

**TÜRK EKONOMİ BANKASI
ANONİM ŞİRKETİ**

**INTERIM CONSOLIDATED
CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 JUNE 2013**



REPORT ON REVIEW OF INTERIM CONSOLIDATED CONDENSED FINANCIAL INFORMATION

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

Introduction

1. We have reviewed the accompanying interim consolidated condensed balance sheet of Türk Ekonomi Bankası A.Ş., and its subsidiaries (together referred to as the "Group") as of 30 June 2013 and the related interim consolidated condensed statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim consolidated condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim consolidated condensed financial information based on our review.

Scope of Review

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

Conclusion

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

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

Zeynep Uras, SMMM
Partner

Istanbul, 16 August 2013

INDEX

| | Page No. |
|---|----------|
| Interim Consolidated Condensed Statement of Financial Position | 1 |
| Interim Consolidated Condensed Statement of Income | 2 |
| Interim Consolidated Condensed Statement of Comprehensive Income | 3 |
| Interim Consolidated Condensed Statement of Changes in Shareholders' Equity | 4 |
| Interim Consolidated Condensed Statement of Cash Flows | 5 |
| Notes to the Interim Consolidated Condensed Financial Statements | 6-17 |

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

INTERIM CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

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

| | Notes | 30 June 2013 (Reviewed) | 31 December 2012 (Audited) |
|---|-------|----------------------------|-------------------------------|
| ASSETS | | | |
| Cash and balances with central banks | | 5,950,079 | 4,710,334 |
| Loans and receivables due from banks | | 2,361,833 | 1,874,745 |
| Other money market placements | | 330,288 | 1,700,525 |
| Financial assets at fair value through profit and loss | | 1,637,120 | 639,005 |
| Derivatives used for hedging purposes | | 64,376 | 16,883 |
| Available-for-sale financial assets | | 4,288,067 | 4,308,832 |
| Loans and receivables | | 33,918,288 | 29,484,695 |
| Remeasurement adjustment on interest rate risk hedged portfolios | | 7,902 | 16,309 |
| Held-to-maturity investments | | - | 20,416 |
| Factoring receivables | | 1,163,758 | 753,606 |
| Premises and equipment | | 262,812 | 256,273 |
| Intangible assets | | 25,980 | 25,012 |
| Goodwill | | 420,645 | 420,645 |
| Deferred tax asset | | 147,298 | 196,526 |
| Other assets | | 833,212 | 1,123,608 |
| Total assets | | 51,411,658 | 45,547,414 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Deposits from other banks | | 1,400,253 | 931,786 |
| Customers' deposits | | 31,435,042 | 29,028,148 |
| Other money market deposits | | 1,065,271 | 40,916 |
| Financial liabilities at fair value through profit and loss | | 441,686 | 234,815 |
| Derivatives used for hedging purposes | | 119,350 | 168,507 |
| Factoring payables | | 4,965 | 3,988 |
| Marketable securities issued | 5 | 582,333 | 494,237 |
| Funds borrowed: | | | |
| - Subordinated debt | | 1,543,686 | 1,032,310 |
| - Other funds borrowed | | 7,518,020 | 6,036,987 |
| Other liabilities | | 1,569,638 | 2,119,718 |
| Provisions | | 199,274 | 204,911 |
| Income taxes payable | | 1,832 | 69,576 |
| Total liabilities | | 45,881,350 | 40,365,899 |
| EQUITY | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital issued | | 2,204,390 | 2,204,390 |
| Premium in excess of par | | 2,565 | 2,565 |
| Adjustment to share capital | | 200,262 | 200,262 |
| Unrealized (losses)/gains on available-for-sale investments, net of tax | | (85,751) | 55,945 |
| Reserve for hedging funds | | (9,661) | (49,666) |
| Actuarial gains/(losses) on employee benefits | | 3,136 | (10,967) |
| Other reserves and retained earnings | | 3,208,324 | 2,771,284 |
| | | 5,523,265 | 5,173,813 |
| Non-controlling interest | | 7,043 | 7,702 |
| Total equity | | 5,530,308 | 5,181,515 |
| Total liabilities and equity | | 51,411,658 | 45,547,414 |

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

INTERIM CONSOLIDATED CONDENSED STATEMENT OF INCOME FOR THE PERIOD ENDED 30 JUNE 2013

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

| Notes | 1 January – 30 June 2013 (Reviewed) | 1 January – 30 June 2012 (Reviewed) |
|---|---|---|
| Interest income | | |
| Interest on loans and receivables | 1,810,374 | 1,715,965 |
| Interest on securities | 167,044 | 222,790 |
| Interest on due from banks | 29,409 | 15,020 |
| Interest on other money market placements | 7,241 | 17,010 |
| Interest income on hedging derivatives | 41,853 | 59,518 |
| Total interest income | 2,055,921 | 2,030,303 |
| Interest expense | | |
| Interest on customer deposits | (792,372) | (839,062) |
| Interest on other money market deposits | (12,080) | (32,513) |
| Interest on marketable securities issued | (18,204) | (16,528) |
| Interest on funds borrowed and deposits from other banks | (110,893) | (193,303) |
| Interest on hedging derivatives | (86,565) | (63,520) |
| Total interest expense | (1,020,114) | (1,144,926) |
| Net interest income | 1,035,807 | 885,377 |
| Fees and commissions and other operating income | | |
| Fees and commissions income | 504,543 | 479,806 |
| Fees and commissions expenses | (175,323) | (199,748) |
| Net loss on financial instruments at fair value through profit or loss | 38,642 | (51,727) |
| Net gain on investment securities | 95,893 | 2,916 |
| Net losses from other activities | (29,297) | (8,124) |
| Net banking income | 1,470,265 | 1,108,500 |
| Operating expenses | | |
| Salaries and employee benefits | (420,571) | (376,098) |
| Other operating expenses | (278,425) | (242,510) |
| Depreciation and amortization | (40,014) | (42,676) |
| Taxes other than on income | (41,224) | (37,263) |
| Gross operating income | 690,031 | 409,953 |
| Provisions for impairment of loan, factoring receivables, net of recoveries | (167,075) | (78,795) |
| Net operating income | 522,956 | 331,158 |
| Gains on sale of fixed assets, net | 1,153 | 1,647 |
| Profit from operating activities before income tax | 524,109 | 332,805 |
| Income tax – current | (29,975) | (118,045) |
| Income tax – deferred | (71,849) | 50,491 |
| Net profit for the period from continuing operations | 422,285 | 265,251 |
| Attributable to : | | |
| Equity holders of the Parent | 421,416 | 264,802 |
| Non-controlling interest | 869 | 449 |
| Net profit | 422,285 | 265,251 |
| Earnings per share (full TL) | 0.1916 | 0.1201 |

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ**INTERIM CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2013**

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

| | 1 January - 30 June 2013 (Reviewed) | 1 January - 30 June 2012 (Reviewed) |
|--|--|--|
| Profit for the period | 422,285 | 265,251 |
| Other comprehensive income | | |
| Fair value gains on available-for-sale financial assets, net of tax | (141,826) | 87,079 |
| Net change in fair values | (80,156) | 90,291 |
| Net amount transferred to income | (61,670) | (3,212) |
| Cash flow hedge (Effective portion of changes in fair value), net of tax | 40,005 | (21,466) |
| Currency translation differences | 15,624 | (15,818) |
| Change in actuarial gains on employee benefits | 14,103 | - |
| Other comprehensive (loss)/income for the period, net of tax | (72,094) | 49,795 |
| Total comprehensive income for the period | 350,191 | 315,046 |
| Attributable to: | | |
| Equity holders of the Parent | 349,452 | 314,566 |
| Non-controlling interest | 739 | 480 |
| Total comprehensive income for the period | 350,191 | 315,046 |

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

**INTERIM CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 2013**

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

| | Attributable to equity holders of the Parent | | | | | | | | | | Non-controlling Interest | Total equity |
|---|--|--------------------------|-----------------------------|------------------------|---|---------------------------|------------------------------|--|--------------------------------------|---|--------------------------|------------------|
| Notes | Share capital | Premium in excess of par | Adjustment to share capital | Other capital reserves | Unrealized gains/(losses) on available-for-sale investments, net of tax | Reserve for hedging funds | Currency translation reserve | Actuarial gain/loss on employee benefits | Legal reserves and retained earnings | Total equity attributable to equity holders of the Parent | | |
| At 1 January 2012 | 2,204,390 | 2,565 | 200,262 | 1,084,258 | (105,281) | 4,505 | 39,450 | | 1,075,551 | 4,505,700 | 13,019 | 4,518,719 |
| Dividend paid | - | - | - | - | - | - | - | - | - | - | (6,864) | (6,864) |
| Profit for the period | - | - | - | - | - | - | - | - | 264,802 | 264,802 | 449 | 265,251 |
| Other comprehensive income for the period | - | - | - | - | 87,048 | (21,466) | (15,818) | - | - | 49,764 | 31 | 49,795 |
| At 30 June 2012 (Reviewed) | 2,204,390 | 2,565 | 200,262 | 1,084,258 | (18,233) | (16,961) | 23,632 | - | 1,340,353 | 4,820,266 | 6,635 | 4,826,901 |
| At 1 January 2013 | 2,204,390 | 2,565 | 200,262 | 1,084,258 | 55,945 | (49,666) | 30,273 | (10,967) | 1,656,753 | 5,173,813 | 7,702 | 5,181,515 |
| Dividend paid | - | - | - | - | - | - | - | - | - | - | (1,398) | (1,398) |
| Profit for the period | - | - | - | - | - | - | - | - | 421,416 | 421,416 | 869 | 422,285 |
| Other comprehensive income for the period | - | - | - | - | (141,696) | 40,005 | 15,624 | 14,103 | - | (71,964) | (130) | (72,094) |
| At 30 June 2013 (Reviewed) | 2,204,390 | 2,565 | 200,262 | 1,084,258 | (85,751) | (9,661) | 45,897 | 3,136 | 2,078,169 | 5,523,265 | 7,043 | 5,530,308 |

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

INTERIM CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2013

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

| | 1 January- 30 June 2013 (Reviewed) | 1 January- 30 June 2012 (Reviewed) |
|--|---|---|
| Cash flows from operating activities | | |
| Interest received | 1,767,317 | 1,987,539 |
| Interest paid | (829,977) | (1,082,862) |
| Fees and commissions received | 688,550 | 855,879 |
| Trading income | 8,612 | 110,954 |
| Recoveries of impairment of loan, lease and factoring receivables | 194,493 | 132,703 |
| Fees and commissions paid | (175,323) | (199,748) |
| Cash payments to employees and other parties | (369,410) | (326,516) |
| Other operating activities | (425,052) | (423,097) |
| Income taxes paid | (104,445) | (87,228) |
| Cash flows from operating activities before changes in operating assets and liabilities | 754,765 | 967,624 |
| Changes in operating assets and liabilities | | |
| Net (increase) / decrease in trading securities | (642,702) | 456,717 |
| Net (increase) in reserve deposits at central banks | (1,030,110) | (132,046) |
| Net (increase) in loans and receivables due from banks | (45,307) | (38,823) |
| Net (increase) in loans and receivables | (4,731,441) | (2,594,376) |
| Net (increase) in factoring receivables | (416,013) | (235,542) |
| Net decrease / (increase) in other assets | 319,917 | (111,613) |
| Net increase / (decrease) in deposits from other banks | 468,611 | (297,148) |
| Net increase in customers' deposits | 2,386,214 | 2,599,835 |
| Net increase / (decrease) in other money market deposits | 1,023,744 | (649,891) |
| Net increase / (decrease) in factoring payables | 977 | (1,149) |
| Net decrease in other liabilities | (649,015) | (524,820) |
| Net cash used in operating activities | (3,315,125) | (1,528,856) |
| Cash flows from investing activities | | |
| Purchases of available- for- sale securities | (4,735,484) | (333,449) |
| Proceeds from sale and redemption of available-for-sale securities | 4,568,126 | 603,926 |
| Proceeds from redemption of held to maturity securities | 22,375 | - |
| Purchases of property and equipment | (39,617) | (15,568) |
| Proceeds from the sale of premises and equipment | 1,479 | 4,777 |
| Purchases of intangible assets | (7,877) | (5,101) |
| Net cash used in investing activities | (190,998) | 254,585 |
| Cash flows from financing activities | | |
| Proceeds from funds borrowed and debt securities | 5,232,823 | 4,845,915 |
| Repayment of funds borrowed and debt securities | (3,240,414) | (4,189,850) |
| Net cash provided by financing activities | 1,992,409 | 656,065 |
| Effect of net foreign exchange difference on cash and cash equivalents | 28,386 | (31,371) |
| Net (decrease)/increase in cash and cash equivalents | (730,563) | 318,047 |
| Cash and cash equivalents at the beginning of the period | 3,581,774 | 3,512,634 |
| Cash and cash equivalents at the end of the period | 2,851,211 | 3,830,681 |

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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

1. CORPORATE INFORMATION

General

Türk Ekonomi Bankası Anonim Şirketi (“TEB” or “The Bank”), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankası T.A.Ş., was acquired by the Çolakoğlu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to İstanbul. On 10 February 2005, BNP Paribas took over 50% of shares of TEB Holding A.Ş. Consequently, BNP Paribas became indirect shareholder of TEB with 42.125% ownership. In 2009 BNP Paribas Group successively acquired 75% of Fotis Bank Belgium and 66% of Fortis Bank Luxembourg and became the shareholder holding the majority of the shares of Fortis Bank Turkey. The indirect majority shareholders of TEB which are BNP Paribas and Çolakoğlu Group has agreed on the merge of TEB and Fortis Bank under the trademark of TEB and following the authorizations obtained from the regulatory authorities on 14 February 2011 the legal merge of two banks has been performed. Certain shares of the Bank, representing 20% of the total, were listed on the İstanbul Stock Exchange in February 2000. Currently, 4.52% of the total shares are publicly traded. TEB’s shares are also listed and traded on the London Stock Exchange as GDR’s since 2000. The registered office address of TEB is TEB Kampüs C ve D Blok, Saray Mahallesi, Sokullu Caddesi, No: 7A-7B Ümraniye-İstanbul/Turkey.

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

Following the merger and related subsequent share transfers among shareholders, the shareholders’ structure and their respective ownerships are summarized below as of 30 June 2013 together with the comparative information as of 31 December 2012:

| Name of shareholders | 30 June 2013 | | 31 December 2012 | |
|--|------------------|---------------|------------------|---------------|
| | Paid in capital | % | Paid in capital | % |
| TEB Holding A.Ş. (previously TEB Mali Yatırımlar A.Ş.) | 1,212,414 | 55.00 | 1,212,414 | 55.00 |
| BNP Yatırımlar Holding A.Ş. | 514,673 | 23.35 | 514,616 | 23.34 |
| BNP Paribas Fortis Yatırımlar Holding A.Ş. | 376,641 | 17.09 | 376,584 | 17.08 |
| Publicly Traded | 99,442 | 4.50 | 99,556 | 4.52 |
| Other Shareholders | 1,220 | 0.06 | 1,220 | 0.06 |
| | 2,204,390 | 100.00 | 2,204,390 | 100.00 |

As of 30 June 2013, the Bank’s paid-in-capital consists of 2,204,390,000 shares of TL 1.00 (full TL) nominal each.

The interim consolidated condensed financial statements of the Group were authorized for issuance by the management on 16 August 2013. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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

1. CORPORATE INFORMATION (Continued)

General (continued)

Nature of Activities of the Group

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

The subsidiaries included in the consolidation and the effective shareholding percentages of the Group as of 30 June 2013 and 31 December 2012 are as follows:

| | Place of Incorporation | Effective Shareholding And Voting Rights % | |
|--|------------------------|--|------------------|
| | | 30 June 2013 | 31 December 2012 |
| The Economy Bank N.V. (Economy Bank) | Netherlands | 100.0 | 100.0 |
| TEB Yatırım Menkul Değerler A.Ş. (TEB Yatırım) | Turkey | 100.0 | 100.0 |
| TEB Faktoring A.Ş. (TEB Faktoring)(*) | Turkey | 100.0 | 100.0 |
| Fortis Faktoring A.Ş.(*) | Turkey | 100.0 | 100.0 |
| TEB Portföy Yönetimi A.Ş. (TEB Portföy) | Turkey | 54.75 | 54.75 |
| Stichting Effecten Dienstverlening | Netherlands | 100.0 | 100.0 |
| Kronenburg Vastgoed B.V. | Netherlands | 100.0 | 100.0 |

(*) The merger process of Fortis Faktoring A.Ş. and TEB Faktoring A.Ş., which is 100% owned the Bank, had been commenced and the Sale and Purchase Agreement signed on 31 January 2013 for the purpose of the completion of the share transfer prior to the merger. Pursuant to the Sale and Purchase Agreement, following the receipt of necessary legal approvals the share transfer completed and the Bank has become an indirect shareholder of 100% shares in Fortis Faktoring A.Ş. on 22 March 2013. Approval from Banking Regulation and Supervision Agency regarding merger of Fortis Faktoring with TEB Faktoring by way of acquisition, whereby all the assets and liabilities of Fortis Faktoring shall be transferred to TEB Faktoring as a whole, has been obtained on 20 June 2013. Merger of TEB Faktoring and Fortis Faktoring has been completed upon registration of the said merger to the Istanbul Trade Registry on 1 July 2013.

The principal activities of the consolidated subsidiaries are as follows:

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

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

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

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

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

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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

2. BASIS OF PREPARATION

The interim consolidated condensed financial statements as of 30 June 2013 have been prepared in accordance with IAS 34 (Interim Financial Reporting). The interim consolidated condensed financial statements do not include all the information and disclosures required in the annual financial statement and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2012.

In preparation of the interim condensed consolidated financial statements of the Group, the same accounting policies and methods of computation have been followed as compared to the most recent annual financial statements except for the adoption of new standards and interpretations as of 1 January 2012, noted below.

New and Revised International Financial Reporting Standards

a. Standards, amendments and IFRIC/TFRICs applicable in annual periods starting from 1 January 2013

- i. IAS/TAS 1 (amendment), "Presentation of financial statements", regarding other comprehensive income is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
- ii. IAS 19/TAS (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. The standard requires past service cost to be recognized immediately in profit or loss. There is a new term "remeasurement" and remeasurement will be recognized in OCI and no longer be recognized in profit or loss.
- iii. IFRS/TFRS 10, "Consolidated financial statements", is effective for annual periods beginning on or after 1 January 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements.
- iv. IFRS/TFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
- v. IFRS/TFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles.
- vi. IFRS/TFRS 10, 11 and 12 on transition guidance (amendment), is effective for annual periods beginning on or after 1 January 2013. The amendment also provide additional transition relief in IFRS/TFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosure related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for the periods before IFRS/TFRS 12 is applied.
- vii. IFRS/TFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS/TFRSs.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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

2. BASIS OF PREPARATION (Continued)

New and Revised International Financial Reporting Standards (continued)

a. Standards, amendments and IFRIC/TFRICs applicable in annual periods starting from 1 January 2013 (continued)

- viii. IAS/TAS 27 (revised), “Separate financial statements”, is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS/TAS 27 have been included in the new IFRS/TFRS 10.
- ix. IAS/TAS 28 (revised), “Associates and joint ventures”, is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS/TFRS 11.
- x. IFRS/TFRS 7 (amendment), “Financial instruments: Disclosures”, on offsetting financial assets and financial liabilities”, is effective for annual periods beginning on or after 1 January 2013. The amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS/TFRS financial statements and those that prepare US GAAP financial statements.
- xi. IFRS/TFRS 1 (amendment), “‘First time adoption’, on government loans”, is effective for annual periods beginning on or after 1 January 2013. The amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS/TFRS.
- xii. Annual Improvements to IFRS/TFRSs 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments effect five standards: IFRS/TFRS 1, IAS/TAS 1, IAS/TAS 16, IAS/TAS 32 and IAS/TAS 34.

b. New IFRS/TFRS standards, amendments and IFRIC/TFRICs effective after 1 July 2013

- i. IAS/TAS 32 (amendment), “‘Financial instruments: Presentation”, on offsetting financial assets and financial liabilities”, is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in IAS/TAS 32, “Financial instruments: Presentation”, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- ii. IFRS/TFRS 9, “Financial instruments: classification and measurement”, is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS/TAS 39 that relate to the classification and measurement of financial instruments.
- iii. IAS 36 (amendments), “Impairment on assets”, is effective for annual periods beginning on or after 1 January 2014. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- iv. IAS 39 (amendments), “Financial instruments: Recognition and measurement”, is effective for annual periods beginning on or after 1 January 2014. These amendments address on novation of derivatives and hedge accounting and will allow hedge accounting to continue in a situation where a derivative is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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

2. BASIS OF PREPARATION (Continued)

New and Revised International Financial Reporting Standards (continued)

b. *New IFRS/IFRS standards, amendments and IFRIC/IFRICs effective after 1 July 2013 (continued)*

- v. IFRS 10, (amendment) “Consolidated Financial Statements”, IFRS 12 and IAS 27 for investment entities is effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an “investment entity” definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

As a result of the classification occurred with the amendment on “International Accounting Standard (IAS 19) about Benefits for Employee, prior period profit/loss increased by TL10,967 and “Actuarial gain/loss on employee benefits” was decreased by the same amount as of 1 January 2013.

The preparation of interim consolidated condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim consolidated condensed financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

Impairment Testing

As a Group policy, the management performs impairment test for goodwill on an annual base. The recoverable amount of cash generating units, which is determined by discounting the future cash flows, exceeded the carrying amount of the cash generating units including goodwill. Accordingly no grounds were identified for impairment charge as of 31 December 2012.

Management believes that all of its management estimates and key assumptions which were used for impairment testing as of 31 December 2012 are still reasonable and there is no significant change in any of the key assumptions which would cause the carrying value materially to exceed its recoverable amount as of 30 June 2013.

3. SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

TL 117,132 of non-performing loans portfolio with TL 115,611 provision has been sold to LBT Varlık Yönetimi A.Ş. for TL 9,310 which has been collected as of 28 June 2013 with the completion of necessary procedures, and the related non-performing loans have been written off from the records.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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

4. SEGMENT INFORMATION

Business segments

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

As of and for the period ended 30 June 2013

| | Retail Banking | Corporate Banking | Treasury/ Head Office | Eliminations | Group |
|----------------------------------|---------------------------|------------------------------|----------------------------------|---------------------|-------------------|
| Net banking income | 330,805 | 842,555 | 297,788 | (883) | 1,470,265 |
| Dividend income | - | - | 4,209 | (4,209) | - |
| Revenues from other segments | - | - | - | - | - |
| Net banking income | 330,805 | 842,555 | 301,997 | (5,092) | 1,470,265 |
| Segment result (A) | 74,610 | 451,273 | 2,435 | (4,209) | 524,109 |
| Unallocated costs (B) | - | - | - | - | - |
| Operating profit (A-B) | 74,610 | 451,273 | 2,435 | (4,209) | 524,109 |
| Income tax | - | - | (101,824) | - | (101,824) |
| Net profit | 74,610 | 451,273 | (99,389) | (4,209) | 422,285 |
| Assets and Liabilities | | | | | |
| Segment assets | 11,368,405 | 23,652,839 | 14,927,570 | (227,103) | 49,721,711 |
| Unallocated assets | - | - | 1,689,385 | 562 | 1,689,947 |
| Total assets | 11,368,405 | 23,652,839 | 16,616,955 | (226,541) | 51,411,658 |
| Segment liabilities | 18,183,177 | 16,443,155 | 9,531,718 | (47,444) | 44,110,606 |
| Unallocated liabilities | - | - | 1,770,780 | (36) | 1,770,744 |
| Total liabilities | 18,183,177 | 16,443,155 | 11,302,498 | (47,480) | 45,881,350 |
| Other segment information | | | | | |
| Capital expenditures | | | | | |
| Tangible fixed assets | - | - | - | - | 39,617 |
| Intangible fixed assets | - | - | - | - | 7,877 |
| Depreciation | - | - | - | - | 33,047 |
| Amortization | - | - | - | - | 6,966 |

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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

4. SEGMENT INFORMATION (Continued)

Period ended 30 June 2012

| | Retail Banking | Corporate Banking | Treasury/ Head Office | Eliminations | Group |
|---------------------------------|-------------------|----------------------|--------------------------|-----------------|------------------|
| Net banking income | 273,233 | 671,071 | 165,237 | (1,041) | 1,108,500 |
| Revenues from other segments | - | - | - | - | - |
| Net banking income | 273,233 | 671,071 | 165,237 | (1,041) | 1,108,500 |
| Segment result (A) | 61,911 | 409,354 | (138,476) | 16 | 332,805 |
| Unallocated costs (B) | - | - | - | - | - |
| Operating profit (A-B) | 61,911 | 409,354 | (138,476) | 16 | 332,805 |
| Dividend income | - | - | 21,811 | (21,811) | - |
| Profit before income tax | 61,911 | 409,354 | (116,665) | (21,795) | 332,805 |
| Income tax | - | - | (67,554) | - | (67,554) |
| Net profit | 61,911 | 409,354 | (184,219) | (21,795) | 265,251 |

Year ended 31 December 2012

Assets and Liabilities

| | | | | | |
|--------------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| Segment assets | 9,332,070 | 20,839,654 | 13,606,255 | (252,629) | 43,525,350 |
| Unallocated assets | - | - | 2,021,502 | 562 | 2,022,064 |
| Total assets | 9,332,070 | 20,839,654 | 15,627,757 | (252,067) | 45,547,414 |
| Segment liabilities | 16,425,444 | 12,644,294 | 8,974,927 | (72,971) | 37,971,694 |
| Unallocated liabilities | - | - | 2,394,388 | (183) | 2,394,205 |
| Total liabilities | 16,425,444 | 12,644,294 | 11,369,315 | (73,154) | 40,365,899 |

Period ended 30 June 2012

Other segment information

Capital expenditures

| | | | | | |
|-------------------------|---|---|---|---|--------|
| Tangible fixed assets | - | - | - | - | 15,120 |
| Intangible fixed assets | - | - | - | - | 5,102 |
| Depreciation | - | - | - | - | 36,309 |
| Amortization | - | - | - | - | 6,370 |

Geographical segments

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

Total assets and total liabilities are based on the country in which the branch or subsidiary is located. Segment revenue from external customers included in operating income is based on the geographical location of customers or counterparties. The Group conducts majority of its business activities with local customers in Turkey.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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

4. SEGMENT INFORMATION (Continued)

Period ended 30 June 2013

| | Turkey | European Union | Total |
|----------------------------------|-------------------|------------------|-------------------|
| Other segment information | | | |
| Segment assets | 48,166,941 | 1,554,770 | 49,721,711 |
| Unallocated assets | 1,668,524 | 21,423 | 1,689,947 |
| Total assets | 49,835,465 | 1,576,193 | 51,411,658 |
| Capital expenditures | | | |
| Tangible fixed assets | 39,617 | - | 39,617 |
| Intangible fixed assets | 7,549 | 328 | 7,877 |

Year ended 31 December 2012

| | Turkey | European Union | Total |
|----------------------------------|-------------------|------------------|-------------------|
| Other segment information | | | |
| Segment assets | 41,895,340 | 1,630,010 | 43,525,350 |
| Unallocated assets | 1,999,283 | 22,781 | 2,022,064 |
| Total assets | 43,894,623 | 1,652,791 | 45,547,414 |

Period ended 30 June 2012

| | | | |
|-----------------------------|--------|-----|--------|
| Capital expenditures | | | |
| Tangible fixed assets | 14,992 | 128 | 15,120 |
| Intangible fixed assets | 5,102 | - | 5,102 |

5. EXPLANATIONS ON MARKETABLE SECURITIES ISSUED:

| | 30 June 2013 | 31 December 2012 |
|----------------|----------------|------------------|
| Bank Bonds | 304,753 | 333,689 |
| Treasury Bills | 277,580 | 160,548 |
| Total | 582,333 | 494,237 |

The bond issued by the Parent Bank on 24 September 2012 with a nominal value of TL109,132 maturity of 351 days, with due date of 11 September 2013, with an interest rate of 8.08557% and with an annual compound rate of 8.09781% has started to be publicly traded in bonds and bills markets with the ISIN code "TRQTEBK91316".

The bond issued by the Parent Bank on 5 December 2012 with a nominal value of TL100,000 maturity of 365 days, with due date of 4 December 2013, with an interest rate of 6.89500% and with an annual compound rate of 6.89500% has started to be publicly traded in bonds and bills markets with the ISIN code "TRSTEBKA1319".

The bond issued by the Parent Bank on 4 March 2013 with a nominal value of TL99,711 maturity of 405 days, with due date of 14 April 2014, with an interest rate of 6.84908% and with an annual compound rate of 6.82406% has started to be publicly traded in bonds and bills markets with the ISIN code "TRSTEBK41416".

The bond issued by the Parent Bank on 14 January 2013 with a nominal value of TL364,702 maturity of 174 days, with due date of 8 July 2013, with an interest rate of 6.71386% and with an annual compound rate of 6.83192% has started to be publicly traded in bonds and bills markets with the ISIN code "TRQTEBK71318".

The bond issued by the Parent Bank on 20 May 2013 with a nominal value of TL200,000, maturity of 386 days, with due date of 11 June 2014, with an interest rate of 5.81603% and with an annual compound rate of 5.80650% has started to be publicly traded in bonds and bill market with the ISIN code "TRSTEBK61414".

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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

6. RELATED PARTY DISCLOSURES

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

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

30 June 2013:

| Related party | Cash loans | Non-cash loans | Funds borrowed | Deposits taken | Deposits with banks | Derivative financial instruments assets | Other liabilities | Derivative financial instruments liabilities | Notional amount of derivative transactions | Interest income | Interest expense | Other operating income | Other operating expense |
|------------------------------|------------|----------------|----------------|----------------|---------------------|---|-------------------|--|--|-----------------|------------------|------------------------|-------------------------|
| Direct/Indirect shareholders | 473 | 10 | 4,192,497 | 836,982 | 39,120 | 60,870 | 405 | 104,185 | 14,219,576 | 2,939 | 60,666 | 4,454 | 11,540 |
| Others | 57,047 | 287,531 | - | 686,199 | 316 | 7 | 371 | 12 | - | 2,013 | 9,680 | 4,945 | 7,446 |

31 December 2012:

| Related party | Cash loans | Non-cash loans | Funds borrowed | Deposits taken | Deposits with banks | Derivative financial instruments assets | Other liabilities | Derivative financial instruments liabilities | Notional amount of derivative transactions | Interest income (*) | Interest Expense (*) | Other operating income (*) | Other operating expense (*) |
|------------------------------|------------|----------------|----------------|----------------|---------------------|---|-------------------|--|--|---------------------|----------------------|----------------------------|-----------------------------|
| Direct/Indirect shareholders | 697 | 4 | 3,091,034 | 471,343 | 2,118 | 46,624 | 535 | 80,014 | 9,645,058 | 3,479 | 45,067 | 2,185 | 1,815 |
| Others | 42,467 | 268,355 | - | 307,130 | 11,590 | 18 | 1 | 19 | 3,628 | 1,542 | 39,641 | 440 | 622 |

(*) Figures indicate results as of 30 June 2012.

No provisions have been recognized in respect of loans given to related parties (31 December 2012: None).

Compensation of Key Management Personnel of the Group

The executive and non-executive members of Board of Directors and management received remuneration and fees totaling approximately TL 21,558 as of 30 June 2013 (30 June 2012: TL 23,300) comprising mainly salaries and other short-term benefit.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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

7. COMMITMENTS AND CONTINGENCIES

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

| | 30 June 2013 | 31 December 2012 |
|-------------------------------|-------------------|-------------------|
| Letters of guarantee issued | 7,163,952 | 6,730,062 |
| Letters of credit | 1,623,422 | 1,532,317 |
| Acceptance credits | 554,864 | 903,219 |
| Other guarantees | 1,591,683 | 1,324,840 |
| Total non-cash loans | 10,933,921 | 10,490,438 |
| Other commitments | 6,345,360 | 6,981,176 |
| Credit card limit commitments | 3,298,104 | 2,933,697 |
| Total | 20,577,385 | 20,405,311 |

The Group has TL 169,847 (31 December 2012: TL 174,050) letters of guarantee obtained from other banks.

Fiduciary Activities

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

The nominal values of the assets (excluding investment funds) held by the Group in agency or custodian capacities and financial assets under portfolio management amounted to TL 1,747,606 at 30 June 2013 (31 December 2012: TL 2,673,746). As of 30 June 2013, securities at custody include investment funds with market value of TL 8,102,115 (31 December 2012: TL 9,924,214).

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

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

As of 30 June 2013, in line with the requirements of IGM, letters of guarantee amounting to TL 791 (31 December 2012: TL 731) had been obtained from local banks and were provided to IGM for transactions conducted in that market.

As of 30 June 2013, according to the general requirements of the ISE, letters of guarantee amounting to TL 28,671 (31 December 2012: TL 26,531) had been obtained from various local banks and were provided to ISE for bond and stock market transactions.

Litigation

In the normal course of its operations, the Group can be constantly faced with legal disputes, claims and complaints. The necessary provision, if any, for those cases are provided based on management estimates and professional advice. The Group has provided TL 32,728 (31 December 2012: TL 45,612) provision for legal cases.

Other

The branch premises that are leased under operational leases periods vary between 1 and 10 years and lease agreements are cancelable subject to a period of notice which does not exceed 6 months. There are no restrictions placed upon the lessee by entering into these leases.

The inspection of the Competition Board that was conducted to determine whether 12 banks active in Turkey are in agreement and concerted practice in loan and credit card services sector and thus violated Article 4 of the Law on Protection of Competition, no 4054) was completed on March 8, 2013. It has been agreed by a majority to impose an administrative fine of TL 10,699 to the Parent Bank on the condition that the decision can be appealed

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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

7. COMMITMENTS AND CONTINGENCIES (Continued)

Other (continued)

against before Ankara Administrative Court. The penalty will be paid as TL 8,002 as three fourths of the main penalty as per Article 17 of the Misdemeanors Law, no 5326 within 30 days upon service of the reasoned decision. The relevant provision for the administrative fine is allocated in the financial statements as of 30 June 2013. The Bank paid the penalty that has been fined by the Competition Authority by keeping the right of appealing the decision at 16 August 2013.

8. EARNINGS PER SHARE

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

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

| | Opening | Cash | Increase Related to Merger | Transfers from Retained Earnings | Transfers From Revaluation Surplus | Reinvestment of Dividend Payments | Total | Closing |
|--------------|-----------|---------|----------------------------------|---|---|---|-----------|-----------|
| Before 1995 | - | 150 | - | 3,000 | 250 | - | 3,400 | 3,400 |
| 1996 | 3,400 | - | - | - | 330 | 1,270 | 1,600 | 5,000 |
| 1997 | 5,000 | - | - | 1,022 | 596 | 4,382 | 6,000 | 11,000 |
| 1998 | 11,000 | 5,512 | - | 529 | 682 | 7,277 | 14,000 | 25,000 |
| 1999 | 25,000 | - | - | 600 | 2,062 | 16,338 | 19,000 | 44,000 |
| 2000 | 44,000 | 40,182 | - | - | - | 26,068 | 66,250 | 110,250 |
| 2001 | 110,250 | - | - | - | - | - | - | 110,250 |
| 2002 | 110,250 | - | - | - | - | - | - | 110,250 |
| 2003 | 110,250 | - | - | 5,350 | - | - | 5,350 | 115,600 |
| 2004 | 115,600 | - | - | - | - | - | - | 115,600 |
| 2005 | 115,600 | - | - | - | - | - | - | 115,600 |
| 2006 | 57,800 | 18,700 | - | - | - | - | 18,700 | 76,500 |
| 2007 | 76,500 | 210,000 | - | 216,750 | 251,750 | - | 678,500 | 755,000 |
| 2008 | 755,000 | 345,000 | - | - | - | - | 345,000 | 1,100,000 |
| 2009 | 1,100,000 | - | - | - | - | - | - | 1,100,000 |
| 2010 | 1,100,000 | - | - | - | - | - | - | 1,100,000 |
| 2011 | 1,100,000 | - | 1,050,000 | 54,390 | - | - | 1,104,390 | 2,204,390 |
| 2012 | 2,204,390 | - | - | - | - | - | - | 2,204,390 |
| 30 June 2013 | 2,204,390 | - | - | - | - | - | - | 2,204,390 |

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

| | 30 June 2013 | 30 June 2012 |
|--|-----------------|-----------------|
| Net profit / (loss) attributable to ordinary shareholders for basic earnings per share | 0.1916 | 0.1201 |
| Weighted average number of ordinary shares (in millions) for basic earnings per share | 2,204,390 | 2,204,390 |

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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

9. SUBSEQUENT EVENTS

- i) Approval from Banking Regulation and Supervision Agency regarding merger of Fortis Faktoring, 100% of which is indirectly held by the Bank, with TEB Faktoring A.Ş., 100% of which is directly held by the Bank, by way of acquisition, whereby all the assets and liabilities of Fortis Faktoring shall be transferred to TEB Faktoring as a whole, has been obtained on 20 June. Merger of TEB Faktoring and Fortis Faktoring has been completed upon registration of the said merger to the Istanbul Trade Registry on 1 July 2013.
- ii) Bonds issued by the Bank with ISIN code " TRQTEBK71318" on 14 January 2013 with a nominal value of TL364,702 and a maturity of 174 days has matured on 8 July 2013.
- iii) Fortis Bank Personeli Güvenlik Vakfı (Fortis Foundation) established by Fortisbank A.Ş. as per the provisions of the Turkish Commercial Code and the Turkish Civil Code which merged with TEB through transfer. An examination has been made by Tax Audit Council's inspectors, on the employer's portion paid between the years 2008 and 2009 as per the Fortis Foundation Charter. As a result of this examination, an inspection report was prepared for the periods 2008 and 2009, concerning the claims that the liability amounts are levied based on the fee and thus shall be subject to withholding tax and stamp tax. Relying on this report, punitive withholding tax/ stamp tax assessments were levied on the Bank and penalty notifications were delivered, and total sum of punitive tax assessments for the periods 2008 and 2009 amounts to TL10,395. For the mentioned assessments the legal rights of the Bank can be exercised, including the right to mediation. Potential fines and penalties will be provided by BNPP Fortis SA/NV within the scope of reimbursement.
- iv) Türk Ekonomi Bankası A.Ş. Board of Directors, on its meeting dated July 25, 2013, has approved that, effective from 1 September 2013, General Manager Varol Civil will hand over the General Manager position to Ümit Leblebici, Deputy General Manager, and resolved that Ümit Leblebici has been appointed as General Manager, subject to BRSA approval. Varol Civil has been elected, effective from 1 September 2013, as Board Member of TEB Holding A.Ş, the major shareholder of Türk Ekonomi Bankası A.Ş..
- v) In accordance with the Bank's Board of Directors' resolution dated 4 June 2013 and numbered 4874/83 decision, Capital Market Board approval of registration statement in connection with the Bank's issuance of Turkish Lira denominated bank bonds and/or debentures in Turkey up to the aggregate amount of TL 1,750,000 with various maturities and tranches within a one year period was announced on 26 July 2013 at Capital Market Board Bulletin.