable Securities Portfolio" in the income statement. (31 December 2011: TL 15,081). As of 31 December 2010 TL 43,805 which will not be subject to profit distribution in 31 December 2010 financial statements has been reclassified from "Extraordinary Reserves" to "Other Profit Reserves" and also TL 46,651 loan customers of TEB Yatırım has been reclassified from "Other Assets" to "Loans and Receivables".

As explained in Note XXIII. "Other Issues", transfer of all rights, receivables, liabilities and obligations to the Parent 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 balances presented in the financial statements and notes to the financial statements do not include any balances or figures related to Fortis Bank A.Ş.

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

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

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

As a component of risk management strategy of the Group, risk bearing short term 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 of the Parent Bank 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 of the Parent Bank allows a purchase risk in treasury operations and individual limits are defined by the Board of Directors for each product.

The Parent 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 Parent 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 Parent 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 Parent Bank's balance sheet structure

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III. Information about the Parent Bank and its Consolidated Subsidiaries

Türk Ekonomi Bankası Anonim Şirketi and its financial institutions, The Economy Bank N.V. (Economy Bank), Stichting Effecten Dienstverlening (Stichting), Kronenburg Vastgoed B.V. (Kronenburg), TEB Finansal Kiralama A.Ş. (TEB Leasing), TEB Faktoring A.Ş. (TEB Faktoring), TEB Yatırım Menkul Değerler A.Ş. (TEB Yatırım) and TEB Portföy Yönetimi A.Ş. (TEB Portföy) are included in the accompanying consolidated financial statements by line-by-line consolidation method. The sale of TEB Finansal Kiralama A.Ş. has been finalized as of 30 September 2010.

As explained in the Material Event Disclosure on 24 March 2011, the followings are concluded in regards to the transfer of Fortis Yatırım Menkul Değerler A.Ş. ("Fortis Yatırım") in which TEB has 99.998% participation, with all of its assets and liabilities without any dissolution to TEB Yatırım Menkul Değerler A.Ş. ("TEB Yatırım") in which TEB has a direct share of 92.481%:

The transfer of Fortis Yatırım to TEB Yatırım and the related transfer agreement are approved in the Extraordinary General Meeting of TEB Yatırım and Fortis Yatırım held on 21 June 2011.

In relation to the transfer, Article 6 "Capital and Share Types" set out in the articles of association of TEB Yatırım is decided to be amended upon the approval of the CMB no: B.02.1.SPK.0.16-205.01.02/714-6076 issued on 14 June 2011 and the permit no: B.14.0.İTG.0.10.00.01/351-02-56082-72593-3267 given by the Domestic Trade Administration of the Ministry of Trade and Industry of Turkish Republic on 14 June 2011, and the capital of TEB Yatırım is decided to be increased from TL 12,950 to TL 28,794 in relation to the transfer transaction accordingly to the extent that shareholders of Fortis Yatırım are granted with shares that represent the increased capital.

The transfer was finalized on 24 June 2011 upon the registry of the resolutions issued in the TEB Yatırım and Fortis Yatırım's Extraordinary General Meeting held on 21 June 2011 to the İstanbul Trade Registry.

Following the transfer, TEB's direct participation in TEB Yatırım has increased to 96.617%.

As explained in the Material Event Disclosure dated 13 September 2011, the followings are concluded in regards to the transfer of Fortis Portföy Yönetimi A.Ş. ("Fortis Portföy") with all of its assets and liabilities without any dissolution to TEB Portföy Yönetimi A.Ş. ("TEB Portföy") in which the Bank has a direct and indirect share of 100%;

The transfer of Fortis Portföy to TEB Portföy and the related transfer agreement approved by the Capital Markets Board are approved in the Extraordinary General Meeting of TEB Portföy and Fortis Portföy held on 16 December 2011.

In relation to the transfer, Article 9 "Share Capital" and Article 14 "Board of Directors" set out in the articles of association of TEB Portföy are decided to be amended upon the unqualified opinion of the CMB no: B.02.1.SPK.0.15.335.06-1088-11331 issued on 12 December 2011 and the permit no: B.21.O.İTG.0.03.01.00/351.02-57834-264712-2918/2466 given by the Domestic Trade Administration of the Ministry of Trade and Industry of Turkish Republic on 13 December 2011, and the capital of TEB Portföy is decided to be increased from TL 2,410 to TL 4,402 in relation to the transfer transaction accordingly to the extent that shareholders of Fortis Portföy are granted with shares that represent the increased capital at the Extraordinary General Assembly Meeting of TEB Portföy.

The transfer was finalized on 22 December 2011 upon the registry of the resolutions issued in the TEB Portföy and Fortis Portföy's Extraordinary General Meetings held on 16 December 2011 to the İstanbul Trade Registry.

Following the transfer, TEB's direct participation in TEB Portföy has decreased to 25.604%.

The changes in shareholder's equity related with TEB Portföy regarding the merger is shown in XVI. "Other" line in the consolidated statement of changes in shareholders' equity.

The accompanying consolidated financial statements are prepared in accordance with "Communiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated November 8, 2006 numbered 26340. The Parent Bank and the entities included in the consolidation are referred to as "the Group" in this report.

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

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

Explanations on Consolidation Method and Scope

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

| <u>Commercial Name</u> | <u>Head Office</u> |
|------------------------|--------------------|
| Economy Bank | Netherlands |
| Stichting | Netherlands |
| Kronenburg | Netherlands |
| TEB Faktoring | Turkey |
| TEB Yatırım | Turkey |
| TEB Portföy | Turkey |

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

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the principle of materiality. The financial statements of the subsidiaries are prepared as of 31 December 2011 and 31 December 2010.

The transactions and balances between the consolidated entities and the Parent Bank are eliminated.

Explanations on Foreign Currency Transactions

Gains or losses arising from foreign currency transactions realized during the year are reflected to the income statement. Foreign currency assets and liabilities at each period-end are translated into Turkish lira at the period-end foreign exchange buying rates and the resulting foreign exchange gains or losses are recorded in the income statement as foreign exchange gain or loss. The EUR exchange rate used for translating foreign currency transactions into Turkish Lira and reflecting these to consolidated financial statements as of 31 December 2011, is TL 2.4438 ,in full TL, while the USD exchange rate is TL 1.8889, in full TL (31 December 2010: EUR: TL 2.0551, in full TL, USD: 1.5376 TL, in full TL).

There are no capitalized foreign exchange differences.

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

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

The foreign currency net investment in consolidated foreign subsidiaries are translated into Turkish Lira using the exchange rate prevailing at the balance sheet date for their assets and liabilities and twelve months average exchange rate for their income statement items. The currency translation gain arising from the consolidated subsidiaries’ inflation and devaluation differences amounting to TL 38,811 (31 December 2010: TL 1,976 currency translation gain) has been recorded in “Other Profit Reserves” under shareholders’ equity.

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.

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

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 the differences between the existing and recalculated payment plans discounted to the valuation date with current CDS interest rates.

As of 1 July 2008, the Parent 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 details of the hedge accounting are explained in Section Five Note III.2 i.

While the Parent 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 using the effective interest rate and are expensed on the related periods.

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

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VII. Explanations on Financial Assets

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

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

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

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

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

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VII. Explanations on Financial Assets (continued)

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.

Following the merger with Fortis Bank A.Ş., the Parent 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 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 Group classifies its securities as referred to above at the acquisition date of related assets.

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

Loans and Provisions for Impairment

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

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 Group’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.

In addition to specific loan loss provisions, within the framework of the regulation and principles referred to above; the Parent Bank records general loan loss provisions for loans and other receivables. The Parent Bank calculated the general loan provision as 0.5% for cash loans and other receivables, and 0.1% for non-cash loans until 1 November 2006. Subsequent to the change in the regulation on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette No. 26333 dated 1 November 2006; the Parent Bank started to book general loan loss provision of 1% for cash loans and other receivables; and 0.2% for non-cash loans on the increase in the cash and non-cash loan portfolio as compared to their 31 October 2006 balances whereas allocating 0.5% general loan loss provision for cash loans and other receivables, and 0.1% for non-cash loans for the balances as of 31 October 2006. With the change in the same regulation on 6 February 2008, the Parent Bank started to book general loan loss provision of 2% for cash loans under watch-list and 0.4% for non-cash loans under watch-list.

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VII. Explanations on Financial Assets (continued)

In accordance with the amendment in the Communiqué “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: 27947 dated 28 May 2011, if the loans and other receivables of the banks classified as standard loans and other receivables meet the required conditions set out in the Communiqué, loan agreement terms can be changed; however, if the change is related to the extension of the first payment schedule in the loan agreement, the general loan loss provision rate is applied as 5% for the related loans and other receivables and for loans and other receivables under watch-list. In accordance with the amendment in the Communiqué “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: 27968 dated 18 June 2011, as the consumer loan portfolio of the Bank is more than 20% of the total loans, the general loan loss provision rate applied by the Bank for consumer loans except for housing and vehicle loans classified under Group 1 shall be 4% whereas the general provision rate applied by the Parent Bank for consumer loans except for housing and vehicle loans classified under Group 2 shall be 8%.

VIII. Explanations on Impairment of Financial Assets

Specific reserves are also provided by TEB Faktoring based on the Communiqué on “Methods and Principles for the Determination of Receivables to be Reserved for and Allocation of Reserves of Financial Institutions, Leasing, and Factoring Firms” published in the Official Gazette No: 26588 on 20 July 2007 which was amended with the communiqué published in the Official Gazette No. 27270 dated 26 June 2009 and based on the Communiqué about “The Amendment in the Communiqué on Methods and Principles for the Determination of Receivables to be Reserved for and Allocation of Reserves of Finance Companies, Leasing, and Factoring Firms” published in the Official Gazette No: 26808 on 6 March 2008.

At each balance sheet date, the Group evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss or not. If any such indication exists, the Group 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 a party has a legally enforceable right to set off, 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 by the Group. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under securities held for trading, available for sale and held to maturity depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub-account under money markets borrowings account in the liabilities.

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

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

As of 31 December 2011, the Group has reverse repo amounting to TL 510,975 (31 December 2010: TL 238).

As of 31 December 2011, the Group does not have any marketable securities lending transaction (31 December 2010: None).

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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.

The Group does not have any assets held for sale.

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately.

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. The Bank's policy for goodwill arising on the merger transaction is described in Section Five, Note I-13.

As explained in Note XXIII. "Other Issues", 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. 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 amount of TL 421,124 which is the difference between the fair value of identifiable net asset value and the fair value of consideration transferred measured in accordance with TFRS 3, is accounted as goodwill in the 31 December 2011 financial statements of the Parent Bank.

With the loss of control of TEB Yatırım on TEB Portföy, the positive difference of TL 1,205 between the acquisition cost and share in the equity of acquired subsidiaries has been derecognized in the accompanying consolidated financial statements as of 31 December 2011.

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

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 are 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; 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. 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 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 |

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 the related asset. Other maintenance costs are expensed.

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

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

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

The Parent 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. The impairment on the branches amounting to TL 11,594 is taken over with the transfer of Fortis Bank A.Ş. (31 December 2010: None).

As per the appraisals performed for the real estates held for resale included in "Other Assets" in the financial statements, there is a provision for impairment loss amounting to TL 3,261 (31 December 2010: TL 3,380).

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XIV. Explanations on Leasing Transactions

Tangible fixed assets acquired by financial leases are accounted for in accordance with TAS No:17. In accordance with this standard, the leasing transactions, which consist 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 Parent 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 Group does not have any leasing transactions as "Lessor".

XV. Explanations on Provisions and Contingent Liabilities

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

XVI. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, 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 Group 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 2011 is TL 60,277 (31 December 2010: TL 25,122)

| | 31 December 2011 | 31 December 2010 |
|-----------------------------|-------------------------|-------------------------|
| Discount Rate (%) | 9.55 | 10.00 |
| Expected Inflation Rate (%) | 5.13 | 5.10 |

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XVI. Explanations on Liabilities Regarding Employee Benefits (continued)

As presented in detail in Note XXIII. "Explanations on Other Matters", employees transferred to the Bank following the business combination of the Parent 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 2011, the Pension Fund has 3,203 employees and 828 pensioners (31 December 2010: 4,520 employees and 785 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 No: 5754 (the "New Law") that are set out to determine the basis of fund transfers were approved by the general assembly of the TGNA on 17 April 2008 and new regulations became effective with its publication in the Official Gazette No: 26870 on 8 May 2008.

The New Law requires the measurement of the present value of the liabilities in relation to the transferred individuals as of the transfer date by using the technical interest rate of 9.8% by a commission composed of representatives from the SSI, the Department of Finance, the Under secretariat of Treasury, the Secretariat of the State Planning Organization, the BRSA, the SDIF, the banks and funds, considering the income and expense per insurance segments specified under this law and any differences that may arise where pensions and wages paid by funds exceed the amounts specified under SSI regulations, and the new law also requires 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.

Under the New Law, 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 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 on 31 December 2011. Since the Parent 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 Parent 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 Parent Bank.

Defined Contribution Plans

The Group pays contributions to Social Security Funds on a mandatory basis. There are no other liabilities related to employee benefits to be provisioned.

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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 against the final tax liability for the year.

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

As of 31 December 2011 and 31 December 2010, 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 Parent 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 in the standalone financial statements of the consolidated subsidiaries.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax charge of TL 45,942 (31 December 2010: TL 25,943 deferred tax charge) is stated under the tax provision in the income statement. The deferred tax of TL 24,566 (31 December 2010: TL 20,706) resulting from differences related to items that are debited or charged directly to equity is netted with relevant account groups consisting of amounts from available-for-sale financial assets and hedge funds amounting to TL 25,692 and TL 1,126, respectively.

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 Parent Bank are accounted at amortized cost using effective interest rate method. Explanations on debt securities issued by the Parent Bank are described in Section Five, Note II-3.

The Group has not issued convertible bonds.

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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 Parent 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 Parent Bank is increased from TL 1,400,000 to TL 2,204,390, and the issued capital of the Parent Bank is increased by TL 1,104,390 from TL 1,100,000 to TL 2,204,390.

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 Group.

XXII. Explanations on Reporting According to Segmentation

The Group mainly operates in retail and corporate banking segments. Due to the merger of the Parent Bank with Fortis Bank A.Ş. and changes in the structure of segments at 14 February 2011, segment reporting of balance sheet and income statement is presented only for the current period.

| Current Period | Retail | Corporate | Treasury/ Head Office | Eliminations | Total |
|--|---------------|------------------|----------------------------------|---------------------|----------------|
| Net interest income | 175,970 | 771,201 | 507,994 | - | 1,455,165 |
| Net fees and commissions income and other operating income | 90,543 | 118,576 | 264,764 | (3,336) | 470,547 |
| Trading profit / loss | 10,464 | 58,013 | (93,045) | 44 | (24,524) |
| Dividend income | - | - | 18,902 | (18,448) | 454 |
| Impairment provision for loans and other receivables (-) | 55,610 | 108,547 | (19,379) | - | 144,778 |
| Other operating expenses (-) | 221,838 | 423,362 | 800,090 | (1,866) | 1,443,424 |
| Profit before taxes | (471) | 415,881 | (82,096) | (19,874) | 313,440 |
| Tax provision (-) | - | 2,758 | 84,662 | - | 87,420 |
| Net profit for the period | (471) | 413,123 | (166,758) | (19,874) | 226,020 |

| Current Period | Retail | Corporate | Treasury/ Head Office | Eliminations | Total |
|--|-------------------|-------------------|----------------------------------|---------------------|-------------------|
| Segment assets | 17,545,982 | 8,537,571 | 14,430,066 | (59,177) | 40,454,442 |
| Investments in associates and subsidiaries and jointly controlled entities | - | - | 173,593 | (173,588) | 5 |
| Total Assets | 17,545,982 | 8,537,571 | 14,603,659 | (232,765) | 40,454,447 |
| Segment liabilities | 12,206,905 | 12,799,061 | 11,076,011 | (58,308) | 36,023,669 |
| Shareholders' equity | - | 28,765 | 4,576,470 | (174,457) | 4,430,778 |
| Total Liabilities | 12,206,905 | 12,827,826 | 15,652,481 | (232,765) | 40,454,447 |

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XXIII. Explanations on Other Matters

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 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.

The merger is recognized by using the purchase method under TFRS 3 “Business Combinations”. Under the purchase method, the acquiree’s, Fortis Bank A.Ş., the identifiable assets acquired and identifiable liabilities assumed at the date of the merger are recognized at fair value and classified under the related account items in the financial statements. TL 48,783 of fair value difference is reflected in the related asset and liability items in the financial statements and its equity effect is included in the other capital reserves account. TL 421,124 of positive difference between the fair value of the consideration transferred amounting to TL 2,385,482 and net amount of identifiable assets acquired amounting to TL 1,964,358 is accounted as goodwill in the financial statements and its equity effect is included in the other capital reserves account.

The measurement period for the recognition of the business combination required in Paragraph 45 of TFRS 3 is one year as of the merger date, at maximum. 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.

The bonds with an ISIN Code of TRQTEBK11215 having nominal value of TL 300,000 with a maturity of 178 days issued by the Parent Bank through the public offering on 19 July 2011 using the book building method at the dates of 13-14-15 July 2011 pursuant to the Board Registration Certificate of the Capital Markets Board dated 7 July 2011 and numbered 15/BB-617 have been matured and redeemed as of 13 January 2012.

As per the decision of the Exchange General Committee’s meeting held on 22 June 2011, the bonds with a nominal value of TL 350,000 having a maturity of 178 days and a compound interest rate of 11.3845% that are issued by the Parent Bank through the public offering made on 19-20 January 2012 have been traded on the Exchange Bonds and Bills Market with the ISIN Code of “TRQTEBK71219” as of 26 January 2012.

Explanation for convenience translation to English

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

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SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP

I. Explanations Related to the Consolidated Capital Adequacy Standard Ratio

The method used for risk measurement in determining consolidated capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published on November 1, 2006 in the Official Gazette numbered 26333 and the Communiqué on "The Amendment in Measurement and Assessment of Capital Adequacy of Banks" published on October 10, 2007 in the Official Gazette numbered 26669. As of 31 December 2011, the Group's consolidated capital adequacy ratio in accordance with the related communiqué is 13.98%. (31 December 2010 – 13.64%).

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

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

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

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

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

Information related to the consolidated capital adequacy ratio:

| | Consolidated | | | | | | | Parent Bank | | | | | | |
|--|-------------------|-----|------------------|------------------|-------------------|----------------|------------------|-------------------|-----|------------------|------------------|-------------------|----------------|------------------|
| | %0 | %10 | %20 | %50 | %100 | %150 | %200 | %0 | %10 | %20 | %50 | %100 | %150 | %200 |
| Risk Weighted Assets, Liabilities and Non-Cash | | | | | | | | | | | | | | |
| Loans | | | | | | | | | | | | | | |
| Balance Sheet Items (Net) | 10,330,096 | - | 1,395,606 | 7,631,454 | 18,392,999 | 312,374 | 590,677 | 10,132,862 | - | 775,689 | 7,631,454 | 16,860,437 | 312,374 | 590,677 |
| Cash | 813,078 | - | - | - | - | - | - | 813,076 | - | - | - | - | - | - |
| Matured Marketable Securities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Due From Central Bank of Turkey | 1,616,648 | - | - | - | - | - | - | 1,616,648 | - | - | - | - | - | - |
| Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad | 149,864 | - | 382,325 | - | 72,577 | - | - | 14,646 | - | 252,877 | - | 72,577 | - | - |
| Interbank Money Market Placements | 12,599 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Receivables From Reverse Repo Transactions | 510,646 | - | - | - | - | - | - | 510,000 | - | - | - | - | - | - |
| Reserve Deposits | 1,588,531 | - | - | - | - | - | - | 1,588,531 | - | - | - | - | - | - |
| Loans(*) | 741,512 | - | 577,268 | 7,549,559 | 17,149,181 | 312,374 | 590,677 | 714,612 | - | 148,676 | 7,549,559 | 15,485,916 | 312,374 | 590,677 |
| Non-performing loans (Net) | - | - | - | - | 215,766 | - | - | - | - | - | - | 208,781 | - | - |
| Financial Lease Receivables | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Available-For-Sale Financial Assets | 4,532,486 | - | 59,086 | - | 30,130 | - | - | 4,529,554 | - | - | - | 30,130 | - | - |
| Held to Maturity Investments | 10,875 | - | - | - | 9,422 | - | - | - | - | - | - | - | - | - |
| Receivables From Installment Sales of Assets | - | - | - | - | 111 | - | - | - | - | - | - | 111 | - | - |
| Sundry Debtors | 22,972 | - | 320,462 | - | 17,567 | - | - | 22,972 | - | 320,411 | - | 17,149 | - | - |
| Interest and Income Accruals | 76,482 | - | 2,851 | 81,895 | 543,710 | - | - | 75,246 | - | 956 | 81,895 | 539,465 | - | - |
| Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net) | - | - | - | - | 5 | - | - | - | - | - | - | 167,866 | - | - |
| Tangible Assets | - | - | - | - | 205,158 | - | - | - | - | - | - | 195,686 | - | - |
| Other Assets | 254,403 | - | 53,614 | - | 149,372 | - | - | 247,577 | - | 52,769 | - | 142,756 | - | - |
| Off-Balance Sheet Items | 205,833 | - | 1,001,560 | - | 5,451,438 | - | - | 204,886 | - | 754,645 | - | 5,403,335 | - | - |
| Guarantees and Commitments | 205,833 | - | 673,559 | - | 5,306,649 | - | - | 204,886 | - | 439,233 | - | 5,258,811 | - | - |
| Derivative Financial Instruments | - | - | 328,001 | - | 144,789 | - | - | - | - | 315,412 | - | 144,524 | - | - |
| Non Risk Weighted Accounts | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Value at Risk | 10,535,929 | - | 2,397,166 | 7,631,454 | 23,844,437 | 312,374 | 590,677 | 10,337,748 | - | 1,530,334 | 7,631,454 | 22,263,772 | 312,374 | 590,677 |
| Total Risk Weighted Assets | - | - | 479,433 | 3,815,727 | 23,844,437 | 468,561 | 1,181,354 | - | - | 306,067 | 3,815,727 | 22,263,772 | 468,561 | 1,181,354 |

(*)Factoring receivables are included.

Summary information related to the consolidated capital adequacy ratio:

| | Consolidated | | Parent Bank | |
|--|----------------|--------------|----------------|--------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| Total Risk Weighted Assets (TRWA) | 29,789,512 | 14,733,306 | 28,035,481 | 13,122,377 |
| Amount Subject to Market Risk (ASMR) | 821,938 | 879,400 | 607,150 | 694,138 |
| Amount Subject to Operational Risk (ASOR) (*) | 3,818,618 | 1,917,590 | 3,628,847 | 1,724,813 |
| Shareholders' Equity | 4,814,419 | 2,390,329 | 4,591,376 | 2,242,780 |
| Shareholders' Equity / (TRWA + ASMR + ASOR) *100 | 13.98 | 13.64 | 14.23 | 14.43 |

TRWA: Total Risk Weighted Assets

ASMR: Amount Subject to Market Risk

ASOR: Amount Subject to Operational Risk

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

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

Information related to the components of shareholders' equity:

| | Consolidated | | Parent Bank | |
|--|------------------|------------------|------------------|------------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| CORE CAPITAL | | | | |
| Paid-in capital | 2,204,390 | 1,100,000 | 2,204,390 | 1,100,000 |
| Nominal capital | 2,204,390 | 1,100,000 | 2,204,390 | 1,100,000 |
| Capital commitments (-) | - | - | - | - |
| Paid-in capital restatement difference | 200,262 | 926 | 200,262 | 926 |
| Share premium | 2,565 | 2,227 | 2,565 | 2,158 |
| Cancellation profits | - | - | - | - |
| Legal reserves | 130,033 | 60,825 | 111,333 | 45,468 |
| First legal reserve (Turkish Commercial Code 466/1) | 109,919 | 47,594 | 101,547 | 39,932 |
| Second legal reserve (Turkish Commercial Code 466/2) | 20,114 | 13,231 | 9,786 | 5,536 |
| Other legal reserve per special legislation | - | - | - | - |
| Statutory reserves | - | - | - | - |
| Other reserves (*) | 524,744 | 45,781 | 485,933 | 43,805 |
| Extraordinary reserves | 1,072,893 | 387,853 | 937,628 | 228,530 |
| Reserves allocated by the General Assembly | 1,072,893 | 387,853 | 937,628 | 228,530 |
| Retained earnings | - | - | - | - |
| Accumulated losses | - | - | - | - |
| Foreign currency share capital exchange difference | - | - | - | - |
| Restatement differences of legal, statutory and extraordinary reserves | - | - | - | - |
| Profit | 234,061 | 272,619 | 216,172 | 300,301 |
| Current period net profit | 224,564 | 272,619 | 206,675 | 300,301 |
| Prior years' profits | 9,497 | - | 9,497 | - |
| Provision for possible losses up to 25% of the Core Capital | - | - | - | - |
| Gains on sale of associates and subsidiaries and properties to be added to capital | 100,483 | - | 100,483 | - |
| Primary subordinated loans up to 15% of the Core Capital | 188,890 | 153,760 | 188,890 | 153,760 |
| Minority Shares | 13,024 | - | - | - |
| Losses (-) (that cannot be covered by reserves) | - | - | - | - |
| Net current period loss | - | - | - | - |
| Prior years' losses | - | - | - | - |
| Leasehold improvements (-) | 59,153 | 35,116 | 58,647 | 34,884 |
| Prepaid expenses (-) | - | 23,357 | - | 22,742 |
| Intangible assets (-) | 20,133 | 12,736 | 438,346 | 10,156 |
| Deferred tax asset exceeding 10% of the Core Capital (-) | - | - | - | - |
| Excess amount in the Article 56, Clause 3 of the Banking Law (-) | - | - | - | - |
| Goodwill (Net) (-) | 421,124 | 1,205 | - | - |
| Total Core Capital | 4,170,935 | 1,951,577 | 3,950,663 | 1,807,166 |
| SUPPLEMENTARY CAPITAL | | | | |
| General Loan Loss Reserves | 273,409 | 114,113 | 264,114 | 106,794 |
| 45% of the revaluation reserve for movable fixed assets | - | - | - | - |
| 45% of the of revaluation reserve for properties | - | - | - | - |
| Bonus shares obtained from associates, subsidiaries and entities under common control | 527 | - | 527 | - |
| Primary subordinated loans excluded in the calculation of the Core Capital | - | - | - | - |
| Secondary subordinated loans | 476,704 | 287,566 | 476,704 | 287,566 |
| 45% of Marketable securities valuation differences | (105,789) | 37,073 | (99,270) | 41,254 |
| Associates and subsidiaries | - | - | - | - |
| Available for sale securities | (105,789) | 37,073 | (99,270) | 41,254 |
| Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves) | - | - | - | - |
| Minority interest | (5) | - | - | - |
| Total Supplementary Capital | 644,846 | 438,752 | 642,075 | 435,614 |
| TIER III CAPITAL | | | | |
| CAPITAL | 4,815,781 | 2,390,329 | 4,592,738 | 2,242,780 |
| DEDUCTIONS FROM THE CAPITAL | 1,362 | - | 1,362 | - |
| Shareholdings in unconsolidated banks and financial institutions | - | - | - | - |
| Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt and Primary and Secondary loans borrowed from them | - | - | - | - |
| Shareholdings in the banks and financial institutions which are accounted for under the equity pick up method but the assets and liabilities are not consolidated. | - | - | - | - |
| Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law | 305 | - | 305 | - |
| The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure | 1,057 | - | 1,057 | - |
| Other | - | - | - | - |
| Total Shareholder's Equity | 4,814,419 | 2,390,329 | 4,591,376 | 2,242,780 |

(*) Value increases due to the merger is included in "other reserves".

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II. Explanations Related to the Consolidated Credit Risk

Credit risk is the risk that the Group is a party in a contract whereby the counterparty fails to meet its obligation and 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 Parent Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Parent Bank's loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

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

As prescribed in the Communiqué 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 statement 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.

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

The fulfillment of the benefits and acquirements related to forward transactions is 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 Parent Bank are generally taken for the financial institutions and countries whose investment level is rated by international rating agencies and which do not have the risk of failing to meet minimum obligations. Therefore, the probable risks are not material when the financial structure of the Parent Bank is concerned.

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

As of 31 December 2011, the receivables of the Group from its top 100 cash loan customers amount to TL 3,628,071 (31 December 2010: TL 2,236,127) with a share of 13.56% in the total cash loans (31 December 2010: 17.54%).

As of 31 December 2011, the receivables of the Group from its top 100 non-cash loan customers amount to TL 3,008,610 (31 December 2010: TL 1,635,513) with a share of 35.94% in the total non-cash loans (31 December 2010: 37.03%)

The share of cash and non-cash receivables of the Group from its top 100 customers in total balance sheet and off-balance sheet assets is 5.79% as of 31 December 2011 (31 December 2010: 7.44%).

As of 31 December 2011, the general loan loss provision related with the credit risk taken by the Group is TL 273,409 (31 December 2010: TL 114,113).

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II. Explanations Related to the Consolidated Credit Risk (continued)

Credit risk by types of borrowers and geographical concentration:

| | Loans to Real Persons and Legal Entities | | Loans to Banks and Other Financial Institutions | | Marketable Securities* | | Other Loans** | |
|-------------------------------------|--|-------------------|---|------------------|------------------------|------------------|------------------|----------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Loans according to borrowers | | | | | | | | |
| Private Sector | 18,132,923 | 8,942,340 | 482,285 | 383,389 | - | - | 1,175,163 | 819,658 |
| Public Sector | 50,666 | 34,738 | 135,091 | 39,869 | 5,642,240 | 3,837,090 | - | - |
| Banks | - | - | 1,533,047 | 1,446,772 | 7,369 | 6,194 | - | - |
| Retail | 7,746,288 | 3,102,120 | - | - | - | - | - | - |
| Share Certificates | - | - | - | - | 23,937 | 19,405 | 5 | 5 |
| Total | 25,929,877 | 12,079,198 | 2,150,423 | 1,870,030 | 5,673,546 | 3,862,689 | 1,175,168 | 819,663 |

Information according to geographical concentration

| | | | | | | | | |
|---------------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| Domestic | 25,184,498 | 11,469,612 | 1,580,607 | 1,094,151 | 5,582,691 | 3,745,266 | 873,083 | 630,212 |
| European Union Countries | 232,575 | 246,518 | 242,080 | 397,205 | 60,302 | 96,620 | 302,085 | 189,451 |
| OECD Countries*** | 88,288 | 121,100 | 6,132 | 7,431 | 11,232 | 9,075 | - | - |
| Off-shore Banking Regions | 230,403 | 99,025 | 99,871 | 182,563 | 5,117 | 1,197 | - | - |
| USA, Canada | 30,792 | 10,101 | 105,656 | 63,717 | 4,211 | 2,191 | - | - |
| Other Countries | 163,321 | 132,842 | 116,077 | 124,963 | 9,993 | 8,340 | - | - |
| Total | 25,929,877 | 12,079,198 | 2,150,423 | 1,870,030 | 5,673,546 | 3,862,689 | 1,175,168 | 819,663 |

* Includes marketable securities designated at fair value through profit or loss, available-for-sale and held-to-maturity.

** Includes the on balance sheet transactions classified in the Uniform Chart of Accounts except the ones in the first three categories and the transactions defined as loan in the Article 48 of the Banking Act No: 5411.

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

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II. Explanations Related to Consolidated Credit Risk (continued)

Information according to geographical concentration :

| | Assets | Liabilities | Non-Cash Loans | Equity Investments | Net Income/ Loss |
|---|-------------------|--------------------|---------------------------|-------------------------------|---------------------------------|
| Current Period | | | | | |
| Domestic | 38,432,376 | 25,977,637 | 8,040,250 | - | 206,599 |
| European Union Countries | 1,088,813 | 8,549,878 | 119,235 | - | 19,421 |
| OECD Countries (*) | 127,415 | 164,813 | 33,274 | - | - |
| Off-shore Banking Regions | 335,413 | 144,042 | 8,211 | - | - |
| USA, Canada | 181,034 | 696,061 | 36,577 | - | - |
| Other Countries | 289,391 | 491,238 | 134,346 | - | - |
| Associates, Subsidiaries and Entities Under Common Control (Joint Vent.) | - | - | - | 5 | - |
| Unallocated Assets/Liabilities (**) | - | - | - | - | - |
| Total | 40,454,442 | 36,023,669 | 8,371,893 | 5 | 226,020 |
| Prior Period | | | | | |
| Domestic | 19,338,211 | 12,729,463 | 4,071,851 | - | 256,754 |
| European Union Countries | 1,036,112 | 5,390,678 | 147,019 | - | 15,874 |
| OECD Countries (*) | 141,885 | 74,963 | 8,398 | - | - |
| Off-shore Banking Regions | 285,594 | 318,533 | 62,459 | - | - |
| USA, Canada | 105,267 | 457,580 | 6,087 | - | - |
| Other Countries | 266,145 | 248,748 | 120,496 | - | - |
| Associates, Subsidiaries and Entities Under Common Control (Joint Vent.) | - | - | - | 5 | - |
| Unallocated Assets/Liabilities (**) | - | - | - | - | - |
| Total | 21,173,214 | 19,219,965 | 4,416,310 | 5 | 272,619 |

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

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

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II. Explanations Related to the Consolidated Credit Risk (continued)

Sector concentrations for cash loans :

| | Current Period | | | | Prior Period | | | |
|--|-------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | TL | (%) | FC | (%) | TL | (%) | FC | (%) |
| Agricultural | 880,703 | 4.34 | 273,622 | 4.24 | 351,395 | 3.80 | 201,279 | 5.66 |
| Farming and Raising Livestock | 798,178 | 3.93 | 240,247 | 3.73 | 312,455 | 3.38 | 156,640 | 4.41 |
| Forestry, Wood and Paper | 65,509 | 0.32 | 32,639 | 0.51 | 30,259 | 0.33 | 44,470 | 1.25 |
| Fishery | 17,016 | 0.08 | 736 | 0.01 | 8,681 | 0.09 | 169 | - |
| Manufacturing | 6,555,792 | 32.29 | 3,995,540 | 61.98 | 3,184,687 | 34.45 | 2,073,249 | 58.35 |
| Mining and Quarry | 346,748 | 1.71 | 191,632 | 2.97 | 175,602 | 1.90 | 53,291 | 1.5 |
| Production | 6,150,419 | 30.29 | 3,707,032 | 57.50 | 2,997,436 | 32.42 | 1,871,837 | 52.68 |
| Electricity, Gas and Water | 58,625 | 0.29 | 96,876 | 1.50 | 11,649 | 0.13 | 148,121 | 4.17 |
| Construction | 1,068,864 | 5.26 | 243,464 | 3.78 | 410,875 | 4.44 | 90,383 | 2.54 |
| Services | 4,580,608 | 22.56 | 1,729,514 | 26.83 | 1,901,336 | 20.55 | 1,062,413 | 29.91 |
| Wholesale and Retail Trade | 1,240,317 | 6.11 | 237,012 | 3.68 | 480,878 | 5.20 | 55,752 | 1.57 |
| Hotel, Tourism, Food and Beverage Services | 314,928 | 1.55 | 195,578 | 3.03 | 132,639 | 1.43 | 97,859 | 2.75 |
| Transportation and Communication | 733,676 | 3.61 | 284,309 | 4.41 | 335,031 | 3.62 | 161,853 | 4.56 |
| Financial Institutions | 790,516 | 3.89 | 648,698 | 10.06 | 554,128 | 5.99 | 498,353 | 14.03 |
| Real Estate and Renting Services | 315,511 | 1.55 | 320,555 | 4.97 | 143,417 | 1.55 | 237,524 | 6.69 |
| Self-Employment Services | 786,029 | 3.87 | 27,346 | 0.42 | 90,466 | 0.98 | 1,556 | 0.04 |
| Education Services | 96,353 | 0.47 | 141 | - | 11,033 | 0.12 | 277 | 0.01 |
| Health and Social Services | 303,278 | 1.49 | 15,875 | 0.25 | 153,744 | 1.66 | 9,239 | 0.26 |
| Other(*) | 7,216,297 | 35.54 | 204,481 | 3.17 | 3,397,475 | 36.76 | 125,664 | 3.54 |
| Total | 20,302,264 | 100.00 | 6,446,621 | 100.00 | 9,245,768 | 100.00 | 3,552,988 | 100.00 |

(*)Accruals are included in other.

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 | 3,205,179 | 1,711,896 |
| Due from banks | 605,838 | 1,022,825 |
| Other money markets | 523,574 | 238 |
| Trading financial assets | 954,377 | 112,664 |
| Derivative financial instruments held for trading | 322,414 | 103,524 |
| Derivative financial instruments for hedging purposes | 22,800 | 11,157 |
| Financial assets available-for-sale | 4,697,945 | 3,515,006 |
| Held-to-maturity investments | 21,224 | 235,019 |
| Loans (*) | 27,782,498 | 13,528,484 |
| Total | 38,135,849 | 20,240,813 |
| Contingent liabilities | 8,371,893 | 4,416,310 |
| Commitments | 8,208,620 | 3,773,169 |
| Total | 16,580,513 | 8,189,479 |
| Total credit risk exposure | 54,716,362 | 28,430,292 |

(*) Loans include TL 819,011 (31 December 2010: TL 602,319) factoring receivables.

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II. Explanations Related to the Consolidated Credit Risk (continued)

Credit quality per class of financial assets as of 31 December 2011 and 31 December 2010 are as follows:

| Current Period | Neither past due nor impaired | Past due or individually impaired | Total |
|-----------------------|-------------------------------|-----------------------------------|-------------------|
| Loans and receivables | | | |
| Commercial loans | 18,208,166 | 796,226 | 19,004,392 |
| Consumer loans | 6,009,007 | 505,521 | 6,514,528 |
| Credit cards | 1,212,389 | 179,273 | 1,391,662 |
| Other Loans | 52,905 | - | 52,905 |
| Total | 25,482,467 | 1,481,020 | 26,963,487 |

| Prior period | Neither past due nor impaired | Past due or individually impaired | Total |
|-----------------------|-------------------------------|-----------------------------------|-------------------|
| Loans and receivables | | | |
| Commercial loans | 9,187,757 | 506,003 | 9,693,760 |
| Consumer loans | 2,514,540 | 91,843 | 2,606,383 |
| Credit cards | 504,616 | 74,755 | 579,371 |
| Other Loans | 46,651 | - | 46,651 |
| Total | 12,253,564 | 672,601 | 12,926,165 |

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

| | Current Period | Prior Period |
|-----------------------|----------------|----------------|
| Loans and receivables | | |
| Commercial loans | 75,913 | 122,144 |
| Consumer loans | 27,326 | 2,957 |
| Credit cards | 2,741 | 4,162 |
| Total | 105,980 | 129,263 |

Credit Rating System

The credit risk is assessed through the internal rating system of the Parent Bank, by classifying loans from highest grade to lowest grade according to the probability of default. As of 31 December 2011, consumer loans and business loans are excluded from the internal rating system of the Parent Bank and those loans are 35% of total loan portfolio. The risks that are subject to rating models can be allocated as follows:

| Category | Description of Category | Share in the Total % |
|--------------|--|----------------------|
| 1st Category | Case where the borrower has a very strong financial structure | 29.22 |
| 2nd Category | Case where the borrower has a good financial structure | 30.16 |
| 3rd Category | Case where the borrower has an intermediate level of financial structure | 32.53 |
| 4th Category | Case where the financial structure of the borrower has to be closely monitored in the medium run | 8.09 |
| Total | | 100.00 |

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III. Explanations Related to the Consolidated Market Risk

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

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

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Parent Bank related to balance sheet and off-balance sheet accounts are measured and while calculating the capital adequacy and the amount subject to VAR, as summarized below, is taken into consideration by the standard method. Beside 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. These results are also reported daily to the management.

a) Information Related to Market Risk

| | Consolidated | Parent Bank |
|--|----------------|----------------|
| (I) Capital Requirement to be Employed For General Market Risk - Standard Method | 42,898 | 40,860 |
| (II) Capital Requirement to be Employed For Specific Risk - Standard Method | 2,290 | 2,272 |
| (III) Capital Requirement to be Employed For Currency Risk – Standard Method | 20,563 | 5,436 |
| (IV) Capital Requirement to be Employed For Commodity Risk – Standard Method | - | - |
| (V) Capital Requirement to be Employed For Settlement Risk – Standard Method | - | - |
| (VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method | 4 | 4 |
| (VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model | - | - |
| (VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI) | 65,755 | 48,572 |
| (IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII) | 821,938 | 607,150 |

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

| | Current Period | | | Prior Period | | |
|---------------------------------------|------------------|------------------|----------------|----------------|----------------|----------------|
| | Average | Maximum | Minimum | Average | Maximum | Minimum |
| Interest Rate Risk | 65,881 | 80,881 | 41,341 | 30,619 | 49,413 | 18,579 |
| Common Stock Risk | 3,677 | 4,183 | 2,858 | 1,793 | 2,915 | 744 |
| Currency Risk | 21,556 | 24,629 | 20,289 | 17,097 | 18,017 | 17,447 |
| Commodity Risk | - | - | - | - | - | - |
| Settlement Risk | - | - | - | - | - | - |
| Option Risk | 33 | 70 | 4 | 16 | 7 | 9 |
| Total Value Subject to Risk(*) | 1,139,341 | 1,300,750 | 821,938 | 619,063 | 879,400 | 459,738 |

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

Other price risks

The Group is not subject to a significant share price risk due to share certificates.

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IV. Explanations Related to Consolidated Operational Risk

- a) Operational risk has been calculated using the Basic Indicator Approach. Market risk measurements are performed monthly.
- b) The Group does not use the Standard Approach.

V. Explanations Related to the Consolidated Currency Risk

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

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

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

The Treasury Department of the Parent Bank is responsible for the management of 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 Parent Bank's Asset-Liability Committee on a weekly basis.

As of 31 December 2011, the Group's net long position is TL 688,436 (31 December 2010: TL 163,216 net long) resulting from short position on the balance sheet amounting to TL 1,597,508 (31 December 2010: TL 123,084 short) and long position on the off-balance sheet amounting to TL 2,285,944 (31 December 2010: TL 286,300 long).

The announced current foreign exchange buying rates of the Parent Bank at 31 December 2011 and the previous five working days in full TL are as follows:

| | 26.12.2011 | 27.12.2011 | 28.12.2011 | 29.12.2011 | 30.12.2011 | 31.12.2011 |
|-------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| USD | 1.8833 | 1.8847 | 1.8897 | 1.9065 | 1.8889 | 1.8889 |
| JPY | 0.0241 | 0.0242 | 0.0243 | 0.0245 | 0.0243 | 0.0243 |
| EURO | 2.4613 | 2.4633 | 2.4702 | 2.4592 | 2.4438 | 2.4438 |

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before 31 December 2011 are as follows:

| | Monthly Average Foreign Exchange Rate |
|-------------|--|
| USD | 1.8593 |
| JPY | 0.0238 |
| EURO | 2.4513 |

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V. Explanations Related to the Consolidated Currency Risk (continued)

Information on the foreign currency risk of the Group:

| Current Period | EUR | USD | YEN | OTHER | TOTAL |
|---|------------------|------------------|------------------|------------------|--------------------|
| Assets | | | | | |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | 1,248,265 | 935,914 | 220 | 333,497 | 2,517,896 |
| Banks | 214,379 | 209,239 | 1,441 | 28,547 | 453,606 |
| Financial Assets at Fair Value Through Profit and Loss (*****) | 4,182 | 362,784 | - | 1,070 | 368,036 |
| Money Market Placements | - | - | - | - | - |
| Available-For-Sale Financial Assets | 284,454 | 306,203 | - | 3,659 | 594,316 |
| Loans (**) | 2,971,693 | 4,935,439 | 188,110 | 635,377 | 8,730,619 |
| Subsidiaries, Associates and Entities Under Common Control | - | - | - | - | - |
| Held-To-Maturity Investments | 9,992 | 11,232 | - | - | 21,224 |
| Derivative Financial Assets for Hedging Purposes | - | 13 | - | - | 13 |
| Tangible Assets | 8,600 | - | - | - | 8,600 |
| Intangible Assets | 899 | - | - | - | 899 |
| Other Assets (***) | 155,307 | 251,559 | 25 | 12,926 | 419,817 |
| Total Assets | 4,897,771 | 7,012,383 | 189,796 | 1,015,076 | 13,115,026 |
| Liabilities | | | | | |
| Bank Deposits | 219,868 | 151,190 | 89 | 28,755 | 399,902 |
| Foreign Currency Deposits (*) | 3,207,063 | 4,852,923 | 34,985 | 803,398 | 8,898,369 |
| Money Market Borrowings | - | - | - | - | - |
| Funds Provided From Other Financial Institutions (***) | 2,446,456 | 2,773,591 | 956 | 88,051 | 5,309,054 |
| Marketable Securities Issued | - | - | - | - | - |
| Sundry Creditors | 15,050 | 49,896 | - | 1,993 | 66,939 |
| Derivative Financial Liabilities for Hedging Purposes | - | - | - | - | - |
| Other Liabilities (***) | 8,717 | 28,001 | 334 | 1,218 | 38,270 |
| Total Liabilities | 5,897,154 | 7,855,601 | 36,364 | 923,415 | 14,712,534 |
| Net Balance Sheet Position | (999,383) | (843,218) | 153,432 | 91,661 | (1,597,508) |
| Net Off-Balance Sheet Position | 1,647,059 | 876,693 | (153,071) | (84,737) | 2,285,944 |
| Financial Derivative Assets (****) | 4,703,557 | 6,281,280 | 327,501 | 547,491 | 11,859,829 |
| Financial Derivative Liabilities (****) | 3,056,498 | 5,404,587 | 480,572 | 632,228 | 9,573,885 |
| Non-Cash Loans (*****) | 1,963,272 | 2,817,188 | 5,786 | 141,932 | 4,928,178 |
| Prior Period | | | | | |
| Total Assets | 2,466,448 | 3,938,853 | 20,463 | 527,159 | 6,952,923 |
| Total Liabilities | 3,388,884 | 3,397,521 | 2,555 | 287,047 | 7,076,007 |
| Net Balance Sheet Position | (922,436) | 541,332 | 17,908 | 240,112 | (123,084) |
| Net Off-Balance Sheet Position | 1,210,668 | (694,898) | (18,485) | (210,985) | 286,300 |
| Financial Derivative Assets | 2,081,024 | 1,884,693 | 37,037 | 275,285 | 4,278,039 |
| Financial Derivative Liabilities | 870,356 | 2,579,591 | 55,522 | 486,270 | 3,991,739 |
| Non-Cash Loans (*****) | 713,757 | 1,670,138 | 1,937 | 45,377 | 2,431,209 |

(*) Precious metal accounts amounting to TL 660,316 (31 December 2010: TL 129,374) are included in the foreign currency deposits.

(**) Foreign currency indexed loans amounting to TL 2,278,177 (31 December 2010: TL 782,548) are included in the loan portfolio.

(***) TL 16,175 (31 December 2010: TL 42,054) foreign currency indexed factoring receivables is included in other assets, while TL 87,149 (31 December 2010: TL 30,813) expense accruals from derivative financial instruments, and TL 7,232 (31 December 2010: TL 26,079) provision for general loan losses are deducted from other liabilities and TL 362 (31 December 2010: 5,391) foreign currency indexed liabilities are included in funds provided from other financial institutions. TL 124 (31 December 2010: None) foreign currency indexed factoring payables is included in the other liabilities. TL 5 prepaid expense was deducted from other assets as at 31 December 2010.

(****) Forward asset and marketable securities purchase-sale commitments of TL 383,108 (31 December 2010: TL 181,939) are added to derivative financial assets and TL 345,026 (31 December 2010: TL 181,837) has been added to derivative financial liabilities.

(*****) TL 47,873 (31 December 2010: TL 17,648) income accruals from derivative financial instruments is deducted from Financial Assets at Fair Value Through Profit and Loss.

(*****) There is no effect on the net off-balance sheet position.

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V. Explanations Related to Consolidated Currency Risk (continued)

Foreign currency sensitivity:

The Group is mainly exposed to EUR and USD currencies.

The following table details the Group'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 | 31 December | 31 December | 31 December |
| | | 2011 | 2010 | 2011 | 2010 |
| USD | 10 increase | 3,336 | (15,357) | 12 | 151 |
| USD | 10 decrease | (3,336) | 15,357 | (12) | (151) |
| EUR | 10 increase | 65,980 | 28,823 | (1,212) | 11,396 |
| EUR | 10 decrease | (65,980) | (28,823) | 1,212 | (11,396) |

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

The Group'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.

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VI. Explanations Related to Consolidated Interest Rate Risk

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

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

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

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

Since the Group does not allow maturity mismatches or imposes limits on the 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 reprising dates):

| | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Non-interest Bearing | Total |
|---|--------------------|--------------------|------------------|------------------|------------------|-------------------------|-------------------|
| Current Period | | | | | | | |
| Assets | | | | | | | |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | - | - | - | - | - | 4,018,257 | 4,018,257 |
| Banks | 444,370 | 2,105 | 4,185 | - | - | 155,178 | 605,838 |
| Financial Assets at Fair Value Through Profit and Loss | 205,986 | 102,628 | 287,930 | 254,100 | 119,732 | 306,415 | 1,276,791 |
| Money Market Placements | 523,574 | - | - | - | - | - | 523,574 |
| Available-For-Sale Financial Assets | 643,573 | 383,893 | 1,730,785 | 1,501,156 | 413,525 | 25,013 | 4,697,945 |
| Loans and receivables (*) | 9,676,496 | 2,113,963 | 4,306,352 | 8,196,203 | 2,400,559 | 269,914 | 26,963,487 |
| Factoring Receivables | 467,221 | 237,708 | 112,918 | - | - | 1,164 | 819,011 |
| Financial Lease Receivables | - | - | - | - | - | - | - |
| Held-To-Maturity Investments | - | - | 362 | 20,862 | - | - | 21,224 |
| Other Assets | 417 | - | 1,526 | 12,840 | 2,998 | 1,510,539 | 1,528,320 |
| Total Assets | 11,961,637 | 2,840,297 | 6,444,058 | 9,985,161 | 2,936,814 | 6,286,480 | 40,454,447 |
| Liabilities | | | | | | | |
| Bank Deposits | 931,858 | 3,780 | 4,141 | - | - | 192,648 | 1,132,427 |
| Other Deposits | 15,248,433 | 3,389,472 | 404,507 | 102,295 | - | 3,820,316 | 22,965,023 |
| Money Market Borrowings | 25,518 | 1,079,230 | - | - | - | - | 1,104,748 |
| Sundry Creditors | 180,613 | - | - | - | - | 661,043 | 841,656 |
| Marketable Securities Issued | - | - | 249,107 | - | - | - | 249,107 |
| Funds Provided From Other Financial Institutions | 2,224,395 | 2,421,923 | 3,024,009 | 307,383 | 184,390 | - | 8,162,100 |
| Factoring Payables | - | - | - | - | - | 6,510 | 6,510 |
| Other Liabilities | 3,946 | 16,200 | 20,636 | 43,099 | 9,227 | 5,899,768 | 5,992,876 |
| Total Liabilities | 18,614,763 | 6,910,605 | 3,702,400 | 452,777 | 193,617 | 10,580,285 | 40,454,447 |
| Balance Sheet Long Position | - | - | 2,741,658 | 9,532,384 | 2,743,197 | - | 15,017,238 |
| Balance Sheet Short Position | (6,653,126) | (4,070,308) | - | - | - | (4,293,805) | (15,017,238) |
| 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) |
| Total Position | (6,652,904) | (4,070,308) | 2,764,042 | 9,540,161 | 2,743,197 | (4,293,805) | 30,383 |

(*) Loans with floating interest rates of the Parent Bank 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".

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

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

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 264,311; intangible assets amounting to TL 441,257, assets held for resale amounting to TL 67,049, entities under common control (joint vent.) amounting to TL 5, and the other liabilities line includes the shareholders' equity of TL 4,430,778.

Average interest rates applied to monetary financial instruments:

| | EURO % | USD % | YEN % | TL % |
|---|-----------|----------|----------|---------|
| Current Period | | | | |
| Assets | | | | |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | - | - | - | - |
| Banks | 0.83 | 0.28 | - | 10.38 |
| Financial Assets at Fair Value Through Profit and Loss | 4.98 | 4.73 | - | 10.20 |
| Money Market Placements | - | - | - | 11.77 |
| Available-For-Sale Financial Assets | 4.55 | 3.34 | - | 9.48 |
| Loans | 5.29 | 5.27 | 2.74 | 13.60 |
| Leasing Receivables | - | - | - | - |
| Factoring Receivables | 3.86 | 2.85 | - | 15.65 |
| Held-To-Maturity Investments | 5.12 | 5.28 | - | - |
| Liabilities | | | | |
| Bank Deposits | 1.11 | 1.25 | - | 5.70 |
| Other Deposits | 4.05 | 4.38 | 0.41 | 10.88 |
| 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 |

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

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

| | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Non-interest Bearing | Total |
|---|--------------------|--------------------|------------------|------------------|-----------------|-------------------------|-------------------|
| Prior Period | | | | | | | |
| Assets | | | | | | | |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | - | - | - | - | - | 2,027,296 | 2,027,296 |
| Banks | 712,855 | 98,323 | - | 7,760 | - | 203,887 | 1,022,825 |
| Financial Assets at Fair Value Through Profit and Loss | 55,476 | 8,026 | 56,349 | 14,033 | 3,799 | 78,505 | 216,188 |
| Money Market Placements | 238 | - | - | - | - | - | 238 |
| Available-For-Sale Financial Assets | 279,828 | 77,008 | 1,001,539 | 1,784,220 | 353,006 | 19,405 | 3,515,006 |
| Loans(*) | 5,459,343 | 1,127,568 | 1,857,960 | 3,652,561 | 639,156 | 189,577 | 12,926,165 |
| Factoring Receivables | 343,666 | 94,842 | 162,566 | - | - | 1,245 | 602,319 |
| Financial Lease Receivables | - | - | - | - | - | - | - |
| Held-To-Maturity Investments | 106,040 | 66,789 | 45,080 | 17,110 | - | - | 235,019 |
| Other Assets | - | 187 | 2,267 | 1,091 | 9 | 624,609 | 628,163 |
| Total Assets | 6,957,446 | 1,472,743 | 3,125,761 | 5,476,775 | 995,970 | 3,144,524 | 21,173,219 |
| Liabilities | | | | | | | |
| Bank Deposits | 1,442,067 | 8,133 | 3,166 | - | - | 97,896 | 1,551,262 |
| Other Deposits | 7,764,734 | 1,215,119 | 289,102 | 13,860 | - | 2,329,794 | 11,612,609 |
| Money Market Borrowings | 86,665 | - | - | - | - | - | 86,665 |
| Sundry Creditors | - | - | - | - | - | 343,405 | 343,405 |
| Marketable Securities Issued | - | - | - | - | - | - | - |
| Funds Provided From Other Financial Institutions | 1,035,571 | 1,614,008 | 1,827,161 | 24,673 | 373,117 | - | 4,874,530 |
| Factoring Payables | - | - | - | - | - | - | - |
| Other Liabilities | 865 | 481 | 22,256 | 40,182 | 28,102 | 2,612,862 | 2,704,748 |
| Total Liabilities | 10,329,902 | 2,837,741 | 2,141,685 | 78,715 | 401,219 | 5,383,957 | 21,173,219 |
| Balance Sheet Long Position | - | - | 984,076 | 5,398,060 | 594,751 | - | 6,976,887 |
| Balance Sheet Short Position | (3,372,456) | (1,364,998) | - | - | - | (2,239,433) | (6,976,887) |
| Off-Balance Sheet Long Position | - | - | 6,356 | 4,008 | - | - | 10,364 |
| Off-Balance Sheet Short Position | - | - | - | - | (2,190) | - | (2,190) |
| Total Position | (3,372,456) | (1,364,998) | 990,432 | 5,402,068 | 592,561 | (2,239,433) | 8,174 |

(*) Loans with floating interest rates of the Parent Bank amounting to TL 3,199,937 are included in "Up to 1 Month" while mark to market differences from hedged loans amounting to TL 33,648 are included in "1-5 Years".

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 117,568; intangible assets amounting to TL 13,941, assets held for resale amounting to TL 33,982, entities under common control (joint vent.) amounting to TL 5, tax asset amounting to TL 17,633, and the other liabilities line includes the shareholders' equity of TL 1,953,254.

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

Average interest rates applied to monetary financial instruments

| | EURO | USD | YEN | TL |
|---|-------------|------------|------------|-----------|
| | % | % | % | % |
| Prior Period | | | | |
| Assets | | | | |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | - | - | - | 3.75 |
| Banks | 0.24 | 0.16 | - | 6.95 |
| Financial Assets at Fair Value Through Profit and Loss | 3.21 | 4.90 | - | 9.09 |
| Money Market Placements | - | 1.05 | - | 6.41 |
| Available-For-Sale Financial Assets | 3.27 | 5.71 | - | 8.39 |
| Loans | 4.55 | 4.28 | 4.49 | 12.63 |
| Leasing Receivables | - | - | - | - |
| Factoring Receivables | 2.83 | 2.46 | - | 10.00 |
| Held-To-Maturity Investments | 6.59 | 5.70 | - | 12.58 |
| Liabilities | | | | |
| Bank Deposits | 0.80 | 0.30 | - | 5.80 |
| Other Deposits | 2.12 | 2.28 | 0.10 | 7.18 |
| Money Market Borrowings | - | - | - | 6.73 |
| Sundry Creditors | - | - | - | - |
| Marketable Securities Issued | - | - | - | - |
| Funds Provided From Other Financial Institutions | 3.11 | 2.57 | 3.10 | 7.71 |

Interest rate sensitivity:

If interest rates had been changed by 0.5% in TL and FC and all other variables were held constant:

- Net profit of the Group for the year would have changed by TL 22,900 (31 December 2010: TL 5,919).

The interest rate sensitivity the Group is exposed to due to its balance sheet composition is calculated with the net interest income approach. The net interest income is calculated by using the original interest rates until maturity and using market interest curves until the remaining annualized period subject to analysis. This calculation is re-performed by altering the market interest curves based on rate changes accepted by management. The difference between the initial and re-performed calculation is assessed to be the interest sensitivity of the Group.

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VII. Explanations Related to Consolidated Liquidity Risk

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

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

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

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

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

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group. The most important of these is to maintain limits on the ratio of the Parent Bank's net liquid assets to customer liabilities, set to reflect market conditions. The ratio realized during the year were as follows:

| | Current Period | Prior Period |
|---------------------------|----------------|--------------|
| | % | % |
| Average during the period | 25 | 20 |
| Highest | 30 | 27 |
| Lowest | 20 | 16 |

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VII. Explanations Related to Consolidated Liquidity Risk (continued)

Presentation of assets and liabilities according to their remaining maturities:

| Current Period | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Undistributed (*) | Total |
|--|--------------------|--------------------------|--------------------|------------------------|----------------------|-------------------------|------------------------------|-------------------|
| Assets | | | | | | | | |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey | 2,429,726 | 1,588,531 | - | - | - | - | - | 4,018,257 |
| Banks | 187,352 | 412,196 | 2,105 | 4,185 | - | - | - | 605,838 |
| Financial Assets at Fair Value Through Profit and Loss | - | 247,932 | 166,898 | 456,314 | 272,564 | 133,083 | - | 1,276,791 |
| Money Market Placements | - | 523,574 | - | - | - | - | - | 523,574 |
| Available-For-Sale Financial Assets | 25,013 | 185,245 | 75,948 | 1,305,528 | 2,086,378 | 1,019,833 | - | 4,697,945 |
| Loans(**) | 38,806 | 9,408,476 | 1,634,958 | 4,348,267 | 8,754,358 | 2,564,020 | 214,602 | 26,963,487 |
| Factoring Receivables | - | 467,221 | 237,708 | 112,918 | - | - | 1,164 | 819,011 |
| Financial Lease Receivables | - | - | - | - | - | - | - | - |
| Held-To-Maturity Investments | - | - | - | 362 | 20,862 | - | - | 21,224 |
| Other Assets | 3,775 | 1,953 | 245 | 1,799 | 18,277 | 2,998 | 1,499,273 | 1,528,320 |
| Total Assets | 2,684,672 | 12,835,128 | 2,117,862 | 6,229,373 | 11,152,439 | 3,719,934 | 1,715,039 | 40,454,447 |
| Liabilities | | | | | | | | |
| Bank Deposits | 192,716 | 931,790 | 3,780 | 4,141 | - | - | - | 1,132,427 |
| Other Deposits | 4,286,199 | 14,782,550 | 3,389,472 | 404,507 | 102,295 | - | - | 22,965,023 |
| Funds Provided From Other Financial Institutions | - | 1,831,781 | 1,951,491 | 2,579,528 | 976,785 | 822,515 | - | 8,162,100 |
| Money Market Borrowings | - | 1,104,748 | - | - | - | - | - | 1,104,748 |
| Marketable Securities Issued | - | - | - | 249,107 | - | - | - | 249,107 |
| Factoring Payables | - | 6,510 | - | - | - | - | - | 6,510 |
| Sundry Creditors | 2,538 | 839,104 | - | 14 | - | - | - | 841,656 |
| Other Liabilities | - | 816,637 | 62,340 | 157,261 | 53,676 | 9,227 | 4,893,735 | 5,992,876 |
| Total Liabilities | 4,481,453 | 20,313,120 | 5,407,083 | 3,394,558 | 1,132,756 | 831,742 | 4,893,735 | 40,454,447 |
| Liquidity Gap | (1,796,781) | (7,477,992) | (3,289,221) | 2,834,815 | 10,019,683 | 2,888,192 | (3,178,696) | - |
| Prior Period | | | | | | | | |
| Total Assets | 920,669 | 6,616,639 | 1,380,988 | 2,994,033 | 4,772,022 | 974,610 | 437,288 | 18,096,249 |
| Total Liabilities | 2,749,747 | 8,138,244 | 2,238,730 | 1,953,150 | 469,359 | 490,969 | 2,056,050 | 18,096,249 |
| Liquidity Gap | (1,829,078) | (1,521,605) | (857,742) | 1,040,883 | 4,302,663 | 483,641 | (1,618,762) | - |

(*) 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.

(**) Loans with floating interest rates of the Parent Bank amounting to TL 5,961,704 (31 December 2010: TL 3,146,930) are included in "Up to 1 Month" while mark to market differences from hedged loans amounting to TL 11,554 (31 December 2010: TL 33,648) are included in "1-5 Years".

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VII. Explanations Related to Consolidated Liquidity Risk (continued)

Analysis of financial liabilities by remaining contractual maturities:

| | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Adjustments | Total |
|--|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| As of 31 December 2011 | | | | | | | | |
| Money market borrowings | - | 1,105,719 | - | - | - | - | (971) | 1,104,748 |
| Other deposits | 4,286,199 | 14,834,731 | 3,423,247 | 418,239 | 110,527 | - | (107,920) | 22,965,023 |
| Bank deposits | 192,716 | 931,943 | 3,780 | 4,314 | - | - | (326) | 1,132,427 |
| Funds provided from other financial institutions | - | 1,853,143 | 2,024,544 | 2,806,047 | 1,238,554 | 1,063,599 | (823,787) | 8,162,100 |
| Total | 4,478,915 | 18,725,536 | 5,451,571 | 3,228,600 | 1,349,081 | 1,063,599 | (933,004) | 33,364,298 |
| As of 31 December 2010 | | | | | | | | |
| Money market borrowings | - | 86,762 | - | - | - | - | (97) | 86,665 |
| Other deposits | 2,779,665 | 7,327,309 | 1,219,961 | 237,211 | 90,360 | - | (41,897) | 11,612,609 |
| Bank deposits | 163,107 | 1,377,497 | 8,187 | 3,281 | - | - | (810) | 1,551,262 |
| Funds provided from other financial institutions | - | 797,907 | 1,612,066 | 1,874,121 | 254,614 | 578,936 | (243,114) | 4,874,530 |
| Total | 2,942,772 | 9,589,475 | 2,840,214 | 2,114,613 | 344,974 | 578,936 | (285,918) | 18,125,066 |

Analysis of contractual expiry by maturity of the Group's derivative financial instruments:

| | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Total |
|--|------------------|------------------|------------------|----------------|---------------|-------------------|
| As of 31 December 2011 | | | | | | |
| Derivative financial instruments for hedging purposes | | | | | | |
| Fair value hedge | - | - | 13,723 | 132,443 | - | 146,166 |
| Cash flow hedge | 6,261 | 11,362 | 69,042 | 160,037 | 5,562 | 252,264 |
| Held for trading transactions | | | | | | |
| Foreign exchange forward contracts-sell | 1,095,273 | 501,255 | 553,167 | 181,084 | - | 2,330,779 |
| Currency swaps-sell | 2,338,734 | 1,001,159 | 1,798,633 | 196,565 | - | 5,335,091 |
| Interest rate swaps-sell | 136 | 8,364 | 15,876 | 23,312 | - | 47,688 |
| Foreign currency futures-sell | - | - | - | - | - | - |
| Foreign currency options-sell | 2,438,145 | 1,511,274 | 3,277,327 | 36,802 | - | 7,263,548 |
| Total | 5,878,549 | 3,033,414 | 5,727,768 | 730,243 | 5,562 | 15,375,536 |
| As of 31 December 2010 | | | | | | |
| Derivative financial instruments for hedging purposes | | | | | | |
| Fair value hedge | 290 | 263 | 137,009 | 36,878 | 54,510 | 228,950 |
| Cash flow hedge | - | - | - | - | - | - |
| Held for trading transactions | | | | | | |
| Foreign exchange forward contracts-sell | 389,104 | 274,816 | 302,643 | 7,571 | - | 974,134 |
| Currency swaps-sell | 817,883 | 60,625 | 670,796 | 357,236 | - | 1,906,540 |
| Interest rate swaps-sell | 63 | 9,828 | 8,658 | 43,179 | 5,055 | 66,783 |
| Foreign currency futures-sell | - | 25,076 | 227,192 | - | - | 252,268 |
| Foreign currency options-sell | 549,842 | 530,740 | 1,073,571 | 8,621 | 32,901 | 2,195,675 |
| Total | 1,757,182 | 901,348 | 2,419,869 | 453,485 | 92,466 | 5,624,350 |

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

The table below 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 Group.

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 reflect their fair values since they are short-term.

| | Book Value | | Fair Value | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| Financial Assets | 33,631,079 | 17,652,602 | 33,256,597 | 18,449,916 |
| Money Market Placements | 523,574 | 238 | 523,574 | 238 |
| Banks | 605,838 | 1,022,825 | 605,838 | 1,022,825 |
| Available-For-Sale Financial Assets | 4,697,945 | 3,515,006 | 4,697,945 | 3,515,006 |
| Held-To-Maturity Investments | 21,224 | 235,019 | 21,713 | 271,796 |
| Loans (**) | 27,782,498 | 13,528,484 | 27,407,527 | 13,640,051 |
| Financial Liabilities | 34,455,061 | 18,468,471 | 34,297,407 | 18,458,902 |
| Bank Deposits | 1,132,427 | 1,551,262 | 1,132,167 | 1,550,402 |
| Other Deposits | 22,965,023 | 11,612,609 | 22,807,961 | 11,603,892 |
| Funds Borrowed From Other Financial Institutions (*) | 9,266,848 | 4,961,195 | 9,266,847 | 4,961,203 |
| Marketable Securities Issued | 249,107 | - | 248,776 | - |
| Sundry Creditors | 841,656 | 343,405 | 841,656 | 343,405 |

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

(**) Factoring and lease receivables are included in the loans.

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

- Level 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;
- Level 2: The fair value of other financial assets and financial liabilities are determined in accordance with inputs other than quoted prices included within Level 1, that are observable either directly or indirectly in the market.
- Level 3: The fair value of the financial assets and financial liabilities where there is no observable market data.

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VIII. Explanations Related to Presentation of Financial Assets and Liabilities by Fair Value
(continued)

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.

| 31 December 2011 | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|----------------|----------------|--------------|
| Financial Assets | | | | |
| Financial assets at fair value through profit and loss | 754,577 | 522,214 | - | 1,276,791 |
| <i>Public sector debt securities</i> | 754,577 | 199,800 | - | 954,377 |
| <i>Derivative financial assets held for trading</i> | - | 322,414 | - | 322,414 |
| Derivative financial assets for hedging purposes | - | 22,800 | - | 22,800 |
| Available-for-sale financial assets | 3,679,076 | 1,008,370 | - | 4,687,446 |
| <i>Public sector debt securities</i> | 3,673,789 | 999,143 | - | 4,672,932 |
| <i>Other available-for-sale financial assets (*)</i> | 5,287 | 9,227 | - | 14,514 |
| Financial Liabilities | | | | |
| Derivative financial liabilities held for trading | - | 273,799 | - | 273,799 |
| Derivative financial liabilities for hedging purposes | - | 50,447 | - | 50,447 |

| 31 December 2010 | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|----------------|----------------|--------------|
| Financial Assets | | | | |
| Financial assets at fair value through profit and loss | 112,664 | 103,524 | - | 216,188 |
| <i>Public sector debt securities</i> | 112,664 | - | - | 112,664 |
| <i>Derivative financial assets held for trading</i> | - | 103,524 | - | 103,524 |
| Derivative financial assets for hedging purposes | - | 11,157 | - | 11,157 |
| Available-for-sale financial assets | 3,500,338 | 12,594 | - | 3,512,932 |
| <i>Public sector debt securities</i> | 3,489,407 | - | - | 3,489,407 |
| <i>Other available-for-sale financial assets(*)</i> | 10,931 | 12,594 | - | 23,525 |
| Financial Liabilities | | | | |
| Derivative financial liabilities held for trading | 6,168 | 90,600 | - | 96,768 |
| Derivative financial liabilities for hedging purposes | - | 56,547 | - | 56,547 |

(*) TL 10,499 (31 December 2010: TL 2,074) carried at cost is not included in the table.

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

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

The Group performs trading transactions on behalf of customers, and gives custody, administration and consultancy services.

The Group does not deal with fiduciary transactions.

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Consolidated 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 | 257,142 | 230,668 | 136,299 | 151,431 |
| Balances with the Central Bank of Turkey | 1,243,219 | 1,961,960 | 650,346 | 1,061,550 |
| Other | - | 325,268 | - | 27,670 |
| Total | 1,500,361 | 2,517,896 | 786,645 | 1,240,651 |

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

| | Current Period | | Prior Period | |
|-----------------------------|------------------|------------------|----------------|------------------|
| | TL | FC | TL | FC |
| Unrestricted demand deposit | 1,243,219 | - | 650,346 | - |
| Unrestricted time deposit | - | 373,429 | - | 651,635 |
| Restricted time deposit | - | 1,588,531 | - | 409,915 |
| Total | 1,243,219 | 1,961,960 | 650,346 | 1,061,550 |

TL 373,429 (31 December 2010: TL 651,635) foreign currency unrestricted deposit, TL 1,588,531 (31 December 2010: TL 409,915) foreign currency restricted deposit and TL 1,243,219 (31 December 2010: TL 650,287) TL unrestricted deposit balance comprises of reserve deposits. As of 31 December 2011, the Turkish lira required reserve ratios are determined to be within the range of 5%-11% depending on the maturity structure of deposits denominated in Turkish lira (31 December 2010: 6% for all Turkish lira liabilities), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 6%-11% (31 December 2010: 11% for all foreign currency liabilities).

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 22,033 (31 December 2010 – None).

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 | - | - | - | - |
| Total | 276,889 | - | - | - |

Net book value of unrestricted financial assets at fair value through profit and loss is TL 655,455 (31 December 2010: TL 112,664).

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I. Explanations and Disclosures Related to the Consolidated 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 | 25,636 | 6,771 | 5,286 | 6,574 |
| Swap Transactions | 120,062 | 21,360 | 39,381 | 7,758 |
| Futures Transactions | - | - | - | - |
| Options | 118,360 | 28,302 | 36,318 | 8,207 |
| Other | - | 1,923 | - | - |
| Total | 264,058 | 58,356 | 80,985 | 22,539 |

3. a) Information on banks:

| | Current Period | | Prior Period | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | TL | FC | TL | FC |
| Banks | | | | |
| Domestic | 99,208 | 70,050 | 342,535 | 93,364 |
| Foreign | 53,024 | 383,556 | 164,914 | 422,012 |
| Branches and head office abroad | - | - | - | - |
| Total | 152,232 | 453,606 | 507,449 | 515,376 |

b) Information on foreign bank accounts:

| | Unrestricted Amount | | Restricted Amount | |
|---------------------------|---------------------|----------------|-------------------|--------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| European Union Countries | 215,518 | 354,995 | - | - |
| USA and Canada | 105,656 | 63,717 | - | - |
| OECD Countries(*) | 31,560 | 5,794 | - | - |
| Off-shore banking regions | 71,591 | 162,143 | - | - |
| Other | 12,255 | 277 | - | - |
| Total | 436,580 | 586,926 | - | - |

(*) OECD countries other than European Union 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 | 581,644 | 162,371 | 243,848 | 125,062 |
| Other | - | - | - | - |
| Total | 581,644 | 162,371 | 243,848 | 125,062 |

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I. Explanations and Disclosures Related to the Consolidated Assets (continued)

4. Information on financial assets available-for-sale: (continued)

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

| | Current Period | | Prior Period | |
|--------------------------------------|----------------|----------|--------------|----------|
| | TL | FC | TL | FC |
| Government bonds | 826,098 | - | - | - |
| Treasury bills | - | - | - | - |
| Other public sector debt securities | - | - | - | - |
| Bank bonds and bank guaranteed bonds | - | - | - | - |
| Asset backed securities | - | - | - | - |
| Other | - | - | - | - |
| Total | 826,098 | - | - | - |

Net book value of unrestricted financial assets available-for-sale is TL 3,127,832 (31 December 2010: TL 3,146,096).

b) Information on financial assets available for sale portfolio:

| | Current Period | Prior Period |
|----------------------------|------------------|------------------|
| Debt securities | 4,672,932 | 3,495,601 |
| Quoted on a stock exchange | 4,672,932 | 3,495,601 |
| Not quoted | - | - |
| Share certificates | 25,013 | 19,405 |
| Quoted on a stock exchange | 5,287 | 4,737 |
| Not quoted (*) | 19,726 | 14,668 |
| Impairment provision(-) | - | - |
| Total | 4,697,945 | 3,515,006 |

(*) After the sale of the Parent Bank's 90.01% shares in TEB Finansal Kiralama A.Ş.; the remaining 9.99% shares are presented as available-for-sale financial assets and accounted for at fair value in accordance with TAS 39. The related amount is TL 12,594. With the sale of the Bank's shares as at 29 September 2011, the related amount became TL 9,227.

All unquoted available for sale equities are recorded at fair value except for the Parent Bank's investment of TL 10,499 which is recorded at cost since its fair value cannot be reliably estimated (31 December 2010: TL 2,074).

5. Information on loans:

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

| | Current Period | | Prior Period | |
|--|----------------|----------------|---------------|----------------|
| | Cash Loans | Non-Cash Loans | Cash Loans | Non-Cash Loans |
| Direct loans granted to shareholders | 74,499 | 128,471 | 24,509 | 40,782 |
| Corporate shareholders | 74,132 | 128,467 | 24,102 | 40,773 |
| Real person shareholders | 367 | 4 | 407 | 9 |
| Indirect loans granted to shareholders | - | - | - | - |
| Loans granted to employees | 43,989 | - | 22,893 | - |
| Total | 118,488 | 128,471 | 47,402 | 40,782 |

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I. Explanations and Disclosures Related to the Consolidated Assets (continued)

5. Information on loans: (continued)

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

| Cash Loans | Standard Loans and Other Receivables | | Loans and Other Receivables Under Close Monitoring (*) | |
|---------------------------------|--------------------------------------|-----------------------------|--|-----------------------------|
| | Loans and Other Receivables | Restructured or Rescheduled | Loans and Other Receivables | Restructured or Rescheduled |
| Non-specialized loans | 25,575,640 | 908 | 1,014,360 | 105,072 |
| Discount notes | 498,904 | - | 28,750 | - |
| Export loans | 2,182,167 | - | 19,382 | - |
| Import loans | - | - | - | - |
| Loans given to financial sector | 900,372 | - | - | - |
| Foreign loans | 837,209 | - | 3,501 | - |
| Consumer loans(**) | 5,988,134 | 713 | 469,999 | 26,613 |
| Credit cards | 1,293,030 | - | 77,900 | 2,741 |
| Precious metal loans | 365,810 | - | 21,426 | - |
| Other | 13,510,014 | 195 | 393,402 | 75,718 |
| Specialized loans | - | - | - | - |
| Other receivables | 52,905 | - | - | - |
| Total | 25,628,545 | 908 | 1,014,360 | 105,072 |

(*) 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 11,554 income accrual resulting from the fair value difference of the hedged item loans is included in the loan balance.

c) Loans according to their maturity structure:

| Cash Loans | Standard Loans and Other Receivables | | Loans and Other Receivables Under Close Monitoring | |
|---|--------------------------------------|-----------------------------|--|-----------------------------|
| | Loans and Other Receivables | Restructured or Rescheduled | Loans and Other Receivables | Restructured or Rescheduled |
| Short-term loans and other receivables | 13,438,023 | - | 362,711 | 18,564 |
| Non-specialized loans | 13,385,118 | - | 362,711 | 18,564 |
| Specialized loans | - | - | - | - |
| Other receivables | 52,905 | - | - | - |
| Medium and long-term loans and other receivables | 12,190,522 | 908 | 651,649 | 86,508 |
| Non-specialized loans | 12,190,522 | 908 | 651,649 | 86,508 |
| Specialized loans | - | - | - | - |
| Other receivables | - | - | - | - |
| Total | 25,628,545 | 908 | 1,014,360 | 105,072 |

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5. Information on loans: (continued)

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

| | Short Term | Medium and Long Term | Total |
|--|-------------------|---------------------------------|------------------|
| Consumer Loans-TL | 119,102 | 6,006,041 | 6,125,143 |
| Housing Loans | 2,668 | 3,393,413 | 3,396,081 |
| Vehicle Loans | 12,062 | 583,339 | 595,401 |
| General Purpose Loans | 104,372 | 2,029,289 | 2,133,661 |
| Other | - | - | - |
| Consumer Loans –Indexed to FC | - | 175,056 | 175,056 |
| Housing Loans | - | 160,747 | 160,747 |
| Vehicle Loans | - | 3,269 | 3,269 |
| General Purpose Loans | - | 11,040 | 11,040 |
| Other | - | - | - |
| Consumer Loans-FC (**) | 10,460 | 17,674 | 28,134 |
| Housing Loans | - | 5,122 | 5,122 |
| Vehicle Loans | - | 8,910 | 8,910 |
| General Purpose Loans | 10,460 | 3,642 | 14,102 |
| Other | - | - | - |
| Individual Credit Cards-TL | 1,142,496 | - | 1,142,496 |
| With Installments | 511,240 | - | 511,240 |
| Without Installments | 631,256 | - | 631,256 |
| Individual Credit Cards-FC | 5,129 | - | 5,129 |
| With Installments | - | - | - |
| Without Installments | 5,129 | - | 5,129 |
| Personnel Loans-TL | 3,944 | 20,722 | 24,666 |
| Housing Loans | - | 69 | 69 |
| Vehicle Loans | - | 48 | 48 |
| General Purpose Loans | 3,944 | 20,605 | 24,549 |
| Other | - | - | - |
| Personnel Loans- Indexed to FC | - | - | - |
| Housing Loans | - | - | - |
| Vehicle Loans | - | - | - |
| General Purpose Loans | - | - | - |
| Other | - | - | - |
| Personnel Loans-FC | - | - | - |
| Housing Loans | - | - | - |
| Vehicle Loans | - | - | - |
| General Purpose Loans | - | - | - |
| Other | - | - | - |
| Personnel Credit Cards-TL | 17,162 | - | 17,162 |
| With Installments | 8,674 | - | 8,674 |
| Without Installments | 8,488 | - | 8,488 |
| Personnel Credit Cards-FC | 143 | - | 143 |
| With Installments | - | - | - |
| Without Installments | 143 | - | 143 |
| Overdraft Accounts-TL(Real Persons) (*) | 131,805 | - | 131,805 |
| Overdraft Accounts-FC(Real Persons) | 655 | - | 655 |
| Total | 1,430,896 | 6,219,493 | 7,650,389 |

(*) Overdraft accounts include personnel loans amounting to TL 2,018.

(**) Loans granted via branches abroad and TEB N.V.

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I. Explanations and Disclosures Related to the Consolidated Assets (continued)

5. Information on loans: (continued)

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

| | Short Term | Medium and Long Term | Total |
|---|----------------|----------------------|------------------|
| Commercial loans with installment facility-TL | 298,611 | 3,072,311 | 3,370,922 |
| Business Loans | 450 | 135,754 | 136,204 |
| Vehicle Loans | 21,595 | 818,654 | 840,249 |
| General Purpose Loans | 276,566 | 2,117,903 | 2,394,469 |
| Other | - | - | - |
| Commercial loans with installment facility - Indexed to FC | 24,350 | 439,843 | 464,193 |
| Business Loans | - | 15,138 | 15,138 |
| Vehicle Loans | 2,964 | 168,621 | 171,585 |
| General Purpose Loans | 21,386 | 256,084 | 277,470 |
| Other | - | - | - |
| Commercial loans with installment facility –FC | 25,401 | - | 25,401 |
| Business Loans | - | - | - |
| Vehicle Loans | - | - | - |
| General Purpose Loans | 25,401 | - | 25,401 |
| Other | - | - | - |
| Corporate Credit Cards-TL | 207,745 | - | 207,745 |
| With Installments | 73,631 | - | 73,631 |
| Without Installments | 134,114 | - | 134,114 |
| Corporate Credit Cards-FC | 996 | - | 996 |
| With Installments | - | - | - |
| Without Installments | 996 | - | 996 |
| Overdraft Accounts-TL(Legal Entities) | 321,467 | - | 321,467 |
| Overdraft Accounts-FC(Legal Entities) | 7,522 | - | 7,522 |
| Total | 886,092 | 3,512,154 | 4,398,246 |

f) Loans according to borrowers:

| | Current Period | Prior Period |
|--------------|-------------------|-------------------|
| Public | 50,666 | 34,738 |
| Private | 26,698,219 | 12,764,018 |
| Total | 26,748,885 | 12,798,756 |

g) Domestic and foreign loans:

| | Current Period | Prior Period |
|----------------|-------------------|-------------------|
| Domestic loans | 25,854,535 | 11,989,166 |
| Foreign loans | 894,350 | 809,590 |
| Total | 26,748,885 | 12,798,756 |

h) Loans granted to subsidiaries and associates:

Eliminated in consolidated financial statements.

i) Specific provisions provided against loans:

| | Current Period | Prior Period |
|--|----------------|----------------|
| Specific provisions | | |
| Loans and receivables with limited collectability | 9,910 | 4,833 |
| Loans and receivables with doubtful collectability | 24,806 | 21,608 |
| Uncollectible loans and receivables | 506,360 | 221,624 |
| Total | 541,076 | 248,065 |

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I. Explanations and Disclosures Related to the Consolidated Assets (continued)

5. Information on loans: (continued)

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

j.1) Information on loans and other receivables included in non-performing loans which are restructured or reschedule :

| | III. Group | IV. Group | V. Group |
|---|--|---|--|
| | Loans and receivables with limited collectability | Loans and receivables with doubtful collectability | Uncollectible loans and receivables |
| (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 | IV. Group | V. Group |
|---|--|---|--|
| | Loans and receivables with limited collectability | Loans and receivables with doubtful collectability | Uncollectible loans and receivables |
| Prior period end balance | 34,203 | 60,114 | 281,157 |
| Additions (+) (*) | 265,470 | 44,780 | 349,036 |
| Transfers from other categories of non-performing loans (+) | 10 | 189,740 | 180,132 |
| Transfers to other categories of non-performing loans (-) | 191,484 | 178,398 | - |
| Collections (-) | 44,081 | 46,815 | 131,629 |
| Write-offs (-) (**) | 12 | 76 | 56,469 |
| Corporate and commercial loans | - | 75 | 54,491 |
| Retail loans | 12 | 1 | 101 |
| Credit cards | - | - | 1,877 |
| Other | - | - | - |
| Current period end balance | 64,106 | 69,345 | 622,227 |
| Specific provision (-) | 9,910 | 24,806 | 506,360 |
| Net Balances on Balance Sheet | 54,196 | 44,539 | 115,867 |

(*) Increase due to the merger is TL 388,400.

(**) TL 55,484 of the non-performing loans portfolio of the Parent Bank with TL 54,078 provision has been sold to LBT Varlık Yönetim A.Ş. for TL 4,250. This balance 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.

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

| | III. Group | IV. Group | V. Group |
|-------------------------------------|--|---|--|
| | Loans and receivables with limited collectability | Loans and receivables with doubtful collectability | Uncollectible loans and receivables |
| Current Period : | | | |
| Current period end balance | - | - | 29,379 |
| Specific provision (-) | - | - | 23,558 |
| Net Balance on Balance Sheet | - | - | 5,821 |
| Prior Period : | | | |
| Prior period end balance | - | - | 15,399 |
| Specific provision (-) | - | - | 10,812 |
| Net Balance on Balance Sheet | - | - | 4,587 |

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I. Explanations and Disclosures Related to the Consolidated Assets (continued)

5. Information on loans: (continued)

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

| | III. Group | IV. Group | V. Group |
|---|---|--|--|
| | Loans and receivables with limited | Loans and receivables with doubtful | Uncollectible loans and receivables |
| Current Period (Net) | | | |
| Loans to Real Persons and Legal Entities (Gross) | 64,106 | 69,345 | 617,258 |
| Specific provision (-) | 9,910 | 24,806 | 506,360 |
| Loans to Real Persons and Legal Entities (Net) | 54,196 | 44,539 | 110,898 |
| Banks (Gross) | - | - | 4,969 |
| Specific provision (-) | - | - | - |
| Banks (Net) | - | - | 4,969 |
| Other Loans and Receivables (Gross) | - | - | - |
| Specific provision (-) | - | - | - |
| Other Loans and Receivables (Net) | - | - | - |
| Prior Period (Net) | | | |
| Loans to Real Persons and Legal Entities (Gross) | 34,203 | 60,114 | 281,157 |
| Specific provision (-) | 4,833 | 21,608 | 221,624 |
| Loans to Real Persons and Legal Entities (Net) | 29,370 | 38,506 | 59,533 |
| Banks (Gross) | - | - | - |
| Specific provision (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other Loans and Receivables (Gross) | - | - | - |
| Specific provision (-) | - | - | - |
| Other Loans and Receivables (Net) | - | - | - |

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 non-performing loans by complying with the requirements of the Tax Procedural Law in accordance with the decision of the upper management of the Parent Bank.

l) Explanation related to write-off policy:

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

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I. Explanations and Disclosures Related to the Consolidated Assets (continued)

5. Information on loans: (continued)

m) Other explanations and disclosures:

| Current Period | Commercial | Consumer | Credit Cards | Other | Total |
|---|-------------------|------------------|---------------------|---------------|-------------------|
| Neither past due nor impaired | 18,208,166 | 6,009,007 | 1,212,389 | 52,905 | 25,482,467 |
| Past due not impaired | 628,523 | 476,613 | 161,282 | - | 1,266,418 |
| Individually impaired | 464,005 | 115,757 | 175,916 | - | 755,678 |
| Total gross | 19,300,694 | 6,601,377 | 1,549,587 | 52,905 | 27,504,563 |
| Less: allowance for individually impaired loans | 296,302 | 86,849 | 157,925 | - | 541,076 |
| Total allowance for impairment | 296,302 | 86,849 | 157,925 | - | 541,076 |
| Total net | 19,004,392 | 6,514,528 | 1,391,662 | 52,905 | 26,963,487 |
| Prior Period | Commercial | Consumer | Credit Cards | Other | Total |
| Neither past due nor impaired | 9,187,757 | 2,514,540 | 504,616 | 46,651 | 12,253,564 |
| Past due not impaired | 397,041 | 82,858 | 65,293 | - | 545,192 |
| Individually impaired | 299,641 | 21,706 | 54,127 | - | 375,474 |
| Total gross | 9,884,439 | 2,619,104 | 624,036 | 46,651 | 13,174,230 |
| Less: allowance for individually impaired loans | 190,679 | 12,721 | 44,665 | - | 248,065 |
| Total allowance for impairment | 190,679 | 12,721 | 44,665 | - | 248,065 |
| Total net | 9,693,760 | 2,606,383 | 579,371 | 46,651 | 12,926,165 |

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

| | Commercial | Consumer | Credit Cards | Total |
|-----------------------------|-------------------|-----------------|---------------------|----------------|
| At January 1, 2011 | 190,679 | 12,721 | 44,665 | 248,065 |
| Charge for the period (*) | 204,418 | 77,102 | 131,620 | 413,140 |
| Recoveries | (48,840) | (2,974) | (16,689) | (68,503) |
| Amounts written off (**) | (52,816) | - | (1,671) | (54,487) |
| Exchange differences | 2,861 | - | - | 2,861 |
| At 31 December 2010 | 296,302 | 86,849 | 157,925 | 541,076 |
| | Commercial | Consumer | Credit Cards | Total |
| At January 1, 2010 | 158,418 | 33,985 | 54,618 | 247,021 |
| Charge for the period | 140,838 | (4,282) | 36,831 | 173,387 |
| Recoveries | (36,468) | (6,708) | (14,672) | (57,848) |
| Amounts written off (***) | (71,943) | (10,274) | (32,112) | (114,329) |
| Exchange differences | (166) | - | - | (166) |
| At December 31, 2009 | 190,679 | 12,721 | 44,665 | 248,065 |

(*) Includes the provision amounting of TL 388,400 transferred from Fortis Bank A.Ş.

(**) TL 55,484 of the non-performing loans portfolio of the Parent 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.

(***) TL 39,957 of the non-performing loans portfolio of the Parent Bank with TL 39,321 provision has been sold to Standart Varlık A.Ş. for TL 4,125 which has been collected as of 31 March 2010 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records.

TL 75,008 of the non-performing loans portfolio of the Parent Bank with TL 75,008 provision has been sold to LBT Varlık Yönetim A.Ş. for TL 6,500 which has been collected as of 28 June 2010 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records.

I. Explanations and Disclosures Related to the Consolidated Assets (continued)

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5. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

The fair value of collaterals, capped with the respective outstanding loan balance, that the Parent Bank holds relating to loans individually determined to be impaired at 31 December 2011 is TL 202,442 (31 December 2010: TL 120,349).

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

| | Current Period | Prior Period |
|--------------|-----------------------|---------------------|
| Mortgage | 161,744 | 97,707 |
| Vehicle | 25,151 | 15,820 |
| Cash | 5,270 | 7 |
| Other | 10,277 | 6,815 |
| Total | 202,442 | 120,349 |

As of 31 December 2011 and 31 December 2010, detail of commodities and properties held for sale related to loan receivables of the Parent Bank is as follows:

| 31 December 2011 | Commercial | Consumer | Total |
|--|-------------------|-----------------|---------------|
| Residential, commercial or industrial property | 57,498 | 8,685 | 66,183 |
| Financial assets | - | - | - |
| Other | 866 | - | 866 |
| Total | 58,364 | 8,685 | 67,049 |

| 31 December 2010 | Commercial | Consumer | Total |
|--|-------------------|-----------------|---------------|
| Residential, commercial or industrial property | 30,550 | 2,988 | 33,538 |
| Financial assets | - | - | - |
| Other | 444 | - | 444 |
| Total | 30,994 | 2,988 | 33,982 |

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

| 31 December 2011 | Less than 30 days | 31-60 days | 61-90 days | Total |
|-------------------------|--------------------------|-------------------|-------------------|------------------|
| Loans and Receivables | | | | |
| Commercial loans | 445,550 | 111,018 | 71,955 | 628,523 |
| Consumer loans | 293,542 | 136,847 | 46,224 | 476,613 |
| Credit cards | 150,805 | 1,973 | 8,504 | 161,282 |
| Total | 889,897 | 249,838 | 126,683 | 1,266,418 |

| 31 December 2010 | Less than 30 days | 31-60 days | 61-90 days | Total |
|-------------------------|--------------------------|-------------------|-------------------|----------------|
| Loans and Receivables | | | | |
| Commercial loans | 292,236 | 64,185 | 40,620 | 397,041 |
| Consumer loans | 35,662 | 36,151 | 11,045 | 82,858 |
| Credit cards | 59,836 | 412 | 5,045 | 65,293 |
| Total | 387,734 | 100,748 | 56,710 | 545,192 |

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 past due and not past due loan balances of the customer, that the Group held as at 31 December 2011 is TL 914,752. (31 December 2010: TL 209,674).

I. Explanations and Disclosures Related to the Consolidated Assets (continued)

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5. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

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

| | Current Period | Prior Period |
|--------------|-----------------------|---------------------|
| Mortgage | 659,862 | 167,528 |
| Vehicle | 118,348 | 24,017 |
| Cash | 23,438 | 2,134 |
| Other | 113,104 | 15,995 |
| Total | 914,752 | 209,674 |

Explanations on the loans and other receivables of the Parent Bank for which the payment schedules are revised as per the agreement:

Based on the Article 4 of the Communiqué “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, the number of loans, total amount and extension periods for which the payment schedules are revised after 28 May 2011 are as follows:

(i) Loans for which the payment schedules are revised for once

| | | Extension Period | | | | | |
|-------|--------|--------------------------|-----------------------|------------------------|----------------------|-------------------------|--------------|
| | | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Total |
| Loans | Number | 229 | 938 | 3,217 | 8,888 | 86 | 13,358 |
| | Amount | 6,274 | 13,350 | 43,250 | 119,424 | 5,347 | 187,645 |

(ii) Loans for which the payment schedules are revised for twice:

| | | Extension Period | | | | | |
|-------|--------|--------------------------|-----------------------|------------------------|----------------------|-------------------------|--------------|
| | | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Total |
| Loans | Number | 1 | 117 | 19 | 10 | 2 | 149 |
| | Amount | 1 | 2,523 | 189 | 1,178 | 155 | 4,046 |

(iii) Loans for which the payment schedules are revised more than twice:

| | | Extension Period | | | | | |
|-------|--------|--------------------------|-----------------------|------------------------|----------------------|-------------------------|--------------|
| | | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | Over 5 Years | Total |
| Loans | Number | - | 1 | 1 | 1 | 1 | 4 |
| | Amount | - | 3 | 62 | 55 | 74 | 194 |

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I. Explanations and Disclosures Related to the Consolidated Assets (continued)

6. Information on held-to-maturity investments :

Following the merger with Fortis Bank A.Ş., the Parent 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 accordance with TAS 39.

a.1) Information on held to maturity debt securities:

| | Current Period | Prior Period |
|-------------------------------------|----------------|----------------|
| Government bonds | 21,224 | 235,019 |
| Treasury bills | - | - |
| Other public sector debt securities | - | - |
| Total | 21,224 | 235,019 |

a.2) Information on held to maturity investments:

| | Current Period | Prior Period |
|----------------------------|----------------|----------------|
| Debt securities | | |
| Quoted on a stock exchange | 21,224 | 235,019 |
| Unquoted | - | - |
| Impairment provision(-) | - | - |
| Total | 21,224 | 235,019 |

a.3) Information on held-to-maturity investments given as collateral or blocked:

| | Current Period | | Prior Period | |
|--|----------------|----------|---------------|----------|
| | TL | FC | TL | FC |
| Share Certificates | - | - | - | - |
| Bond, Treasury bill and similar securities | - | - | 68,245 | - |
| Other | - | - | - | - |
| Total | - | - | 68,245 | - |

a.4) Held-to-maturity investments subject to repurchase agreements:

| | Current Period | | Prior Period | |
|--------------------------------------|----------------|----------|---------------|----------|
| | TL | FC | TL | FC |
| Government bonds | - | - | 70,042 | - |
| Treasury bills | - | - | - | - |
| Other public sector debt securities | - | - | - | - |
| Bank bonds and bank guaranteed bonds | - | - | - | - |
| Asset backed securities | - | - | - | - |
| Other | - | - | - | - |
| Total | - | - | 70,042 | - |

Net book value of unrestricted financial assets held-to-maturity is TL 21,224 (31 December 2010: TL 96,732).

b) Movement of held-to-maturity investments:

| | Current Period | Prior Period |
|---|----------------|----------------|
| Beginning balance | 235,019 | 901,640 |
| Foreign currency differences on monetary assets | 3,809 | 293 |
| Purchases during year(*, **) | 149,187 | 9,954 |
| Disposals through sales and redemptions (***) | (366,791) | (676,868) |
| Impairment provision (-) | - | - |
| Change in income on redeemed cost adjustments | - | - |
| Closing Balance | 21,224 | 235,019 |

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

(**) Includes assets amounting to TL 138,203 transferred from Fortis Bank A.Ş.

(***) Classified in portfolio of securities available for sale as mentioned above.

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7. Information on associates (Net):

- a.1) Information on the unconsolidated associates: None (31 December 2010: None).
b.1 and 2) Information on the consolidated associates: None (31 December 2010: None).
b.3) Valuation of consolidated associates: None (31 December 2010: None).
b.4) Consolidated associates which are quoted on the stock exchange: None (31 December 2010: None).

8. Information on subsidiaries (Net):

- a) Information on the unconsolidated subsidiaries: None (31 December 2010: None).
b) Information on the consolidated subsidiaries:
b.1) Information on the consolidated subsidiaries:

| Description | Address (City/ Country) | Bank's share percentage-If different voting percentage(%) | 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 | 46.77 | 53.23 |

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

| Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Income from Marketable Securities Portfolio | Current Period Profit / Loss | Prior Period Profit / Loss (***) | Fair Value |
|---------------|-------------------------|-----------------------|--------------------|--|------------------------------------|--|---------------|
| (i) 1,611,290 | 246,507 | 9,499 | 72,428 | 3,600 | 19,701 | 15,771 | - |
| (ii) 868,679 | 38,462 | 1,815 | 68,744 | - | 10,247 | 8,355 | - |
| (ii) 84,305 | 78,190 | 1,940 | 9,017 | 122 | 6,054 | 9,603 | - |
| (ii) 31,200 | 28,765 | 841 | 1,527 | 319 | 3,218 | 4,309 | - |

- (*) As explained in the Material Event Disclosure on 24 March 2011, the followings are concluded in regards to the transfer of Fortis Yatırım Menkul Değerler A.Ş. ("Fortis Yatırım") in which TEB has 99.998% participation, with all of its assets and liabilities without any dissolution to TEB Yatırım Menkul Değerler A.Ş. ("TEB Yatırım") in which TEB has a direct share of 92.481%:

The transfer of Fortis Yatırım to TEB Yatırım and the related transfer agreement are approved in the Extraordinary General Meeting of TEB Yatırım and Fortis Yatırım held on 21 June 2011.

In relation to the transfer, Article 6 "Capital and Share Types" set out in the articles of association of TEB Yatırım is decided to be amended upon the approval of the CMB no: B.02.1.SPK.0.16-205.01.02/714-6076 issued on 14 June 2011 and the permit no: B.14.0.İT.G.0.10.00.01/351-02-56082-72593-3267 given by the Domestic Trade Administration of the Ministry of Trade and Industry of Turkish Republic on 14 June 2011, and the capital of TEB Yatırım is decided to be increased from TL 12,950 to TL 28,794 in relation to the transfer transaction accordingly to the extent that shareholders of Fortis Yatırım are granted with shares that represent the increased capital.

The transfer was finalized on 24 June 2011 upon the registry of the resolutions issued in the TEB Yatırım and Fortis Yatırım's Extraordinary General Meeting held on 21 June 2011 to the İstanbul Trade Registry.

Following the transfer, TEB's direct participation in TEB Yatırım has increased to 96.617%.

- (**) As explained in the Material Event Disclosure dated 13 September 2011, the followings are concluded in regards to the transfer of Fortis Portföy Yönetimi A.Ş. ("Fortis Portföy") with all of its assets and liabilities without any dissolution to TEB Portföy Yönetimi A.Ş. ("TEB Portföy") in which the Parent Bank has a direct and indirect share of 100%;

The transfer of Fortis Portföy to TEB Portföy and the related transfer agreement approved by the Capital Markets Board are approved in the Extraordinary General Meeting of TEB Portföy and Fortis Portföy held on 16 December 2011.

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

In relation to the transfer, Article 9 "Share Capital" and Article 14 "Board of Directors" set out in the articles of association of TEB Portföy are decided to be amended upon the approval of the CMB no: B.02.1.SP.K.0.15.335.06-1088-11331 issued on 12 December 2011 and the permit no: B.21.O.İT.G.0.03.01.00/351.02-57834-264712-2918/2466 given by the Domestic Trade Administration of the Ministry of Trade and Industry of Turkish Republic on 13 December 2011, and the capital of TEB Portföy is decided to be increased from TL 2,410 to TL 4,402 in relation to the transfer transaction accordingly to the extent that shareholders of Fortis Portföy are granted with shares that represent the increased capital at the Extraordinary General Assembly Meeting of TEB Portföy.

The transfer was finalized on 22 December 2011 upon the registry of the resolutions issued in the TEB Portföy and Fortis Portföy's Extraordinary General Meetings held on 16 December 2011 to the Istanbul Trade Registry.

Following the transfer, TEB's direct participation in TEB Portföy has decreased to 25.604%.

(***) Represents the amounts in the financial statements as of 31 December 2010.

(i) Represents financial figures of foreign currency statutory financial statements translated at period end foreign exchange rates for balance sheet and nine months' average rates for profit and loss as of 31 December 2011. The Economy Bank NV has two consolidated subsidiaries named Stichting Effecten Dienstverlening and Kronenburg Vastgoed B.V.

b.2) Information on consolidated subsidiaries:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Balance at the beginning of the period | 125,709 | 165,912 |
| Movements during the period | 48,226 | (40,203) |
| Purchases (*,**) | 48,171 | - |
| Bonus shares obtained | - | - |
| Share in current year income | - | - |
| Sales (***) | - | (40,190) |
| Revaluation increase | - | - |
| Provision for impairment | 55 | (13) |
| Balance at the end of the period | 173,935 | 125,709 |
| Capital commitments | - | - |
| Share percentage at the end of the period (%) | - | - |

(*) Fortis Yatırım Menkul Değerler A.Ş., the subsidiary of Fortis Bank A.Ş. transferred with the merger is included in the purchases as the net of the transfer amount of TL 44,745 and the reversal of the revaluation increase of TL 6,574.

(**) The share capital increase of TEB Faktoring A.Ş. in the amount of TL 10,000 is presented in the "purchases" line with the completion of the required procedures as at 29 July 2011.

(***) The Parent Bank sold 90.01% shares of its subsidiary TEB Finansal Kiralama A.Ş. to Fortis Finansal Kiralama A.Ş. in consideration of TL 113,345. The sale amount was received after the completion of the necessary procedures as of 30 September 2010. The remaining 9.99% shares are classified as "Financial Assets Available for Sale". The profit and loss items of TEB Finansal Kiralama A.Ş. for the period 1 January 2010 – 30 September 2010 is presented under the "Income on Discontinued Operations" and "Loss from Discontinued Operations" in the current year income statement.

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

| | | Current Period | Prior Period |
|------------------------------|---|-----------------------|---------------------|
| Banks | / The Economy Bank N.V. | 61,254 | 61,254 |
| Factoring Companies | / TEB Faktoring A.Ş. | 34,037 | 24,037 |
| Other Financial Subsidiaries | / TEB Yatırım Menkul Değerler A.Ş. (**) | 72,941 | 34,770 |
| | TEB Portföy Yönetimi A.Ş. | 5,354 | 5,354 |
| | Stichting Effecten Dienstverlening (*) | 305 | 257 |
| | Kronenburg Vastgoed B.V. (*) | 44 | 37 |
| Total | | 173,935 | 125,709 |

(*) Fully consolidated to the Economy Bank NV.

(**) As explained in the Material Event Disclosure on 24 March 2011, the followings are concluded in regards to the transfer of Fortis Yatırım Menkul Değerler A.Ş. ("Fortis Yatırım") in which TEB has 99.998% participation, with all of its assets and liabilities without any dissolution to TEB Yatırım Menkul Değerler A.Ş. ("TEB Yatırım") in which TEB has a direct share of 92.481%.

The carrying amounts of the subsidiaries above have been eliminated in the consolidated financial statements.

b.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2010: None).

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I. Explanations and Disclosures Related to the Consolidated Assets (continued)

13. Information on intangible assets:

| | Opening Balance 31 December 2010 | Additions | Disposals | Other (*) | Ending Balance 31 December 2011 |
|---------------------------------------|---|------------------|-----------|-----------------|---------------------------------------|
| Cost: | | | | | |
| Other intangible assets | 49,030 | 10,463 | - | 52,009 | 111,502 |
| Total Cost | 49,030 | 10,463 | - | 52,009 | 111,502 |
| | Opening Balance 31 December 2010 | Period Charge | Disposals | Other (*) | Ending Balance 31 December 2010 |
| Accumulated Amortization: | | | | | |
| Other intangible assets | (36,294) | (11,436) | - | (43,639) | (91,369) |
| Total Accumulated Amortization | (36,294) | (11,436) | - | (43,639) | (91,369) |
| Net Book Value | 12,736 | | | | 20,133 |

(*) Intangible assets transferred from Fortis Bank A.Ş. and Fortis Yatırım are presented in "Other" column.

- 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.
- e) Amount of purchase commitments for intangible fixed assets: None.
- f) Information on revalued intangible assets according to their types: None.
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis: With the loss of control of TEB Yatırım on TEB Portföy, the positive difference of TL 1,205 between the acquisition cost and share in the equity of acquired subsidiaries has been derecognized in the accompanying consolidated financial statements as of 31 December 2011.

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13. Information on intangible assets: (continued)

i) Movements on goodwill in the current period:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Gross value at the beginning of the period | 1,685 | 1,685 |
| Accumulated depreciation (-) | 480 | 480 |
| Impairment provision (-) | - | - |
| Movements within the period : | | |
| Additional goodwill | 421,124 | - |
| Corrections arising from the changes in value of assets and liabilities | - | - |
| Goodwill written off due to discontinued operations in current period or complete /partial sale of an asset (-) | 1,205 | - |
| Amortization (-) | - | - |
| Impairment provision (-) | - | - |
| Reversal of impairment provision (-) | - | - |
| Other differences occurred in the book value | - | - |
| Gross value at the end of the period | 421,604 | 1,685 |
| Accumulated amortization (-) | 480 | 480 |
| Impairment provision (-) | - | - |
| Net book value at the end of the period | 421,124 | 1,205 |

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 banks by means of transfer of all rights, receivables, liabilities and obligations to the Parent 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:

- All prior period financial statements of the Parent Bank as of 31 December 2010 remained same with the publicly announced figures, and effect of the merger was not reflected to the prior period financials.
- 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 Parent Bank would have been realized as TL 226,085 and TL 1,545,312 respectively.

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I. Explanations and Disclosures Related to the Consolidated Assets (continued)

13. Information on intangible assets: (continued)

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

| | 14 February 2011 |
|---|-------------------------|
| Fair value of equity shares exchanged | 2,385,482 |
| Fair value of the identifiable net assets of Fortis Bank A.Ş. | 1,964,358 |
| Goodwill | 421,124 |

Fair value of the identifiable net assets of Fortis Bank A.Ş. as of 14 February 2011 is considered as follows:

| | 14 February 2011 |
|---|-------------------------|
| | Fair Value (*) |
| 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) |
| Net assets acquired | 1,964,358 |

(*) Fair value differences arise mainly from loans and receivables, marketable securities, fixed assets and funds borrowed.

14. Information on investment property: None (31 December 2010: None).

15. Explanations on deferred tax asset:

- As of 31 December 2011, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL 73,575 (31 December 2010: TL 17,633). 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.
- Movement of deferred tax:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| At January 1 | 17,633 | 50,058 |
| Effect of change in foreign exchange rates | 41 | (43) |
| Other(*) | 56,572 | 144 |
| Effect of the sale of the subsidiary | - | (43,230) |
| Deferred tax (charge)/benefit | (45,942) | 25,943 |
| Deferred tax accounted for under equity | 45,271 | (15,239) |
| Deferred Tax Asset | 73,575 | 17,633 |

(*) Deferred tax asset transferred from Fortis Bank A.Ş. and Fortis Yatırım is presented in "Other" column.

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I. Explanations and Disclosures Related to the Consolidated Assets (continued)

16. Information on assets held for sale and discontinued operations : None (31 December 2010: None).

17. Information on other assets: (continued)

Other Assets item of the balance sheet amounting to TL 725,811 (31 December 2010: TL 467,859) does not exceed 10% of the total amount of balance sheet except for off-balance sheet commitments.

18. Information on factoring receivables of Group:

a) Maturity Analysis:

| | Current Period | | Prior Period | |
|----------------------|----------------|----------------|----------------|----------------|
| | TL | FC | TL | FC |
| Short term | 527,848 | 304,498 | 420,963 | 190,544 |
| Medium and Long Term | - | - | - | - |
| Specific provisions | (10,922) | (2,413) | (8,095) | (1,093) |
| Total | 516,926 | 302,085 | 412,868 | 189,451 |

b) Other explanations and disclosures:

| Current Period | Commercial | Consumer | Total |
|---|----------------|----------|----------------|
| Neither past due nor impaired | 813,999 | - | 813,999 |
| Past due not impaired | 3,848 | - | 3,848 |
| Individually impaired | 14,499 | - | 14,499 |
| Total gross | 832,346 | - | 832,346 |
| Less: allowance for individually impaired loans | 13,335 | - | 13,335 |
| Total allowance for impairment | 13,335 | - | 13,335 |
| Total net | 819,011 | - | 819,011 |
| Prior Period | Commercial | Consumer | Total |
| Neither past due nor impaired | 588,451 | - | 588,451 |
| Past due not impaired | 12,623 | - | 12,623 |
| Individually impaired | 10,433 | - | 10,433 |
| Total gross | 611,507 | - | 611,507 |
| Less: allowance for individually impaired loans | 9,188 | - | 9,188 |
| Total allowance for impairment | 9,188 | - | 9,188 |
| Total net | 602,319 | - | 602,319 |

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SECTION FIVE

II. Explanations and Disclosures Related to the Consolidated Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

| | Demand | 7 Day Call Accounts | Up to 1 month | 1-3 Month | 3-6 Month | 6 Month-1 Year | 1 Year and Over | Accumulated Deposits | Total |
|-----------------------------|------------------|---------------------|------------------|-------------------|----------------|----------------|-----------------|----------------------|-------------------|
| Saving deposits | 687,865 | - | 604,592 | 5,631,960 | 169,620 | 63,647 | 46,739 | 4,172 | 7,208,595 |
| Foreign currency deposits | 1,678,420 | 4,133 | 1,911,975 | 4,117,873 | 201,242 | 155,029 | 168,835 | 546 | 8,238,053 |
| Residents in Turkey | 1,200,127 | - | 1,818,598 | 3,925,419 | 143,071 | 57,988 | 14,189 | 546 | 7,159,938 |
| Residents abroad | 478,293 | 4,133 | 93,377 | 192,454 | 58,171 | 97,041 | 154,646 | - | 1,078,115 |
| Public sector deposits | 58,356 | - | 13,547 | 545,826 | 113 | - | 97 | - | 617,939 |
| Commercial deposits | 1,400,432 | - | 1,306,014 | 2,277,630 | 92,915 | 45,684 | 1,725 | 31 | 5,124,431 |
| 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 | 192,716 | 170,077 | 752,418 | 9,293 | 3,783 | 2,068 | 2,072 | - | 1,132,427 |
| Central Bank of Turkey | - | - | - | - | - | - | - | - | - |
| Domestic Banks | 79 | 28,327 | 196,111 | - | - | - | 2,068 | - | 226,585 |
| Foreign Banks | 43,728 | 141,750 | 556,307 | 9,293 | 3,783 | 2,068 | 4 | - | 756,933 |
| Special finance houses | 148,909 | - | - | - | - | - | - | - | 148,909 |
| Other | - | - | - | - | - | - | - | - | - |
| Total | 4,478,915 | 174,210 | 4,770,776 | 13,634,720 | 491,454 | 322,629 | 219,997 | 4,749 | 24,097,450 |

a.2) Prior period:

| | Demand | 7 Day Call Accounts | Up to 1 month | 1-3 Month | 3-6 Month | 6 Month-1 Year | 1 Year and Over | Accumulated Deposits | Total |
|-----------------------------|------------------|---------------------|------------------|------------------|----------------|----------------|-----------------|----------------------|-------------------|
| Saving deposits | 371,489 | - | 700,447 | 2,274,948 | 243,706 | 80,810 | 367 | 6,381 | 3,678,148 |
| Foreign currency deposits | 1,247,287 | - | 1,404,584 | 1,239,712 | 97,258 | 56,941 | 177,784 | 1,256 | 4,224,822 |
| Residents in Turkey | 826,710 | - | 1,319,916 | 1,176,226 | 59,688 | 23,898 | 13,949 | 1,256 | 3,421,643 |
| Residents abroad | 420,577 | - | 84,668 | 63,486 | 37,570 | 33,043 | 163,835 | - | 803,179 |
| Public sector deposits | 121,698 | - | 1,208 | 3,315 | 43 | - | - | - | 126,264 |
| Commercial deposits | 916,949 | - | 1,071,743 | 1,216,309 | 37,484 | 45,702 | - | 30 | 3,288,217 |
| Other institutions deposits | 13,730 | - | 8,707 | 140,554 | 2,670 | 119 | 4 | - | 165,784 |
| Precious metals deposits | 108,512 | - | 14,962 | 4,384 | 1,160 | 356 | - | - | 129,374 |
| Interbank deposits | 163,107 | - | 1,261,546 | 115,783 | 7,660 | - | 3,166 | - | 1,551,262 |
| Central Bank of Turkey | - | - | - | - | - | - | - | - | - |
| Domestic Banks | 53,919 | - | 57,895 | - | - | - | - | - | 111,814 |
| Foreign Banks | 29,215 | - | 1,203,651 | 115,783 | 7,660 | - | 3,166 | - | 1,359,475 |
| Special finance houses | 79,973 | - | - | - | - | - | - | - | 79,973 |
| Other | - | - | - | - | - | - | - | - | - |
| Total | 2,942,772 | - | 4,463,197 | 4,995,005 | 389,981 | 183,928 | 181,321 | 7,667 | 13,163,871 |

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 | 2,651,608 | 1,451,750 | 4,438,751 | 2,119,857 |
| Foreign currency saving deposits | 610,562 | 348,999 | 2,442,750 | 1,233,522 |
| Other deposits in the form of saving deposits | 243,165 | 12,876 | 356,186 | 113,771 |
| Foreign branches' deposits under foreign authorities' insurance | - | - | - | - |
| Off-shore banking regions' deposits under foreign authorities' insurance | - | - | - | - |
| Total | 3,505,335 | 1,813,625 | 7,237,687 | 3,467,150 |

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

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II. Explanations and Disclosures Related to the Consolidated Liabilities (continued)

b.2) Information on the saving deposits of the bank with head office abroad, if the saving deposits in the branches of the bank located in Turkey are under the guarantee of saving deposit insurance in that country abroad: None.

b.3) Saving deposits not guaranteed by insurance:

i) Deposit of real persons not under the guarantee of saving deposit insurance:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Deposits and accounts in branches abroad | 130,879 | 74,905 |
| Deposits of ultimate shareholders and their close families | 163,139 | 251,356 |
| Deposits of chairman and members of the Board of Directors and their close families | 15,913 | 10,805 |
| Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 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 | 10,756 | 14,377 | 4,156 | 9,332 |
| Swap Transactions | 84,742 | 73,906 | 37,448 | 8,628 |
| Futures Transactions | - | - | - | 6,168 |
| Options | 62,210 | 27,808 | 22,829 | 8,207 |
| Other | - | - | - | - |
| Total | 157,708 | 116,091 | 64,433 | 32,335 |

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 | 189,876 | 147,259 | 416,517 | 80,358 |
| From Foreign Banks, Institutions and Funds | 2,663,532 | 4,449,087 | 2,095,495 | 1,809,618 |
| Total | 2,853,408 | 4,596,346 | 2,512,012 | 1,889,976 |

As of 31 December 2011 the Group has borrowings from its related parties amounting to TL 5,522,376 (31 December 2010: TL 3,097,866).

b) Maturity analysis of borrowings:

| | Current Period | | Prior Period | |
|----------------------|------------------|------------------|------------------|------------------|
| | TL | FC | TL | FC |
| Short-term | 2,282,682 | 2,772,553 | 2,060,993 | 1,613,819 |
| Medium and long-term | 570,726 | 1,823,793 | 451,019 | 276,157 |
| Total | 2,853,408 | 4,596,346 | 2,512,012 | 1,889,976 |

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II. Explanations and Disclosures Related to the Consolidated Liabilities (continued)

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

The Parent Bank diversifies its funding resources by the customer deposits and by the foreign borrowings. As of 31 December 2011, the Parent Bank has a syndication loan of EUR 192,000,000 and USD 112,000,000, obtained on 25 August 2011 with a maturity of 23 August 2012, under foreign borrowings.

The Parent Bank makes analysis of its customers that provide the maximum amount of funds within the branches and throughout the Parent Bank, in consideration of profitability. The Parent 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.

Information on funds provided from repurchase agreement transactions:

| | Current Period | | Prior Period | |
|--|------------------|----|---------------|----|
| | TL | FC | TL | FC |
| From domestic transactions | 1,104,748 | - | 74,357 | - |
| Financial institutions and organizations | 1,102,228 | - | 73,565 | - |
| Other institutions and organizations | - | - | - | - |
| Real persons | 2,520 | - | 792 | - |
| From foreign transactions | - | - | - | - |
| Financial institutions and organizations | - | - | - | - |
| Other institutions and organizations | - | - | - | - |
| Real persons | - | - | - | - |
| Total | 1,104,748 | - | 74,357 | - |

Information on debt securities issued:

| | Current Period | | Prior Period | |
|----------------|----------------|----|--------------|----|
| | TL | FC | TL | FC |
| Bank bonds | 249,107 | - | - | - |
| Treasury bills | - | - | - | - |
| Total | 249,107 | - | - | - |

Upon the resolution of the Governing Committee of the Stock Market issued on 22 June 2011, the bonds issued by TEB with a nominal value of TL 300,000 and a maturity of 178 days (starting from 19 July 2011 and ending on 13 January 2012 with 8.72877% of simple interest; and 8.92408% of annual compound interest) are traded on the Bonds and Bills Market under the ISIN"TRQTEBK11215" code starting from 21 July 2011 as required in the Listing Requirements of ISE.

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 2010: 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 group:

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

b) The explanation on modifications in agreements and new obligations resulting from such modifications: None.

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II. Explanations and Disclosures Related to the Consolidated Liabilities (continued)

5. Explanations on financial lease obligations (Net): (continued)

c) Explanation on finance lease payables:

| | Current Period | | Prior Period | |
|-------------------|----------------|----------|--------------|-----------|
| | Gross | Net | Gross | Net |
| Less than 1 Year | 9 | 8 | 21 | 16 |
| Between 1-4 Years | - | - | - | - |
| More than 4 Years | - | - | - | - |
| Total | 9 | 8 | 21 | 16 |

d) Explanations regarding operational leases:

For the period ended 31 December 2011, operational lease expenses amounting to TL 139,567 (31 December 2010: TL 77,890) 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. Information on derivative financial liabilities for hedging purposes:

| | Current Period | | Prior Period | |
|---|----------------|----------|---------------|----------|
| | TL | FC | TL | FC |
| Fair value hedge | 23,398 | - | 56,547 | - |
| Cash flow hedge | 27,049 | - | - | - |
| Hedge of net investment in foreign operations | - | - | - | - |
| Total | 50,447 | - | 56,547 | - |

7. Information on provisions:

a) Information on general provisions:

| | Current Period | Prior Period |
|---|----------------|----------------|
| General Provisions | | |
| Provisions for First Group Loans and Receivables | 230,789 | 91,995 |
| Provisions for Second Group Loans and Receivables | 22,287 | 9,785 |
| Provisions for Non-Cash Loans | 18,269 | 11,564 |
| Other | 2,064 | 769 |
| Total | 273,409 | 114,113 |

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 42,495 (31 December 2010: TL 24,097) is netted off from loans on the balance sheet.

c) The specific provisions provided for unindemnified non cash loans amount to TL 32,652 (31 December 2010: TL 18,722).

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II. Explanations and Disclosures Related to the Consolidated Liabilities (continued)

7. Information on provisions: (continued)

d) Information on employee termination benefits, premium and unused vacation accrual:

The Group has calculated reserve for employee termination benefits by using actuarial valuations as set out in the TAS No:19 and reflected this in the financial statements. The actuarial assumptions used for calculation of the reserve for employee termination benefits are; discount rate of 9.55% (31 December 2010: 10%) and inflation rate of 5.13% (31 December 2010: 5.1%).

As of 31 December 2011, the Group accrued TL 28,144 (31 December 2010: TL 10,985) for the unused vacations and TL 38,882 (31 December 2009: TL 26,777) for premiums to be paid to the Group's personnel. Those amounts are classified under "Reserve for Employee Benefits" in the financial statements.

d.1) Movement of employee termination benefits

| | Current Period | Prior Period |
|--------------------------------------|-----------------------|---------------------|
| As of January 1 | 25,122 | 18,512 |
| Increase due to merger | 24,450 | - |
| Service cost | 7,064 | 3,391 |
| Interest cost | 4,471 | 1,973 |
| Settlement cost | (534) | 953 |
| Actuarial (gain)/loss | 15,673 | 3,001 |
| Benefits paid | (15,969) | (2,460) |
| Effect of the sale of the subsidiary | - | (248) |
| Total | 60,277 | 25,122 |

(i) Retirement Benefits:

The employees who joined the Parent Bank as a consequence of the merger of the Parent Bank and Fortis Bank in 2011 became members of both the "Türk Dış Ticaret Bankası Personnel Pension Fund Foundation" established in accordance with the Social Security Law No.506, Article No.20 and the Security Fund.

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 New Law, 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.

In this context, regarding the Retirement Fund, the Parent Bank's liability regarding the benefits to be transferred to SSI as of the balance sheet date is the approximate payment amount required at the transfer. The actual parameters and outcomes used to measure this amount reflect the New Code's legal decisions (9.80% real discount rate) regarding the retirement and health benefits to be transferred to SSI.

The technical financial statements of the Pension Fund are prepared by an independent actuary company 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 on 31 December 2011. Since the Parent 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.

Furthermore, the Parent Bank management anticipates that the amount of possible obligation arising during the transfer based on the aforementioned fact and after can be compensated with the assets of the Retirement Fund and does not bear any additional burden for the Parent Bank.

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II. Explanations and Disclosures Related to the Consolidated Liabilities (continued)

7. Information on provisions: (continued)

(i) Retirement Benefits: (continued)

Based on the determined assumptions,

- The retirement and health liabilities that are to be transferred to SSI including the total service liabilities, general administration expenses are calculated as TL 323,488 and the future contributions present value is calculated as TL 384,546. As of 31 December 2011, when future contribution payments and the total service liabilities are taken into consideration an excess of TL 61,058 is observed.

| Transferrable Retirement and Health Liabilities: | 31 December 2011 |
|---|-------------------------|
| Net Present Value of Transferrable Retirement Liabilities | (320,285) |
| Net Present Value of Transferrable Retirement and Health Contributing | 384,546 |
| General Administration Expenses | (3,203) |
| Present Value of Transferrable Retirement and Health Liabilities | 61,058 |

- In accordance with the Social Securities and General Health Security Law, additional aid to be provided by the Pension Plan or the Parent Bank after the transfer that is accrued in the context of method and assumptions of IAS 19 is calculated as past service liabilities with the amount of TL 186,875.
- Based on data provided by the Fund, total amount of the Fund assets is TL 1,067,778.

Distribution of total assets of the Retirement Fund as of 31 December 2011 is presented below:

| | 31 December 2011 |
|--|-------------------------|
| Bank placements | 938,662 |
| Government Bonds and Treasury Bill, Fund and Accrual Interest Income | 58,835 |
| Tangible assets | 65,458 |
| Other | 4,823 |
| Total | 1,067,778 |

Actuarial assumptions used in valuation of liabilities except for transferrable liabilities based on IAS 19 are as follows:

| | 31 December 2011 |
|------------------------------|-------------------------|
| Expected Inflation Rate | 8.75% |
| Discount Rate | 11.55% |
| Increase in expected benefit | 8.75% |

In the valuation as of 31 December 2011, it is assumed that inflation rate of 8.75% in 2012 gradually diminishes to 4.5% within 30 years and after that stays constant; in the same way, discount rate is 11.55% in 2012 while 9.2% is used at the end of the following 30 years and remains constant in the subsequent years whereas medical inflation is more than 40%. In order to represent the expected mortality rates before and after the retirement, CSO 1980 Female/Male mortality table is used.

The actuarial valuation of the second fund, namely "Security Fund", whose members joined to the Parent Bank as a consequence of the merger and which is not within the scope of transfer to SSI pursuant to the Provisional Article 20 of the Social Securities and General Health Security Law numbered 5510 has been performed by an independent advisory firm in accordance with the methods and estimations determined in IAS 19 "Employee Benefits". As of 31 December 2011, the surplus of the Security Fund amounts to TL 60,783.

| Security Fund: | 31 December 2011 |
|------------------------------|-------------------------|
| Present Value of obligations | (266,727) |
| Fair Value of plan assets | 327,510 |
| Total | 60,783 |

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II. Explanations and Disclosures Related to the Liabilities (continued)

7. Information on provisions (continued)

(i) Retirement Benefits: (continued)

Movements in the present value of the defined benefit obligations of the Security Fund and reconciliation of opening and closing balances is as follows: in the current period were as follows:

| | 31 December 2011 |
|--|-------------------------|
| Liabilities transferred due to merger | 224,319 |
| Service Cost | 7,357 |
| Interest Cost | 20,074 |
| Employee Contribution | 4,923 |
| Benefits paid by the Fund | (12,891) |
| Past Service Cost | 6,820 |
| Actuarial Loss / (Gain) | 16,125 |
| Closing Balance | 266,727 |

Reconciliation of opening and closing balance of fair value of Security Fund assets is as below:

| | 31 December 2011 |
|---|-------------------------|
| Assets transferred due to merger | 305,940 |
| Expected return on assets | 26,567 |
| Company contributions | 5,786 |
| Employee contributions | 4,923 |
| Benefits paid | (12,891) |
| Actuarial Gain / (Loss) | (2,815) |
| Closing Balance | 327,510 |

Asset distribution of the Retirement Fund is presented on the table below:

| | 31 December 2011 |
|--------------------------------|-------------------------|
| Bank placements | 258,000 |
| Government bonds | 47,700 |
| Tangible and intangible assets | 18,300 |
| Other | 3,510 |
| Total | 327,510 |

The actual assumptions used are the best approximate estimate regarding the cost of the benefits to be provided by the Parent Bank and are as follows;

| | 31 December 2011 |
|-------------------------------------|-------------------------|
| Discount rate | 9.15% |
| Expected Inflation | 5.00% |
| Rate of Return on plan assets | 9.15% |
| Increase in Social Security Ceiling | 5.00% |
| Medical Inflation | 7.00% |

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7. Information on provisions (continued)

e) Information on other provisions

e.1) Provisions for possible losses: None (31 December 2010: None).

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

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Provision for legal cases (*) | 43,577 | - |
| Provision for unindemnified non-cash loans | 32,652 | 18,722 |
| Provision for promotions of credit cards and banking services | 11,926 | 4,990 |
| Other | 15,578 | 4,267 |
| Total | 103,733 | 27,979 |

(*) Includes TL 43,577 litigation provision transferred from Fortis Bank A.Ş.

8. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Corporate taxes:

| | Current Period | Prior Period |
|-------------------------------|-----------------------|---------------------|
| Provision for Corporate Taxes | 27,309 | 53,476 |

a.2) Information on taxes payable:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Taxation on Securities | 21,264 | 6,757 |
| Property Tax | 1,658 | 1,044 |
| Banking Insurance Transaction Tax (BITT) | 23,736 | 11,307 |
| Foreign Exchange Transaction Tax | 14 | 9 |
| Value Added Tax Payable | 1,734 | 1,715 |
| Other (*) | 15,086 | 7,199 |
| Total | 63,492 | 28,031 |

(*) Others include income taxes deducted from wages amounting to TL 12,789 (31 December 2010: TL 6,756) and stamp taxes payable amounting to TL 1,019 (31 December 2010: TL 830) while prepaid income tax amounting to TL 562 is deducted from other.

b) Information on premiums:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Social Security Premiums-Employee | 6,278 | 2,653 |
| Social Security Premiums-Employer | 7,203 | 2,822 |
| 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 | 665 | 185 |
| Unemployment Insurance-Employer | 894 | 374 |
| Other | 7 | 3 |
| Total | 15,047 | 6,037 |

c) Explanations on deferred tax liabilities, if any: None (31 December 2010: None).

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II. Explanations and Disclosures Related to the Consolidated Liabilities (continued)

9. Information on liabilities regarding assets held for sale and discontinued operations: None (31 December 2010: None).

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

The Parent Bank has signed another agreement with the 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 Parent 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 Parent 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 month 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 852,537.78 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.

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

a) Information on subordinated loans:

| | Current Period | | Prior Period | |
|----------------------------------|----------------|----------------|--------------|----------------|
| | TL | FC | TL | FC |
| From Domestic Banks | - | - | - | - |
| From Other Domestic Institutions | - | - | - | - |
| From Foreign Banks | - | - | - | - |
| From Other Foreign Institutions | - | 712,346 | - | 472,542 |
| Total | - | 712,346 | - | 472,542 |

11. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

| | Current Period | Prior Period |
|-----------------|----------------|--------------|
| Common stock | 2,204,390 | 1,100,000 |
| 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 | - |

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II. Explanations and Disclosures Related to the Consolidated Liabilities (continued)

11. Information on Shareholders' Equity: (continued)

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

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 Parent Bank is increased from TL 1,400,000, to TL 2,204,390, and the issued capital of the Parent Bank is increased by TL 1,104,390, from TL 1,100,000 to TL 2,204,390.

| Date of Increase | Amount of Increase | Transfer from | | |
|------------------|--------------------|---------------|------------------|----------------------------------|
| | | Cash | Fortis Bank A.Ş. | Profit Reserves Capital Reserves |
| 14 February 2011 | 1,104,390 | - | 1,050,000 | 54,390 |

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

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

- g) Information on preferred shares:

7% of the Parent Bank's remaining net income after tax subsequent to deducting legal reserves and first dividends, corresponding to the Parent Bank's 0,06 shares of TL 30 (in full TL) is distributed to the founder shares.

- 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 | (94,021) | (11,466) | 83,846 | (823) |
| Foreign Exchange Difference | - | - | - | - |
| Total | (94,021) | (11,466) | 83,846 | (823) |

| | Current Period | Prior Period |
|--|-----------------|--------------|
| Foreign currency marketable securities valuation differences | (11,466) | (823) |
| Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities held to maturity related to the above amount | - | - |
| Total | (11,466) | (823) |

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II. Explanations and Disclosures Related to the Consolidated Liabilities (continued)

11. Information on Shareholders' Equity: (continued)

Information on legal reserves:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| First legal reserves | 109,919 | 47,594 |
| Second legal reserves | 20,114 | 13,231 |
| Other legal reserves appropriated in accordance with special legislation | - | - |
| Total | 130,033 | 60,825 |

Information on extraordinary reserves:

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Reserves appropriated by the General Assembly | 1,057,560 | 387,853 |
| Retained earnings | 15,333 | - |
| Accumulated losses | - | - |
| Foreign currency share capital exchange difference | - | - |
| Total | 1,072,893 | 387,853 |

The movement of the marketable securities valuation differences is as follows:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| At January 1 | 83,023 | 21,823 |
| Net unrealized gains on available for sale investments | (169,355) | 106,840 |
| Realized gains on available for sale investments recycled to income statement on disposal | - | - |
| Realized losses on available for sale investments recycled to income statement on disposal and impairment | (64,246) | (30,401) |
| Tax effect of net gains on available for sale investments | 45,091 | (15,239) |
| Unrealized gains / (losses) on cash flow hedges | - | - |
| Gains / (losses) on cash flow hedges recycled to income statement | - | - |
| Tax effect of net gains on cash flow hedges | - | - |
| At period end | (105,487) | 83,023 |

The detail of the cash flow hedge fund accounted for under equity is as follows:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| As of 1 January | - | - |
| Gains / (losses) on cash flow hedges | 5,631 | - |
| Tax effect of gains on cash flow hedges | (1,126) | - |
| At period end | 4,505 | - |

12. Information on minority shares: As of 31 December 2011, the amount of minority shares of the Group is TL 13,019 (31 December 2010: None).

13. Explanations on factoring payables: As of 31 December 2011, the amount of factoring payables of the Group is TL 6,510 (31 December 2010: None).

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SECTION FIVE

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

1. Information on off-balance sheet liabilities:

- a) Nature and amount of irrevocable loan commitments: Credit card expenditure limit commitments are TL 2,661,586 and TL 1,153,549; payment commitments for checks are TL 1,455,318 and TL 707,681 as of 31 December 2011 and 31 December 2010 respectively.

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

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

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

| | Current Period | Prior Period |
|---------------------|-----------------------|---------------------|
| Letters of Credit | 1,578,340 | 993,442 |
| Bank Acceptances | 342,297 | 55,532 |
| Other Commitments | 756,605 | 279,034 |
| Other Contingencies | 85,162 | 35,496 |
| Total | 2,762,404 | 1,363,504 |

- b.2) Guarantees, surety ships, and similar transactions:

| | Current Period | Prior Period |
|-------------------------------------|-----------------------|---------------------|
| Guarantee Letters | 3,995,191 | 2,189,571 |
| Advance Guarantee Letters | 608,580 | 285,114 |
| Temporary Guarantee Letters | 492,886 | 223,055 |
| Guarantee Letters Given for Customs | 249,834 | 211,909 |
| Other Guarantee Letters | 262,998 | 143,157 |
| Total | 5,609,489 | 3,052,806 |

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

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Non-cash loans given against achieving cash loans | 518,478 | 196,698 |
| With maturity of 1 year or less than 1 year | 117,292 | 31,045 |
| With maturity of more than 1 year | 401,186 | 165,653 |
| Other non-cash loans | 7,853,415 | 4,219,612 |
| Total | 8,371,893 | 4,416,310 |

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

1. Information on off-balance sheet liabilities: (continued)

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

| | Current Period | | | | Prior Period | | | |
|--------------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | TL | (%) | FC | (%) | TL | (%) | FC | (%) |
| Agricultural | 56,900 | 1.65 | 91,526 | 1.86 | 30,319 | 1.53 | 54,876 | 2.26 |
| Farming and raising livestock | 43,627 | 1.26 | 78,987 | 1.60 | 23,255 | 1.17 | 35,701 | 1.47 |
| Forestry | 12,644 | 0.37 | 12,199 | 0.25 | 6,826 | 0.35 | 19,124 | 0.79 |
| Fishery | 629 | 0.02 | 340 | 0.01 | 238 | 0.01 | 51 | - |
| Manufacturing | 1,619,045 | 47.01 | 2,926,881 | 59.39 | 1,060,727 | 53.43 | 1,305,830 | 53.71 |
| Mining | 101,475 | 2.95 | 74,724 | 1.52 | 58,762 | 2.96 | 37,749 | 1.55 |
| Production | 1,463,029 | 42.48 | 2,758,436 | 55.97 | 984,013 | 49.57 | 1,263,676 | 51.98 |
| Electric, gas and water | 54,541 | 1.58 | 93,721 | 1.90 | 17,952 | 0.90 | 4,405 | 0.18 |
| Construction | 848,015 | 24.63 | 561,925 | 11.40 | 374,732 | 18.88 | 315,761 | 12.99 |
| Services | 837,762 | 24.33 | 501,571 | 10.18 | 487,512 | 24.56 | 403,385 | 16.59 |
| Wholesale and retail trade | 378,271 | 10.99 | 58,230 | 1.18 | 178,561 | 9.00 | 45,528 | 1.87 |
| Hotel, food and beverage services | 34,211 | 0.99 | 18,006 | 0.37 | 13,373 | 0.67 | 6,499 | 0.27 |
| Transportation and telecommunication | 181,676 | 5.28 | 174,204 | 3.53 | 133,277 | 6.71 | 207,215 | 8.52 |
| Financial institutions | 49,960 | 1.45 | 138,117 | 2.80 | 40,641 | 2.05 | 116,134 | 4.78 |
| Real estate and renting services | 73,056 | 2.12 | 48,736 | 0.99 | 35,180 | 1.77 | 13,336 | 0.54 |
| Self-employment services | 59,110 | 1.72 | 35,935 | 0.73 | 53,117 | 2.68 | 4,031 | 0.17 |
| Education services | 2,134 | 0.06 | 873 | 0.02 | 461 | 0.02 | 891 | 0.04 |
| Health and social services | 59,344 | 1.72 | 27,470 | 0.56 | 32,902 | 1.66 | 9,751 | 0.40 |
| Other | 81,993 | 2.38 | 846,275 | 17.17 | 31,811 | 1.60 | 351,357 | 14.45 |
| Total | 3,443,715 | 100.00 | 4,928,178 | 100.00 | 1,985,101 | 100.00 | 2,431,209 | 100.00 |

c.3) Information on I st and II nd Group non-cash loans:

| Non-cash loans | I st Group | | II nd Group | |
|-------------------------------------|------------------|------------------|---------------|---------------|
| | TL | FC | TL | FC |
| Letters of guarantee | 2,952,201 | 2,596,310 | 42,277 | 18,701 |
| Bank acceptances | - | 342,297 | - | - |
| Letters of credit | - | 1,577,580 | - | 760 |
| Endorsements | - | - | - | - |
| Underwriting commitments | - | - | - | - |
| Factoring commitments | - | - | - | - |
| Other commitments and contingencies | 445,418 | 390,828 | 3,819 | 1,702 |
| Total | 3,397,619 | 4,907,015 | 46,096 | 21,163 |

The Parent Bank provided a reserve of TL 32,652 (31 December 2010: TL 18,722) for non-cash loans not indemnified yet amounting to TL 44,019 (31 December 2010: TL 25,204).

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2. Information related to derivative financial instruments:

| | Derivative Transactions According to Purposes | | | |
|---|---|-------------------|------------------|----------------|
| | Trading | | Hedging | |
| | Current Period | Prior Period | Current Period | Prior Period |
| Types of trading transactions | | | | |
| Foreign currency related derivative transactions (I) | 29,917,101 | 11,021,610 | - | - |
| Forward transactions | 4,647,307 | 2,130,663 | - | - |
| Swap transactions | 10,657,413 | 3,957,025 | - | - |
| Futures transactions | - | 498,894 | - | - |
| Option transactions | 14,612,381 | 4,435,028 | - | - |
| Interest related derivative transactions (II) | 2,018,664 | 725,677 | - | - |
| Forward rate transactions | - | - | - | - |
| Interest rate swap transactions | 1,619,550 | 461,132 | - | - |
| Interest option transactions | 399,114 | 264,545 | - | - |
| Futures interest transactions | - | - | - | - |
| Marketable securities call-put options (III) | - | 17,678 | - | - |
| Other trading derivative transactions (IV) | - | 1,559 | - | - |
| A.Total trading derivative transactions (I+II+III+IV) | 31,935,765 | 11,766,524 | - | - |
| Types of hedging transactions | | | | |
| Fair value hedges | - | - | 161,558 | 491,053 |
| Cash flow hedges | - | - | 1,918,710 | - |
| Net investment hedges | - | - | - | - |
| B.Total hedging related derivatives | - | - | 2,080,268 | 491,053 |
| Total Derivative Transactions (A+B) | 31,935,765 | 11,766,524 | 2,080,268 | 491,053 |

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 Parent 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.

i) Derivative instruments for fair value hedging purposes:

As of 1 July 2008, the Parent 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 2011, nominal value of derivative instruments for hedging purposes is TL 161,558 (31 December 2010: TL 491,053) and net fair value is TL 13,861 liability (31 December 2010: TL 45,390 liability) while fair value of the hedged item loans is TL 11,554. The Parent Bank accounts TL 18,797 income for derivative instruments for hedging purposes and TL 22,094 expense from hedged item loans in the financial statements. There is no fair value hedge ceased in 2011.

| | Current Period | | | Prior Period | | |
|----------------------|----------------|--------------|---------------|----------------|---------------|---------------|
| | Nominal | Fair Value | | Nominal | Fair Value | |
| | | Asset | Liability | | Asset | Liability |
| Interest Rate Swaps | 60,000 | 1,526 | 4,281 | 200,000 | 3,509 | 17,547 |
| Cross Currency Swaps | 101,558 | 8,011 | 19,117 | 291,053 | 7,647 | 39,000 |
| | 161,558 | 9,537 | 23,398 | 491,053 | 11,157 | 56,547 |

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

ii) Derivative instruments for cash flow hedge purposes:

The Parent Bank has adopted cash flow hedge accounting by matching its swap portfolio having total buy-sell nominal amounting to TL 847,130 as of August 2011, TL 571,580 as of October 2011, and TL 500,000 as of November 2011 with the deposit portfolio having maturity of 28-32 days. Effective portion of TL 5,631 accounted for under equity is presented after deduction of its deferred tax effect of TL 1,126 in the financial statements. In 2011, the ineffective portion of TL 422 is accounted as expense in the income statement. There is no cash flow hedge ceased in 2011.

| | Current Period | | | Prior Period | | |
|---------------------|----------------|------------|-----------|--------------|------------|-----------|
| | Nominal | Fair Value | | Nominal | Fair Value | |
| | | Asset | Liability | | Asset | Liability |
| Interest Rate Swaps | 1,918,710 | 13,263 | 27,049 | - | - | - |

3. Explanations on contingent liabilities and assets:

- a.1) The Group's share in contingent liabilities arising from entities under common control together with other venturers: None.
- a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.
- a.3) The Group's contingent liabilities resulting from liabilities of other venturers in entity 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 2011 there are no contingent assets that need to be explained (31 December 2010: 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:

As of 31 December 2011 one of the loan customers filed a litigation case against the Parent Bank, however, since the case is still in progress for expertise appointment and gathering supporting documents, the Parent Bank could not yet evaluate the probable effects of the case on financial statements.

Following a resolution in favor of the Parent 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 Parent 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 Parent 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 Parent Bank based on the declaration as of 20 April 2004. In that respect, the Parent Bank has filed a counter case against the Tax Office, and 1st Tax Office decided in favor of the Parent Bank with resolution no: K:2006/974 based on its decision related with 2002/I period explained above .

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3. Explanations on contingent liabilities and assets: (continued)

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 Parent 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 Parent 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 Parent Bank management foresees no significant risk in relation to the related lawsuits, no provision is provided in the financial statements. The Parent 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".

4. Custodian and intermediary services:

The Group provides trading and safe keeping services in the name and account of third parties, which are presented in the consolidated 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 2011, the total nominal value and the number of certificates are TL 2,065,222 and 206,509,465 thousand (31 December 2010: TL 1,143,395 and 114,328,700 thousand) and the total fair value is TL 8,620,803 (31 December 2010: TL 4,898,915).

5. 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 for the Parent Bank are shown below:

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

Moody's Investor Services: August 2011

| | |
|----------------------------------|----------|
| View | Negative |
| Bank Financial Strength | D+ |
| Foreign Currency Deposits | Ba3/NP |

Fitch Ratings: November 2011

| | |
|-------------------------------------|-----------|
| Foreign Currency Commitments | |
| Long term | BBB- |
| Short term | F3 |
| View | Stable |
| Turkish Lira Commitments | |
| Long term | BBB |
| Short term | F3 |
| View | Stable |
| National | AAA (tur) |
| View | Stable |
| Individual Rating | bb+ |
| Support Points | 2 |

(*) Ratings above are not performed based on the "Communiqué for Authorization and Activities of Rating Institutions" published by the Capital Markets Board.

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SECTION FIVE

IV. Explanations and Disclosures Related to the Consolidated Statement of Income

1. a) Information on interest on loans:

| Interest on loans (*) | Current Period | | Prior Period | |
|--|------------------|----------------|------------------|----------------|
| | TL | FC | TL | FC |
| Short term loans | 1,226,671 | 167,230 | 622,656 | 103,773 |
| Medium and long term loans | 975,967 | 114,075 | 462,790 | 58,105 |
| Interest on non-performing loans | 36,356 | - | 13,900 | - |
| Premiums received from Resource Utilization Support Fund | - | - | - | - |
| Total | 2,238,994 | 281,305 | 1,099,346 | 161,878 |

(*) Includes fees and commissions obtained from cash loans amounting to TL 111,302 (31 December 2010: TL 56,352).

b) Information on interest received from banks:

| | Current Period | | Prior Period | |
|---------------------------------|----------------|--------------|--------------|--------------|
| | TL | FC | TL | FC |
| The Central Bank of Turkey | - | - | - | - |
| Domestic banks | 3,773 | 141 | 1,621 | 151 |
| Foreign banks | 4,828 | 4,679 | 6,337 | 2,577 |
| Branches and head office abroad | - | - | - | - |
| Total | 8,601 | 4,820 | 7,958 | 2,728 |

c) Interest received from marketable securities portfolio:

| | Current Period | | Prior Period | |
|--|----------------|---------------|----------------|--------------|
| | TL | FC | TL | FC |
| Trading securities | 57,108 | 52,465 | 17,181 | 367 |
| Financial assets at fair value through profit and loss | - | - | - | - |
| Available-for-sale securities | 322,110 | 23,278 | 181,131 | 8,108 |
| Held-to-maturity securities | 2,469 | 1,073 | 48,846 | 1,002 |
| Total | 381,687 | 76,816 | 247,158 | 9,477 |

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

Interest income received from associates and subsidiaries are eliminated in the consolidated financial statements.

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

| | Current Period | | Prior Period | |
|---------------------------------|----------------|----------------|----------------|---------------|
| | TL | FC | TL | FC |
| Banks | | | | |
| The Central Bank of Turkey | - | - | - | - |
| Domestic banks | 14,677 | 3,089 | 19,220 | 2,557 |
| Foreign banks | 220,103 | 93,060 | 115,747 | 21,964 |
| Branches and head office abroad | - | - | - | - |
| Other financial institutions | - | 32,119 | - | 31,790 |
| Total | 234,780 | 128,268 | 134,967 | 56,311 |

(*) Includes fees and commission expenses of cash loans amounting to TL 12,391 (31 December 2010: TL 5,962).

b) Information on interest expenses to associates and subsidiaries:

Interest income received from associates and subsidiaries are eliminated in the consolidated financial statements.

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c) Information on interest expenses to marketable securities issued:

| | Current Period | | Prior Period | |
|---|----------------|----------|--------------|----------|
| | TL | FC | TL | FC |
| Interest expenses on marketable securities issued | 10,089 | - | - | - |
| Total | 10,089 | - | - | - |

d) Distribution of interest expense 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 | | |
| TL | | | | | | | | |
| Bank deposits | 2,887 | 16,554 | 1,262 | 28 | 68 | 101 | - | 20,900 |
| Saving deposits | 1,114 | 58,791 | 436,439 | 20,906 | 6,296 | 2,413 | 404 | 526,363 |
| Public sector deposits | 1 | 5,180 | 9,984 | 11,560 | - | 3 | - | 26,728 |
| Commercial deposits | 85 | 80,141 | 180,718 | 6,031 | 4,264 | 67 | - | 271,306 |
| Other deposits | - | 3,761 | 37,342 | 10,512 | 895 | 29 | - | 52,539 |
| 7 days call accounts | - | - | - | - | - | - | - | - |
| Total | 4,087 | 164,427 | 665,745 | 49,037 | 11,523 | 2,613 | 404 | 897,836 |
| FC | | | | | | | | |
| Foreign currency deposits | 744 | 58,759 | 118,722 | 3,377 | 3,078 | 6,835 | 13 | 191,528 |
| Bank deposits | 1,293 | 465 | 713 | 33 | - | 35 | - | 2,539 |
| 7 days call accounts | - | - | - | - | - | - | - | - |
| Precious metal deposits | - | 787 | 894 | 267 | 125 | - | - | 2,073 |
| Total | 2,037 | 60,011 | 120,329 | 3,677 | 3,203 | 6,870 | 13 | 196,140 |
| Grand Total | 6,124 | 224,438 | 786,074 | 52,714 | 14,726 | 9,483 | 417 | 1,093,976 |

3. Information on dividend income:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Trading securities | - | - |
| Financial assets at fair value through profit and loss | - | - |
| Available-for-sale securities | 454 | 17 |
| Other | - | - |
| Total | 454 | 17 |

4. Information on net trading income:

| | Current Period | Prior Period |
|---|------------------|------------------|
| Income | 7,598,433 | 2,243,790 |
| Gains on capital market operations | 202,164 | 42,542 |
| Gains on derivative financial instruments (*) | 1,821,666 | 551,324 |
| Foreign exchange gains (**) | 5,574,603 | 1,649,924 |
| Losses (-) | 7,622,957 | 2,250,889 |
| Losses on capital market operations | 192,178 | 10,846 |
| Loss on derivative financial instruments (*) | 1,797,381 | 754,639 |
| Foreign exchange losses (**) | 5,633,398 | 1,485,404 |

(*) Foreign exchange gains on hedging transactions are TL 7,999 (31 December 2010: TL 4,519), while foreign exchange losses on hedging transactions are TL 4,167 (31 December 2010: TL 25,425).

(**) Foreign exchange gains on derivative financial transactions are TL 173,594 (31 December 2010: TL 6,524 foreign exchange losses).

5. Information on other operating income:

The information on the factors affecting the Parent Bank's income including new developments, and the explanation on nature and amount of income earned from extraordinary such items: None.

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(continued)

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

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Specific provisions for loans and other receivables | 58,704 | 123,644 |
| III. Group Loans and Receivables | 17,937 | 22,723 |
| IV. Group Loans and Receivables | 19,003 | 35,832 |
| V. Group Loans and Receivables | 21,764 | 65,089 |
| General provision expenses | 86,006 | 31,730 |
| 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 | (5,063) | 969 |
| Total | 144,778 | 156,343 |

(*) Reversal of provision for loans under watch-list in the amount of TL 17,334 is included in "Other" as of 31 December 2011.

7. Information on other operating expenses:

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Personnel expenses | 617,972 | 379,813 |
| Reserve for employee termination benefits | 26,674 | 9,265 |
| Bank social aid fund deficit provision | - | - |
| Impairment expenses of fixed assets | - | - |
| Depreciation expenses of fixed assets (*) | 82,200 | 46,088 |
| Impairment expenses of intangible assets | - | - |
| Impairment expense of goodwill | - | - |
| Amortization expenses of intangible assets | 11,436 | 7,288 |
| Impairment for investments accounted for under equity method | - | - |
| Impairment expenses of assets to be disposed | 743 | 2,197 |
| Depreciation expenses of assets to be disposed | 1,147 | 385 |
| Impairment expenses of assets held for sale and discontinued operations | - | - |
| Other operating expenses | 491,794 | 269,724 |
| Rent expenses | 139,567 | 77,890 |
| Maintenance expenses | 14,629 | 7,165 |
| Advertisement expenses | 44,452 | 24,461 |
| Other expenses | 293,146 | 160,208 |
| Loss on sales of assets | 1,150 | 131 |
| Other(**) | 210,308 | 122,488 |
| Total | 1,443,424 | 837,379 |

(*) Includes restructuring expenses amounting to TL 4,978 (31 December 2010: None).

(**) Included in other TL 17,814 (31 December 2010: TL 11,054) is premiums paid to Saving Deposit Insurance Fund, TR 71,575 (31 December 2010: TL 41,817) is other taxes and duties paid and TL 62,813 (31 December 2010: TL 25,239) is merger and restructuring costs.

8. Information on profit/(loss) from continued and discontinued operations before taxes:

Profit before tax consists of net interest income and net fees and commission income amounting to TL 1,455,165 (31 December 2010: TL 815,979) and TL 384,777 (31 December 2010: TL 458,439), respectively; while operating expenses are TL 1,443,424 (31 December 2010: TL 837,379).

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(continued)

8. Information on profit/(loss) from continued and discontinued operations before taxes: (continued)

The Parent Bank sold 90.01% shares of its subsidiary TEB Finansal Kiralama A.Ş. to Fortis Finansal Kiralama A.Ş. in consideration of TL 113,345 as of 30 September 2010. The profit amounting to TL 18,244 resulting from this sale is presented as “Income on Sale of Associates, Subsidiaries and Entities Under Common Control” under the “Income on Discontinued Operations” in the current year income statement.

Income and expenses on discontinued operations for the period ended 31 December 2011 and 31 December 2010 are as follows:

| | Current Period | Prior Period |
|--|----------------|---------------|
| Income and Expense on Discontinued Operations | | |
| Net Interest Income / Expense | - | 19,661 |
| Interest Income | - | 35,371 |
| Interest Expense | - | 15,710 |
| Net Fees and Commission Income | - | 197 |
| Dividend Income | - | 1,292 |
| Trading Income / Loss (net) | - | (338) |
| Other Operating Income | - | 13 |
| Net Operating Income | - | 20,825 |
| Provision for Loan Losses and other receivables (-) | - | 3,628 |
| Other Operating Expenses (-) | - | 8,270 |
| Profit / Loss on Discontinued Operations before Taxes | - | 8,927 |
| Tax Provision (**) | - | 3,015 |
| Net Profit / Loss from Discontinued Operations | - | 11,942 |
| Effect of the Eliminations | - | 147 |
| Gain on Sale of Discontinued Operations | - | 18,244 |
| Tax Charge of Gain on Sale of Discontinued Operations (**) | - | (3,859) |
| Profit (*) | - | 26,474 |

(*) The current period profit includes the income and expense items of TEB Finansal Kiralama A.Ş. until the sale date (30 September 2010), the net gain on sale of this subsidiary and the respective tax charge.

(**) The current income tax charge amounting to TL 3,859 related with the sale of subsidiary and income tax benefit of the subsidiary until the sale amounting to TL 3,015 are presented under “Tax Provision for Discontinued Operations” as a net of TL 844 tax charge.

9. Information on tax provision for continued and discontinued operations:

- As of 31 December 2011, continuing operations’ current tax charge is TL 41,478 (31 December 2010: TL 94,355 tax charge) and deferred tax charge is TL 45,942 (31 December 2010: TL 21,818 deferred tax benefit), there is no current tax charge and deferred tax benefit in the current period from discontinued operations (31 December 2010: 4,969 current tax charge and TL 4,125 deferred tax benefit).
- Deferred tax charge on temporary differences resulted from discontinued operations is TL 45,942 (31 December 2010: TL 21,818 deferred tax benefit).

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(continued)

9. Information on tax provision for continued and discontinued operations: (continued)

c) **Tax reconciliation:**

| | Current Period | Prior Period |
|---|-----------------|-----------------|
| Profit on continued and discontinued operations before taxes | 313,440 | 346,000 |
| Additions | 141,452 | 59,661 |
| Disallowables | 41,747 | 5,815 |
| General loan loss provision | 93,132 | 31,746 |
| Effect of different tax rate | 6,573 | 8,638 |
| Other | - | 13,462 |
| Deductions | (17,790) | (38,938) |
| Unused investment incentive | - | (31,585) |
| Other | (17,790) | (7,173) |
| Taxable Profit / (Loss) | 437,102 | 366,903 |
| Corporate tax rate | %20 | %20 |
| Tax calculated for continued and discontinued operations | 87,420 | 73,381 |

As of 31 December 2011, current tax charge is TL 41,478 (31 December 2010: TL 99,324 current tax charge) and deferred tax charge on temporary differences is TL 45,942 (31 December 2010: TL 25,943 deferred tax benefit). Net tax charge recognized in the financial statements is TL 87,420 (31 December 2010: TL 73,381 net tax charge).

10. Information on net operating income after taxes:

The Group net profit from continued operations is TL 226,020 (31 December 2010: TL 246,145) and there is no profit from discontinued operations (31 December 2010: TL 26,474).

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

- The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Parent Bank's performance for the period: None (31 December 2010: None).
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2010: None).
- Profit or loss attributable to minority shares:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Profit or loss attributable to minority shares | 1,456 | - |

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:

| | Current Period | Prior Period |
|------------------------------|----------------|---------------|
| Other interest income | | |
| Factoring interest income | 66,032 | 45,205 |
| Other | 867 | 5,342 |
| Total | 66,899 | 50,547 |

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IV. Explanations and Disclosures Related to the Consolidated 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: (continued)

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| <u>Other fees and commissions received</u> | | |
| Credit cards commissions and fees | 284,867 | 174,707 |
| Fund management commissions | 41,027 | 39,606 |
| Insurance commissions | 27,295 | 14,369 |
| Brokerage commissions received | 26,972 | 23,880 |
| Transfer commissions | 21,456 | 9,452 |
| Inquiry and company search fees and commissions | 14,198 | 23,199 |
| Commissions and fees earned from correspondent banks | 12,124 | 7,341 |
| Settlement expense provision, eft, swift, agency commissions | 11,243 | 9,955 |
| Consultancy fees | 828 | 609 |
| Other | 111,707 | 239,256 |
| Total | 551,717 | 542,374 |
| <u>Other fees and commissions given</u> | | |
| Credit cards commissions and fees | 172,721 | 109,132 |
| Commissions and fees paid to correspondent banks | 14,490 | 8,741 |
| Settlement and swift commissions | 9,090 | 4,810 |
| Other | 37,854 | 14,692 |
| Total | 234,155 | 137,375 |

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SECTION FIVE

V. Explanations and Disclosures Related to the Consolidated Statement of Changes in Shareholders' Equity

- a) Decrease resulting from revaluation of financial assets available for sale is TL 187,204 (31 December 2010: TL 61,200 increase).

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

The amount 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 64,246 income (31 December 2010: TL 30,401 income).

- b) Increase in cash flow risk hedging items:

The Parent 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 as of 31 December 2011 is TL 5,631 and presented in the financial statements by deducting its deferred tax effect of 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 16,905 in 2011 (31 December 2010: TL 3,306).
- h) Information on shares issued:

The Group has not recorded any shares issued in "Share Premium" account in the current period.

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VI. Explanations and Disclosures Related to the Consolidated 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 1,330,864 (31 December 2010: TL 929,544) 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 100,992 (31 December 2010: TL 131,371) 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 295,334 (31 December 2010: TL 423,542) consists of changes in sundry debtors and other assets.

“Other items” amounting to TL 10,463 (31 December 2010: TL 7,649) 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 199,750 for the year 2011 (31 December 2010: TL 48,270).

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 flows statement:

| Beginning of the period | Current Period | Prior Period |
|--|------------------|------------------|
| Cash | 1,616,646 | 1,250,073 |
| Cash in TL/Foreign Currency | 287,730 | 309,354 |
| Central Bank – Unrestricted amount | 1,301,246 | 922,102 |
| Other | 27,670 | 18,617 |
| Cash equivalents | 1,014,013 | 1,416,140 |
| Banks | 1,013,775 | 711,676 |
| Money market placements | 238 | 704,464 |
| Total cash and cash equivalents | 2,630,659 | 2,666,213 |

| End of the period | Current Period | Prior Period |
|--|------------------|------------------|
| Cash | 2,429,726 | 1,616,646 |
| Cash in TL/Foreign Currency | 487,810 | 287,730 |
| Central Bank – Unrestricted amount | 1,616,648 | 1,301,246 |
| Other | 325,268 | 27,670 |
| Cash equivalents | 1,082,908 | 1,014,013 |
| Banks | 559,663 | 1,013,775 |
| Money market placements | 523,245 | 238 |
| Total cash and cash equivalents | 3,512,634 | 2,630,659 |

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VII. Explanations on the Risk Group of the Parent Bank

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

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 | - | - | 38,643 | 40,782 | 208,651 | 117,172 |
| Balance at end of period | - | - | 76,412 | 128,471 | 130,321 | 103,503 |
| Interest and commission income | - | - | 2,911 | 20 | 8,143 | 333 |

Included in the balances above, the Group has placements in foreign bank accounts amounting to TL 1,913 with respect to direct and indirect corporate and real person shareholders and TL 15,701 other entities included in the risk group.

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 | - | - | 15,688 | 46,004 | 60,793 | 88,948 |
| Balance at end of period | - | - | 38,643 | 40,782 | 208,651 | 117,172 |
| Interest and commission income received | - | - | 3,512 | 16 | 5,609 | 750 |

Included in the balances above, the Parent Bank has placements in foreign bank accounts amounting to TL 14,134 with respect to direct and indirect corporate and real person shareholders and TL 68,529 other entities included in the risk group.

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 | - | - | 1,024,799 | 282,015 | 391,344 | 175,059 |
| Balance at end of period | - | - | 430,246 | 1,024,799 | 403,147 | 391,344 |
| Interest on deposits | - | - | 28,992 | 24,869 | 12,259 | 5,353 |

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VII. Explanations on the Risk Group of the Parent 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 | - | - | 3,178,878 | 1,649,880 | 887,840 | 746,942 |
| End of period | - | - | 9,647,651 | 3,178,878 | 178,125 | 887,840 |
| Total income/loss | - | - | (22,025) | (23,285) | 10,671 | 30,877 |
| Hedging transactions purposes | | | | | | |
| Beginning of period | - | - | 201,151 | 306,331 | - | - |
| End of period | - | - | 522,500 | 201,151 | - | - |
| Total income/loss | - | - | (5,836) | (169) | - | - |

d) As of 31 December 2011, the total amount of remuneration and fees provided for the senior management of the Group is TL 31,400 (31 December 2010 – TL 24,358).

VIII. Explanations on the Parent Bank's Domestic Branches, Agencies and Branches Abroad and Off-shore Branches

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

| | Number | Employees | | Total Assets | Capital |
|--------------------|--------|-----------|---------|--------------|---------|
| Domestic branches | 503 | 9,308 | | | |
| Rep-offices abroad | - | - | Country | | |
| Branches abroad | 3 | 45 | Cyprus | 284,656 | 10,000 |
| Off-shore branches | 1 | 3 | Bahrain | 1,294,550 | - |

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

In the year 2011, the Parent Bank acquired 269 branches from Fortis Bank and closed 97 of its branches.

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SECTION SIX

OTHER EXPLANATIONS

I. Explanations on the Operations of the Parent Bank

None.

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

I. Explanations on the Independent Auditor's Report

The consolidated financial statements of the Group were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditor's report dated 15 February 2012 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors

None.