



TEB

2012 Annual Report



AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING ON MARCH 25, 2013

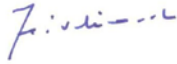
- 1- Opening and formation of the Presidential Board,
- 2- Granting authorization to the Presidential Board for signing the meeting minutes,
- 3- Reading, discussion and approval of the Board of Directors' Activity Report the Auditors' Report for the year 2012,
- 4- Reading, discussion and approval of the 2012 financial statements,
- 5- Release of the Board Members and auditors from their transactions in 2012,
- 6- Discussion and approval of the Board of Director's proposal on the dividend distribution or passing resolution on approval of the amended version or disapproval of the same,
- 7- Reading of the summary of the annual audit report prepared by the Independent Audit Firm, and passing resolution on the appointment of the Independent Audit Firm proposed by the Board of Directors for auditing of the financial statements of the year 2013,
- 8- Passing resolution on approval of the appointment of the members made pursuant to Article 363 of the Turkish Commercial Code in lieu of the members who resigned from the Board of Directors,
- 9- Passing resolution on amendment of our Bank's Articles of Association for alignment with the Turkish Commercial Code (Law No. 6102) and the Capital Market Law (Law No. 6362),
- 10- Determination of benefit such as fees and remunerations to be paid to the Board of Directors,
- 11- Determination of number and term of office of the Board Members and election of the same,
- 12- Passing resolution on approval of the internal directive concerning the General Assembly's working principles and procedures prepared by the Board of Directors,
- 13- Providing information to the General Assembly on donations made by the Bank in the year 2012; and discussion and approval of the Board of Director's proposal on the highest amount of the donation to be made within 2013 or passing resolution on approval of the amended version or disapproval of the same,
- 14- Providing information to the General Assembly on the Remuneration Policy.

STATEMENT CONCERNING THE 2012 ANNUAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.**STATEMENT CONCERNING THE 2012 ANNUAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.**

The Annual Report of Türk Ekonomi Bankası A.Ş. has been prepared in accordance with the "Regulation on Principles and Standards for the Preparation and Publication of Annual Reports by Banks" published in the Official Journal numbered 26333, dated 1 November 2006.



Yavuz CANEVI
Chairman of the
Board of Directors




**Jean Milan
GIVADINOVITCH**
Board Member and
Chairman of Audit
Committee



Dr. Akın AKBAYGIL
Vice Chairman of the Board of and
Vice Chairman of Audit Committee



Varol CIVIL
General Manager



M. Aşkın DOLAŞTIR
Assistant General Manager in
Charge of Financial Reporting



Gökhan KAZCILAR
Director in Charge of Financial
Reporting

TÜRK EKONOMİ BANKASI A.Ş. 2012 ANNUAL REPORT

Reporting Period	: 01.01.2012 – 31.12.2012
Title of the Bank	: Türk Ekonomi Bankası A.Ş.
Headquarters	: TEB Kampüs C ve D Blok Saray Mah. Sokullu Cad. No:7A-7B Ümraniye 34768 İstanbul-Turkey
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Trade Registration Number	: 189356

SECTION 1 - PRESENTATION

CORPORATE PROFILE

By capitalizing on the global organization and expertise of the BNP Paribas Group, TEB offers its customers a wide array of financial products and services, including Corporate, SME, Personal and Private Banking, and Treasury and Capital Markets services, as well as investment, leasing, factoring, insurance and asset management.

As of the end-2012, TEB was serving its 4.5 million customers through:

- **9,288 employees,**
- **509 branches,**
- **a balance sheet size of TL 43.5 billion,**
- **1,045 ATMs,**
- **the Internet branch at www.teb.com.tr,**
- **the 444 0 666 Call Center**

Relying on the strength of its partner, BNP Paribas, and the support of the BNP Paribas organizations in 80 countries, TEB enables its customers to benefit from the global vision and the facilities of BNP Paribas. The synergic cooperation established with BNP Paribas allows TEB to continuously keep a close view of developments in global market.

SHAREHOLDING STRUCTURE OF TEB

Shareholder's Name / Title	TRY 2,204,390,000.00 Share in Capital	Percentage (%)
TEB Holding A.Ş.	1,212,414,499.99	55.00
BNP Paribas Yatırımlar Holding A.Ş.	514,615,804.52	23.34
BNP Paribas Fortis Yatırımlar Holding A.Ş.	376,583,806.60	17.08
Publicly Traded	99,555,988.16	4.52
Total share of 633 known share holders	1,219,900.73	0.06
Total	2,204,390,000.00	100.00

Shares of the Chairman and Members of the Bank's Board of Directors, General Manager and Assistant General Managers

Yavuz Canevi (Chairman)	28.83 TL
Dr. Akın Akbaygil (Deputy Chairman of the Board and Deputy Chairman of the Audit Committee)	46.36 TL
Varol Civil (Board Member and CEO)	28.83 TL
Ayşe Aşardağ (Board Member)	38.05 TL
Nuri Tuncalı (Assistant General Manager)	8,889.61 TL
Saniye Telci (Assistant General Manager)	4,759.08 TL

FROM PAST TO PRESENT: TEB

TEB (the “Bank”) was initially founded under the title of Kocaeli Halk Bankası T.A.Ş. in 1927. The Bank was acquired by the Çolakoğlu Group in 1982 and renamed as “Türk Ekonomi Bankası A.Ş.”, and its headquarters were moved to Istanbul.

Having focused on foreign trade finance and investment banking during the 1980s, TEB shares were offered to the public in February 2000. The Bank shares began trading under the TEBNK ticker in the National Market of the Istanbul Stock Exchange on December 31st, 2012. TEB shares are also listed on the depository receipt market of the London Stock Exchange.*

On February 10th, 2005, TEB signed a partnership agreement with BNP Paribas, the largest bank in the Eurozone and the 6th largest in the world, operating in 80 countries. By entering cooperation with BNP Paribas, one of the most prestigious brands in the international markets, TEB was able to carry its global vision further.

As the BNP Paribas Group acquired a majority stake in Fortis Bank Belgium and Fortis Bank Luxemburg, the Group became the principal shareholder of Fortis Bank Turkey (Fortis Bank). Consequently, BNP Paribas and the Çolakoğlu Group, the indirect majority shareholders in TEB, entered a memorandum of understanding, whereby TEB and Fortis Bank were to be merged. The two banks were legally merged on February 14th, 2011.

Following the merger, TEB Holding remained the majority shareholder in TEB with a 55% share, while BNP Paribas Group and the Çolakoğlu Group will each continue to hold 50% of TEB Holding. Following the legal merger, TEB completed the operational merger rapidly and in a trouble-free manner for all of its stakeholders, including its customers, realizing one of the most successful mergers in Turkish Banking history. Turning its attention to organic growth from the second half of 2011, the Bank succeeded in combining growth with profitability in 2012.

The expenses associated with the merger were left behind in 2012; in contrast, 2013 will be a year where TEB primarily focuses on efficiency.

*Updated information about TEB Shares can be found at the following website: www.teb.com.tr

CHAIRMAN'S MESSAGE

Although it has been a long time since the global financial crisis broke out, the global economy was still seeking a new balance in 2012.

Economic growth slowed in 2012, but the Turkish economy was able to successfully manage the soft-landing process.

Esteemed Shareholders,

Developments in the Eurozone have had a significant impact on the global economy in 2012. In general, growth rates in developed and developing economies declined during this period, while a considerable degree of volatility was observed in the global risk appetite. The key developments during the year were the high unemployment rates and the fiscal cliff in USA, the public debt, the banking sector and issues of trust in the Eurozone, and a new government in Japan coming to power promising to attach priority to growth and monetary expansion, and monetary expansion policies applied throughout the world.

Despite the relatively positive rate of growth of the US economy, the FED announced a 3rd quantitative expansion package amid stagnation in the housing market and employment. After having focused on presidential elections in 2012, attention in the USA turned to the fiscal cliff danger in the last quarter of the year. The problem, known as the "fiscal cliff" by markets, where tax cuts offered in previous years would be reversed at the same time as federal spending would be cut, raised the prospect of risk to the forefront, negatively affecting global markets. Thanks to an agreement reached in the first days of 2013, the fiscal cliff was put off for another day, alleviating fears for the time being.

Central banks of developed countries continued to loosen their monetary policies in 2012. Besides the monetary expansion programs applied in Europe, the European Central Bank (ECB) announced a short-term bond purchase program for highly indebted countries. Through bond purchases, the ECB sought to bring the high interest rates on borrowing in Spain and Italy under control. The ECB's efforts to protect the

Euro at all costs and the EU's measures to ensure the survival of the banking sector have significantly eased the concerns for the European economy.

The new Japanese government adopted a policy of monetary expansion in the last quarter of 2012, and raised its inflation target to 2%. Japan also announced that it would buy a certain amount of assets every month, with no time restriction, beginning from 2014.

Emerging economies also encountered weaker growth rates in 2012, while inflation and exchange risks became a more pressing danger. Providing the largest contribution to the average growth rate of developing economies, China – the world's second largest economy – continued to suffer from a weaker growth trend in 2012. Having closed the year with 7.8% growth, China's economy recovered towards the end of the year. Leading indicators show that China will continue to grow strongly, but at a lower rate than its average trend.

The IMF estimates that global GDP grew by 3.2% in 2012 and projects a small increase in the rate of growth to 3.5% in 2013. According to the same projection, emerging economies will maintain their strong growth and grow at an average rate of 5.5% in 2013, leading global economic growth. According to IMF's projections, developed economies will achieve an average 1.4% rate of growth in 2013.

At the beginning of 2013, it was observed that many countries still continued to face problems in their real economies; trust has not yet been fully restored in the markets, and the problems regarding employment and investment have not yet been resolved. Against this backdrop, the first half of 2013 is expected to follow a broadly similar trend to that seen in 2012, with economic recovery beginning in the second half of the year before gaining momentum in 2014 and beyond.

Having demonstrated a relatively strong performance during the global crisis, the Turkish economy underwent a period of economic stabilization in 2012 in line with its sound and sustainable growth target. The stabilization of the

Turkish economy became apparent in 2012. The tight monetary policies applied by the CBT set the stage for a relative slowdown in economic activity, while inflation began to fall and Turkey's current account balance improved. As a result, it is estimated that Turkey's GDP grew by 2.5% in 2012.

The problems in the Eurozone and the stagnant outlook for the European economy limited foreign demand. Europe's share in Turkey's exports declined, while Turkey maintained its intensive efforts to seek alternative markets. Sales made to countries in Africa and the Middle East, which have started to account for an increasing share of Turkey's exports, supported the expansion in Turkey's exports. The current account deficit continued to narrow as a result of the slowdown in domestic demand, while the current account deficit/GDP ratio fell from 10% at the end of 2011 to under 7% by the end of 2012.

Due to the fall in the TL against other currencies, tax measures and rising food prices, the rate of inflation was realized as 10.45% in 2011. However, the rate of inflation fell to 6.16% in 2012, marking its lowest yearend level since 2005. The declining trend in prices of unprocessed foods, as well as policies applied and the removal of the base effect of the previous year were all instrumental in the fall in inflation rate.

Short-term capital flows into developing countries recorded a recovery in 2012, while risk premiums in emerging economies fell in line with increasing global risk appetite. As macroeconomic indicators, notably the current deficit, were more positive than expected, and with Fitch Ratings – an international credit rating agency – raising Turkey's long-term credit rating to investment grade in November, there was an increase in short-term capital flows into our country.

Within this framework, the CBT has applied a mix of policies since the end of 2010, and begun to use additional tools that support financial stability. Between the last quarter of 2011 and the middle of 2012, the CBT applied a monetary tightening policy in different periods because of the volatility in risk appetite and risks associated with the inflation outlook. In line with the

improvements in the global risk appetite beginning from June 2012, the CBT began to step up the liquidity provided to the market, gradually lowering funding costs.

The CBT guarded financial stability as well as price stability through its multi-purpose and multi-tool policies applied throughout the year. The CBT played a major role in the markets with the proactive use of tools such as the interest rate corridor, required reserves and the reserve option mechanism.

For Turkey, 2013 is expected to be a more positive year than 2012 from the perspective of growth, inflation and current account deficit trends. With interest rates projected to remain low, Turkey is expected to continue drawing financial resources with low interest rates from foreign countries. Turkey will undoubtedly maintain its cautious multi-purpose and multi-tool monetary policy with an uncompromising stance towards its budget performance.

Despite the uncertainties and intensive competition in the global economy, the Turkish banking sector has notched up steady growth. Thanks to its robust capital structure, asset quality and profitability, the Turkish banking sector has played a key role in protecting the healthy structure of the Turkish economy since 2008, which marked the onset of the global economic crisis. By allocating resources to the national economy, the Turkish banking sector provided a strong foundation for economic activity to gain momentum, thus significantly supporting Turkey's rapid growth in the aftermath of the global economic crisis.

In 2012, the banking sector achieved a controlled rate of growth in its credit volume. Measures taken in the first half of the year aimed at establishing financial stability had an upward effect on funding costs, which curbed the growth in the banking sector. Beginning from the second half of 2012, in parallel with the positive developments in the current account deficit and the general economy, the CBT adopted a policy of increasing liquidity in the markets and lowering funding costs, thus allowing credit growth to gain momentum again.

In 2012, the ratio of non-performing loans in total loan volume increased slightly, ushering in a significant change in the asset structure of the banking sector. The ratio of loans in total assets rose from 44.9% in 2006 to 58.5% by the end of 2012.

Thanks to its sound capital structure and asset quality, the Turkish banking sector is expected to grow at a rate close to Turkey's economic growth in 2013, with the increase in SME and consumer loans on course to continue.

In 2012, we celebrated TEB's 85th anniversary with our stakeholders. As one of the building blocks of the Turkish banking sector, TEB maintains its progress in its 86th year as a stronger, more dynamic and more agile service provider. In our first full operating year after the merger, we demonstrated an extremely successful performance.

The realizations in 2012 stand as an important indicator of TEB's strong growth potential. Our Bank has always allocated an increasing volume of resources and support for such sectors, especially SMEs, which operate in the manufacturing industry and create new jobs, and will continue to do so in 2013 and beyond. Such support will play a vital role in boosting economic output and contributing to Turkey's target of sustainable growth and development. As long as we allocate resources and support to private sector through our banking products and services; employment and domestic and foreign trade will remain on track to improve.

Looking to the future, we predict that

- competition will be more intense;
- the business environment will develop and assume new dimensions;
- the role and use of technology will grow further; and
- innovation and differentiation will be paramount.

As in the past, TEB will unstintingly continue to pay regard to transparency, accountability, ethics, risk management and corporate management.

With the increasing support of the BNP Paribas family that we are a part of, our Bank will continue to attach importance to speed, quality, generality and creativity, thus raising customer satisfaction.

TEB is well aware that the road to success is one that is only travelled on with the timely offering of new products and services, which will cover our clients' various needs. In today's market conditions, generality, depth, quality and speed have become crucial; even under these circumstances, TEB will continue to make a difference in many areas like distribution, technology and product development.

While presenting TEB's operating results and financial statements for the 2012 year for your valuable consideration, I would like to take this opportunity to extend my gratitude, on behalf of myself and our Board of Directors, to all of my colleagues for their successful efforts and to you, our shareholders, for your continuous support.

Yours sincerely,

Yavuz Canevi
Chairman of Board of Directors

MESSAGE FROM THE CEO

TEB's esteemed shareholders, clients and business partners, colleagues,

In 2012, we reinforced our strong position as Turkey's 6th largest private sector bank. Our results in 2012 illustrate that we have carried our achievements to new horizons, thanks to traditions rooted in 85 years of history, the support of our stakeholders and the trusted TEB brand.

Having completed one of the most successful mergers of the Turkish banking industry in 2011, TEB implemented its growth plans in a strong, steady and decisive manner in 2012, a year that marked the soft-landing of the Turkish economy in line with its controlled growth strategy. Having implemented various projects focused on efficiency, TEB pressed ahead with its organic growth after the merger and supported such efforts with profitability, increasing its total assets to TL 43.5 billion and net profit to TL 486 million in 2012.

Despite the challenges it faced, TEB extended significant support to the national economy throughout the year and its total loan volume rose by 16% to TL 29.7 billion. The controlled and cautious growth strategies pursued by TEB also played an important role in maintaining the health of the Bank's credit portfolio in 2012.

TEB's total deposits expanded by 26% to TL 28.7 billion in 2012, a rate of growth twice the sector average and setting the stage for market share gains. Meanwhile, TEB achieved an even stronger 41% rate of growth in personal deposits, supported by TEB's strategy to expand its deposit base.

With a 66% share in total liabilities, deposits were TEB's primary funding resource in 2012. TEB also sought non-deposit resources in order to diversify its financial resources in line with changing market conditions and to obtain resources at low interest rates. To this end, in 2012 TEB offered TL 744 million in nominally valued bank bonds to the public, most of which had a maturity of 1 year.

In 2012, all of our business lines demonstrated a strong performance in terms of target realization. The bank realized a net profit of TL 486 million in 2012, corresponding to a 135% YoY increase. We realized an average return on assets of 1.26% and an average return of 12.77% on shareholders' equity. These results stand as testament to our strong performance in basic banking activities in 2012, as well as our increasing operational efficiency. Growing transaction volumes and the Bank's successful balance sheet performance were behind the growth in TEB's revenues from banking activities. Thanks to the projects launched in 2011, TEB was able to keep its operating costs under control. This double benefit also paved the way for a significant improvement in the Bank's income to expenditure ratio.

Consequently, 2012 was a year which once again highlighted TEB's strong performance and growth potential, as well as its strong capability to produce added value for its stakeholders.

Continuing to support the national economy

Having contributed to the development of the national economy and manufacturing industry for 85 years, TEB unstintingly continued its loan supply activities despite the soft landing of Turkey's economic growth in 2012. The rate of growth which we achieved in our credit volume stands as a clear indicator of TEB's mission to support manufacturing industry, especially SMEs, and to contribute to the national economy. Of our total loan volume, which accounts for 68% of our total assets, the share of loans that we provided to SMEs – the backbone of the national economy – reached 45% in 2012.

In the post-crisis conjuncture, a time that we have placed more importance than ever on risk management, our wide credit portfolio has been structured in manner that prioritizes asset quality and effective risk management. TEB lowered the ratio of non-performing loans from 2.8% at the end of 2011 to 2.1% by the end of 2012, a figure well below the sector average. Our aim is to keep this ratio below the sector average in the coming periods within the scope of our cautious growth strategy, which places the utmost importance to asset quality.

A strong and sustainable financial structure to support growth

By the end of 2012, TEB and its subsidiaries had reached a level of shareholders' equity sufficient to allow us to generate high value for our shareholders in the coming period and provide us with the leverage we need to achieve growth. With its shareholders' equity having increased by 14% to TL 4.8 billion in 2012, TEB's capital adequacy ratio, which is calculated according to Basel II standards, reached 15.2% in the same period.

Focusing on providing the best financial consultancy and customer services through our wide service network

Working with a wide service network of 520 branches, more than 9,000 employees and more than 1,000 ATMs in 69 cities throughout Turkey, TEB opened its first TEB branches in 10 new cities during 2012. TEB has adopted the principle of providing the best financial consultancy and customer services to its clients. Having built its customer-oriented strategy on the pillars of customer satisfaction and the building long-term relations, TEB strives to develop the most comfortable and practical solutions in all of its products and services, and offers these solutions to its customers within the scope of transparent communication.

One of the world's three model banks in SME banking

Embarking on its strategy to become one of Turkey's best banks in SME banking in 2005, TEB already stood as one of the three model banks in the world in this area in 2012.

TEB achieved a notable success when it was selected by the International Finance Corporation (IFC) – a member of the World Bank Group – as one of the three banks with the best SME banking practices in the world. This was the first time that the IFC deemed a Turkish bank to be a model for the whole world in the field of non-financial services.

TEB SME Academy reaches 15,000 people in 7 years

TEB owes its success in SME services to the analytical approach and proactive strategies that

it has pursued since 2005. Having already established that the enterprises in this segment were hindered by limited access to information, a lack of technological know-how and a limited research and development capacity before it entered the SME segment, our Bank has thus defined its mission as "to be the Consultant Bank" for SMEs, and quickly set down to work. TEB SME Academy was established in 2005 as a result of these efforts, and quickly became a success story, visiting every city in Anatolia, reaching SMEs in person and offering them the information they need in the presence of professionals.

In 2012, TEB continued to provide information and consultancy support to SMEs by organizing conferences. By providing SMEs with information on enterprise management, TEB aims to support SMEs in their efforts to move ahead of both national and global competitors. Within the scope of SME Academy training, TEB met 2,500 people in 8 cities during 2012, bringing the total number of people who had benefited from TEB's training in the last 7 years to over 15,000.

Moreover, since 2008, TEB has been holding Future Strategy Conferences, which allow sectors to establish their mid- and long-term development plans and shape their future strategies. In 2012, the Future Strategy Conferences focused on the tourism sector and the agricultural sector, which is of great importance for the national economy and an area where TEB has assisted in the creation of future strategies. Reports of the Future Strategy Conferences held in 2012 were made available to the general public.

TEB's products and services in SME Banking have won wide acclaim with a total of 23 national and international awards. In 2012, TEB was handed the BNP Paribas IRB Innovation Award in recognition of its project entitled "TEB SME Consultants", marking a clear indication of its ambition in this field.

Turkey's largest enterprise banking initiative

In 2012, TEB launched an initiative which would allow the Bank to perform its consultancy experience in SME Banking to entrepreneurs. Aiming to be Turkey's largest Enterprise Banking

initiative, the “TEB Enterprise House” was launched to offer free training about management, operation, finance, accounting, and brand-patent consultancy for its customers.

A first in Turkey, the TEB Enterprise House primarily aims to reach the entrepreneurs with projects of high added value, and to offer them consultancy services in respective areas.

A rising share in agricultural banking

With one of the largest product portfolios in agricultural banking, TEB extended more than TL 1 billion of agricultural loans during the course of 2012. Achieving one of the fastest rates of growth in its support for the agricultural sector, TEB also began to carry its “consultant bank” approach to the agricultural banking segment.

A new training program was launched under the roof of TEB SME Academy in order to provide financial support for enterprises seeking to grow in the agricultural sector, as well as to provide information regarding the enterprise management which is required by such enterprises. The TEB SME Academy-Agriculture Sector Meetings aim to introduce a visionary point of view to agricultural enterprises through interactive workshops and by providing them with practical information on such topics as enterprise management, long-term strategy development, agricultural marketing and foreign trade.

An innovative approach in our Retail Banking products and services

In 2012, TEB demonstrated stronger growth than the sector in many areas of private banking, thanks to a raft of new products, packages and campaigns offered to its customers. In private banking, the Bank has primarily focused on savings and tailor-made services. On one hand, while the bank guided its individual customers on how to make use of their savings, on the other hand the Bank continued to design tailor-made services by carrying out various studies aimed at determining customer needs.

Family Academy: TEB's national platform that aims to improve financial literacy

As part of our financial consultancy programs, we have launched a nationwide “TEB Family Academy” platform which aims to ensure that families can manage their own economies. Through this platform, free financial literacy courses on a range of topics such as balancing income and spending, the appropriate use of banking products and customer rights in the banking sector, were given to more than 20,000 people within the space of just three months. While offering financial literacy courses to adults, TEB also launched the “TEB Junior” website (www.tebjr.com) designed to teach children about saving money in an enjoyable way.

In 2013, the TEB Family Academy aims to reach 100,000 people through classroom training sessions. Both public and private education institutions have demonstrated great interest in the program, proving TEB's leadership in the most comprehensive financial literacy platform. Within the same context, TEB also signed a collaboration protocol with the Ministry of Family and Social Policies in 2012 aimed at raising awareness of financial issues among families.

Continued Investment in Digital Banking Channels

In 2012, TEB continued to invest in its digital banking channel, an area where the Bank has implemented many firsts. By investing in ATMs, TEB increased the number of its ATMs in Turkey to 1,052 in 2012, while renewing its existing ATMs. The Bank also simplified the use of its mobile banking services through CEPTETEB, which was restored in line with the simplicity of the Bank's Practical Internet Branch, and the module used for cardless withdrawals from ATMs. As a result, the number of customers benefiting from TEB's internet and mobile banking services tripled in 2012.

Massive interest in TEB BNP Paribas WTA Championships 2012

The world's best eight women tennis players competed against each other at the 2nd TEB BNP Paribas WTA Championships in 2012. The tournament, held with a record 70,000 viewers who attended from many cities around the world and in Turkey, was also viewed on television by 800 million viewers all over the world. The tournament, which

turned into a major sports event, also contributed greatly to the promotion of our Bank and the city of Istanbul. TEB moreover signed a collaboration agreement with the Turkish Tennis Federation to create alternative areas of sport for young people. As the primary sponsor of the Turkish Tennis Federation, TEB offered infrastructure support to Turkish tennis players under the age of 18, in a bid to produce star tennis players from our country and raise the popularity of tennis in Turkey. With the "Street Tennis" organization held in 2012, TEB aimed to bring tennis to the street, to foster a love of tennis among Turkish people, and to encourage the raising of licensed tennis players. TEB will continue steadfastly to support sport.

Happy Employees - Satisfied Customers
After carrying out a number of critical activities in 2012, in 2013 we will focus on the contentment of TEB employees and customer satisfaction.

In the current global economic environment, TEB will remain a staunch supporter of manufacturing industry, backed by a widespread field organization and intensive communication with its customers, as well as a product and service portfolio that is able to meet all types of needs.

In line with the developments in the world and in Turkey, our Bank is determined to maintain the growth trend in its credit portfolio in 2013, without compromising its healthy credit policies. We aim to ensure that the growth of our balance sheet in 2013 comes predominantly on the back of increasing credit volume, as in 2012. On the other hand, within the scope of our target to increase the number of our customers, we will continue in 2013 to manage our branch network based on the principles of productivity and efficiency. In this context, we will keep close view of the developments in markets and competition conditions, while giving priority to those areas that bear the potential for increased market share.

Driven by its vision, our Bank aims to establish an ideal working environment for its employees, to offer high quality services to its customers and to generate profit for its shareholders in a sustainable manner. In line with this vision, TEB will continue to produce customer-oriented innovative solutions based on the principles of efficiency and productivity, in accordance with the rules of risk management in order to grow sustainably and profitably.

TEB continues to press ahead with determination, with the support of its strong human resources, a healthy financial structure, a wide service network and the valuable support of its shareholders, which grows day by day. The presence of a global partner as big as and as strong as BNP Paribas furnishes our Bank with a significant opportunity to enhance its local know-how and capabilities on a universal scale, and to offer them to our customers. Through all of the initiatives aimed at further strengthening the TEB brand in Turkey, we continue to progress with determination, as we always have in our 85 year history.

On behalf of everyone at TEB, I would like to take this opportunity to extend my gratitude to our shareholders for their continuous support, our customers and business partners for their trust and all of our employees for their valuable efforts.

Yours sincerely,

Varol Civil
CEO

OVERVIEW OF THE ECONOMY AND THE SECTOR IN 2012

The ongoing debt problem in Eurozone and the fiscal cliff and dispute concerning the debt ceiling in the USA have taken their toll on global markets.

On the other hand, however, central banks of developed countries that have expanded their balance sheet sizes through additional bond purchases continued to apply supportive monetary policies in 2012. The FED's open-ended quantitative loosening decision, the ECB's commitment to support the European bond market and the BoJ's additional bond purchases has all supported the financial system. However, the fragility in consumer and investor trust has kept consumption and investment expenditures under pressure. Consequently, global economic activity continued to exhibit a weak performance.

Turkey's GDP is estimated to have grown by 2.5% in 2012

Turkey's growth slowed down as the CBT began to apply monetary tightening in the last quarter of 2011 and through the first half of 2012. The loose monetary policy, which has been implemented since the second half of 2012, allowed economic activity to gain momentum from the last quarter of the year. In the light of these figures, Turkey's GP is forecasted to grow by around 4.5% during 2013. Meanwhile, Fitch – an international credit rating agency – raised Turkey's credit rating to investible grade.

Inflation ended the year 2012 at 6.2%, exceeding the CBT's inflation target

As the stability of the TL and a benign trend in food prices supported the inflation outlook, the rate of CPI inflation declined from 10.4% in 2011 to 6.2% in 2012; however, this still exceeded the CBT's inflation target of 5%. Inflation is projected to inch up to around 7% in 2013.

CBT starts to lower funding costs in second half of the year amid weakening domestic demand, and lowers policy interest rate to 5.50% in December 2012

The positive outlook for inflation rates strengthened the CBT's hand. From the middle of 2012, the CBT started to increase the amount of liquidity injected into the market through daily

repurchase auctions, thus allowing average funding cost to banks to fall from 10.5% to 5.5%. Accordingly, money market interest rates were low throughout the year. As banks' funding costs declined, loan interest rates of loans have gradually fallen, offering momentum to consumer loan growth in the last quarter of the year. Meanwhile, the CBT aims to prevent an overvaluation of the Turkish Lira which could come on the back of increased fund inflow in the wake of Fitch's credit rating upgrade. In this context, the CBT drew attention to the progress of the real effective exchange rate (REER) and announced that a REER index of 120 would indicate an overvaluation of the TL. The CBT also expressed that it would carry out additional interest rate cuts in the event of a REER index of 120 and adopt a new policy in the event of a REER index of 130.

A new tool as part of the required reserve practice – the CBT's reserve option mechanism

In 2012, the CBT gradually increased the amounts of FX and gold that banks could hold as a proportion of their banks' required TL reserves, and applied reserve option coefficients (ROC) to determine the amounts of foreign currency or gold required to meet each TL of the required reserves. These practices forced banks to lower their currency swap positions, while raising the CBT's gross FX reserves.

Global liquidity remains abundant

As the central banks of developed countries continued to extend increasing amounts of liquidity, capital inflows remained strong; as a result, US\$ 16.2 billion worth of foreign investment entered the Turkish bond market in 2012. Turkey faced no difficulty in external financing thanks to the global liquidity conditions and the increase in the country's credit rating. Moreover, in line with the balancing of the Turkish economy, the current account deficit/GDP ratio declined from 10% in 2011 to 6.1% in 2012. However, as domestic demand began to rally in the last quarter of 2012, the current account deficit is projected to widen again, with the current account deficit/GDP ratio set to reach 7% in 2013.

The Turkish banking system maintains its strong structure

The sector's capital adequacy ratio, which had stood at 16.5% at the end of 2011, rose to 17.9% by the end of 2012. Accordingly, the banking sector succeeded in expanding its asset base by 13%, its loan volume by 16% and its deposits by 11% by the end of 2012, when compared to its 2011 levels. As the public sector's borrowing needs were reduced, the banks' securities portfolio declined by 5%.

Turkish Banking Sector Data		
	2011 December	2012 December
Total Assets	TL 1.22 trillion	TL 1.37 trillion
Credit Volume	TL 683 billion	TL 795 billion
Marketable Securities Portfolio	TL 285 billion	TL 270 billion
Deposit Volume	TL 695 billion	TL 772 billion

TÜRK EKONOMİ BANKASI İN 2012

GENERAL OVERVIEW

TEB successfully closed the 2012 operating year with a pre-tax profit of TL 640.7 million and a net profit of TL 485.6 million.

As of December 31st, 2012, TEB's total assets had grown by 14% YoY to reach TL 43.5 billion. Loans, which are TEB's most important indicator of the support it provides to the national economy and its customers, increased by 16% YoY to reach TL 29.7 billion. Of the total loan volume - that constitutes 68% of TEB's total assets - the share of loans extended to SMEs, which represent the backbone of the national economy, reached 45%. The ratio of non-performing loans was just 2.1%, as a result of TEB's cautious growth approach, which also pays attention to asset quality.

TEB's total deposits increased by 26% during the year – twice the sector growth rate - to reach TL 28.7 billion at the end of 2012. Accordingly, TEB increased its market share in total deposit volumes. In line with its strategy of expanding its deposit base, TEB chalked up 41% growth in volumes of personal deposits. Although deposits, accounting for 66% of total liabilities, are TEB's primary funding resource, TEB has moved to diversify its financial resources in line with changing market conditions and to offer alternative products to account owners. To this end, in 2012, TEB offered TL 744 million of nominally valued bank bonds to the domestic markets. Most of the bonds had a maturity of 1 year.

TEB concluded the year 2012 with a net profit of TL 486 million, corresponding to a 135% YoY increase, indicative of TEB's strong performance in basic banking activities in 2012, as well as its increasing its operational efficiency.

With shareholders' equity having increased by 14% to TL 4.8 billion in 2012, TEB's capital adequacy ratio, calculated in accordance with Basel II standards, stood at 15.2% in the same period.

TEB'S POSITION IN THE SECTOR

TEB's financial highlights, its market shares and movements in these market shares as of December 31st, 2012 and December 31st, 2011 are provided below.

(TL million)	31.12.2012			31.12.2011		
	TEB	Sector	TEB's Share (%)	TEB	Sector	TEB's Share (%)
Total Assets	43,532	1,370,739	3.18	38,092	1,217,695	3.13
Total Loans	29,686	812,602	3.65	25,652	700,166	3.66
Total Deposits	28,727	819,067	3.51	22,887	739,470	3.10
Number of Branches	509	11,066	4.60	507	10,517	4.82
Number of Personnel	9,288	201,474	4.61	9,356	195,271	4.79

Source (sectoral figures: December 2012 Monthly Bulletin, Banking Regulation and Supervision Agency)

In an evaluation conducted in 2012 based on the Bank's 2011 balance sheet,

- TEB's total assets grew by 14.3% in 2012.
- TEB's shareholders' equity reached TL 4.806 billion.
- The share of total deposits in the balance sheet reached 66%
- The Bank expanded its credit portfolio by 16% YoY, while its loans/total assets ratio increased from 67.3% to 68.2%.
- The Bank's ratio of non-performing loans closed the year at 2.14%, a result of the Bank's strong loan policies and cautious risk approach.
- The Bank's loans/deposits ratio stood at 103.3% at the end of 2012 with a capital adequacy ratio of 15.2%, and a return on equity of 12.77%.

In this period, TEB's performance results, which are summarized above, indicate the Bank's considerable success in 2012.

AWARDS

BNP Paribas-Group Innovation Award

- TEB Special iPad Application

BNP Paribas Innovation Award-2012

- The “Innovation Award” in the category of “Administrative Practices That Support Innovation” in recognition of the project entitled “Creative Café & Mind Idea Campus”

Stevie International Business Awards

- “Bronze Award” in the category of the “Best Marketing Campaign of the Year” in recognition of TEB’s Paran Hazır (Your Money Is Ready) Account
- “Bronze Award” in the category of the “Best Product Development and Management Department of the Year” in recognition of the efforts of the Private Loans, WU Marketing and Business Development Departments
- “Bronze Award” in the category of the “Best Customer Services Team of the Year” in recognition of TEB’s Multichannel CRM Practices Department
- The “Best in its Class” Award in the category of Financial Services in recognition of TEB’s Corporate and Star Banking internet branches
- “Silver Award” in the category of the “Best Call Center Training Team of the Year” Award in honor of TEB’s Call Center Training team
- “Bronze Award” in the category of the “Best Call Center of the Year” in honor of TEB’s Call Center team
- “Bronze Award” in the category, “Stevie Awards National Sales Team of the Year”, in recognition of the Direct Sales team
- Bronze Stevie Award in the category of the “Best Managing Team of the Year” in recognition of TEB’s SME Banking Group
- Bronze Stevie Award in the category of the “Best New Product/Service of the Year” with TEB’s Employment Package
- Bronze Stevie Award in the category, “Best Organization”, in recognition of the achievements of the TEB SME Academy

Stevie for Sales & Customer Awards

- Bronze Stevie Award in the category, “Best Relationship Solution”, in honor of the TEB SME Olympics

- Bronze Stevie Award in the category, “Innovation in Customer Services”, to honor the efforts of TEB SME Consultants

WTA- Billie Jean King Award

- TEB was deemed worthy of the WTA Billie Jean King Award.

Contact Center World.com Awards

- “Golden Award” in the category, “Best Instructor”, in the EMEA region
- “Bronze Award” in the category, ‘Best Customer Representative’
- “Second Place” in the category, “Best Instructor”, in the world finals

Crème de la Crème Business Awards

- “Outstanding Success Award” to TEB’s Private Banking and Üniversitesi TE websites

Global Finance

In 2012, TEB’s Corporate Internet Branch was deemed worthy of the “Turkey’s Best Corporate Internet Branch” award, courtesy of Global Finance.

European Business Awards

- “National Champion” with TEB SME Consultants

Best Business Awards

- Outstanding Successful Business Award in the category, “Best Product and Service Package” in honor of TEB’s SME Banking approach (value added services)

European Enterprise Promotion Awards

- “Turkey National Winner” in the category, ‘Improving the Business Environment’, in recognition of the TEB SME Consultants project.

IMI Conference Turkey Call Center Awards

- “First Place” in the category, “Best Call Center Performance Development”, in honor of TEB’s Call Center Team

Interactive Media Awards

- Outstanding Success Award in the category, “Television”, in recognition of TEB SME TV

- Outstanding Success Award in the category, “Education”, in honor of the TEB SME Academy

Golden Spider Web Awards

- “Winning Award” for TEB’s Practical Internet Branch

Golden Compass Public Relations Awards

- “Golden Compass” in the category, “Financial Services and Investor Relations”, given in recognition of TEB’s Vehicle Loan Campaign

TEB CORPORATE BANKING GROUP

CORPORATE BANKING

TEB Corporate Banking offers its customers a wide array of products and services, including foreign trade finance, operating and investment loans, cash and risk management products, standard treasury products or derivatives and project finance.

TEB serves those customers with annual turnover equal to or exceeding TL 30 million through a total of 20 Corporate Centers, ten of which are located in Istanbul. TEB also offers its customers the highest level use of TEB's and BNP Paribas' products and services.

TEB continues to further deepen its relations with its customers through its Corporate Branches and specialized staff, as well as its Trade Centers, Customer Support Center, and the special structure that it has established with multinational firms and the cooperation it has built with BNP Paribas and other Group companies.

In 2013, TEB aims to keep customer satisfaction at a maximum level by meeting its customers' unique banking needs in continuously changing financial markets and in the intensively competitive environment, and to strengthen its image as a strong and trustworthy bank in the field of Corporate Banking. The Bank will continue to render services in line with its target of becoming the first bank that comes to mind for TEB customers in every required product in the field of corporate banking.

Having focused intensively on foreign trade since the 1980's, TEB makes a difference in the sector with the strength brought by the global presence of its partner, BNP Paribas.

BNP Paribas was among the first three banks in the world and the first bank in Europe to offer foreign trade finance. Active in 80 different countries and with Trade Centers in 100 locations in 64 countries, BNP Paribas supports TEB's competitive strength in this area.

TEB, in cooperation with more than 2,095 correspondent banks, develops new relations in

line with the needs of its customers. In 2012, TEB succeeded in raising its market shares in a number of different areas and produced different solutions for various needs in international trade.

TEB is today able to confirm the letters of credit of more than 100 banks in 13 countries in the Middle East and total of 171 banks in 44 countries in Africa, including developing countries and some of the world's the riskiest countries. The Bank also offers methods and solutions to aims at minimizing risk, and provides letter of guarantee for counter guarantees and discounted export receivables.

TEB helps its customers access the markets in various countries in Asia, the Middle East and Africa, areas where Turkey has recently been developing trade relations. In this context, the Bank has offered its customers operational solutions, such as Foreign Trade Legislation Hotline and the Letter of Guarantee Preparation Service.

TEB customers can easily transfer money to more than 180 countries

Aiming to meet its customers' money transfer needs in local currency in connection with their investments in different countries, TEB offers its customers the opportunity to send money to more than 180 foreign countries in 135 different currencies through its correspondent banks.

Thanks to the 'Intra Turkey' agreements that TEB entered into with its Euro and US\$ correspondents, special prices are applied to FX transfers within Turkey. As such, TEB customers' transactions for the transfer of money in € or US\$ denominations within Turkey are completed on the same day as the value date and in a cost-efficient manner.

According to data provided by the Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T SCRL), TEB holds a 5.6% market share in the number of letters of credit issued by Turkish companies and an 11% market share in the number of letters of guarantee and Stand-By L/Cs issued by Turkish companies, on the basis of the number of transactions. According to studies conducted by S.W.I.F.T SCRL, TEB holds a 7.7%

market share in the number of letters of credit issued to Turkish companies and an 8.8% market share in the number of counter guarantee and Stand-By L/Cs provided to Turkish companies, on the basis of the number of transactions.

With the agreement signed with the Bank of China (Hong Kong) Limited, TEB became the first bank in Turkey to perform financial transactions with the Chinese Yuan.

With this agreement, TEB offered its customers the opportunity to send and receive money from China through their Yuan accounts and carry out foreign trade transactions in Yuan denominations. As of 2012, TEB's corporate customers began to perform onshore Renminbi (Yuan) transactions through the account opened at the Beijing Branch of Bank of China Ltd.

According to data provided by S.W.I.F.T SCRL, TEB holds a 9.9% market share in the number of money transfers from Turkey and a 4.3% market share in the number of money transfers to Turkey in terms of the number of transactions.

In 2012, TEB maintained its position as one of the leading banks in terms of providing long-term resources required by the Turkish business world, thanks to the relations it has built with international banks and financial institutions.

Despite a sharp contraction in the volume of funding facilities abroad, TEB has continued to finance its customers' long-term investments at competitive costs, thanks to its close and long established relations with banks, as well as its cooperation with BNP Paribas.

TEB renewed the 1-year maturity syndication loan that matured in 2012. Directing this loan to support exporters, TEB received a syndication loan 110% larger than the previous loan. The syndication loan, which was received in denominations of two different currencies, amounted to US\$ 431 million in total.

Within the framework of the second tranche of the EFIL IV loan offered to exporters in accordance with the agreement signed with TSKB, the intermediate bank, the total volume of loans extended by TEB to corporate customers had

reached US\$ 19,950,000 and € 12,800,000 as of December 2012.

In 2012, TEB received subordinated debt by issuing bonds to international markets through BNP Paribas. These bonds, totaling € 100 million and US\$ 65 million, have a 12-year maturity and TEB has an option for early repayment at the end of a 7-year period. Depending on trends concerning risky assets, the Bank plans to undertake further subordinated borrowing through similar financial instruments in 2013.

TEB Trade Centers

As Turkish businesses have expanded and diversified their markets, TEB has set up infrastructure to allow its customers to benefit from the opportunities introduced by BNP Paribas, which operates in 80 countries

TEB Trade Centers are located in Istanbul, Izmir, Adana, Ankara and Bursa, which account for almost 70% of Turkish foreign trade volume, provide special facilities.

Creative foreign trade finance models, designed to best fit customers' needs, are developed through the expertise of TEB and BNP Paribas in the field of foreign trade finance, along with their wide correspondent networks, while appropriate solutions are offered in a rapid and cost-efficient manner by making use of BNP Paribas's worldwide network.

Thanks to receivables finance, supply finance and stock solutions - the Supply Chain Finance products developed by BNP Paribas - customizable models are developed in line with the operating capital and balance sheet management needs of customers with high trading volume.

In addition to extending finance to hazelnut and tobacco producers, an area where the Bank is traditionally strong, solutions are also being developed with the aim of financing commodities such as grain, vegetable oil, synthetic rubber, raw materials for plastics, concentrated fruit and chrome ore. With professional assistance in these areas, TEB restructures its customers' financial

needs from supply to the collection of revenues both in the domestic market and in foreign trade.

Through its Foreign Trade Training programs, TEB provides its foreign trade customers with the basic foreign trade information required by these customers in executing their business reliably, as well as information on primary risks and technical data. These programs are organized on a face-to-face basis, or with the participation of a number of customers.

As part of a series of seminars entitled “How to do business”, seminars on following topics were held in 2012: “How to do business in Belgium” and “How to do business in China”

These seminars, held with the participation of representatives of the subsidiaries of the BNP Paribas Group in these countries, officials from the offices of related commercial counselors and other authorities dealing with commercial issues, seek to ensure that existing and potential customers trading with these countries, or planning to do so, are informed by the most qualified individuals. Country seminars, attended by a number of company executives, will continue provide a valuable source of knowledge for exporters in the years to come as well.

Thanks to the Eximbank insurance implemented in accordance with the protocol signed by TEB and Türk Eximbank, short-, medium- and long-term export receivables can be discounted by supplying them to exporters as loans. As such, exporters are provided with the necessary financial support for their insured receivables.

CASH MANAGEMENT

In 2012 TEB’s Cash Management Unit continued to develop innovative and customer-oriented services and products, which were deemed worthy of many prestigious awards in the international platform.

TEB received awards in two separate categories in the 13th “Europe’s Best Banks” contest organized by Global Finance – one of the world’s most respected business and finance magazines. Thus, the Bank proved that it is one step ahead of its rivals with the TEB Corporate Internet Branch, which was chosen as “Turkey’s Best Corporate Internet Bank”. In addition, standing out among its rivals, TEB also received the award, “Europe’s Best Online Cash Management Service Provider”.

By keeping a close view of contemporary trends, the Cash Management Unit at TEB allowed companies to take advantage of developments in mobile technologies for the first time

This year, CepPOS joined Mobil DBS and MobiliteB in TEB’s portfolio of innovative mobile collection products. CepPOS was deemed worthy of the Bronze Award in the category, “Best New Product and Product Management” at the International Stevie Awards 2012. With CepPOS, the Cash Management Unit added the POS device feature to mobile phones without the need for any additional apparatus – a world first. This way, mobile phones can be used as a payment instrument instead of credit cards, while CepPOS can be used as a collection instrument instead of a POS device.

Following the new Cheque Law dated: July 1st, 2012, TEB implemented the sector’s first Direct Debit System (DDS) with installments in order to offer an alternative solution for those companies seeking collection systems with a bank guarantee.

TEB SME BANKING GROUP

Aiming to maximize customer satisfaction by designing products and services with a particular focus on customers and their needs, the TEB SME Banking Group continued to make a difference in the sector in 2012 with its vision as the “consultant bank of its customers”.

In 2012, the TEB SME Banking Group introduced its innovative banking approach to a wider client base, while rising penetration in the SME segment precipitated gains in the Bank’s market shares. According to figures pertaining to the end of 2012 published by the BRSA, the Bank commands a 6.51% market share in cash loans (SMEs) and a 10.4% market share in non-cash loans (SMEs).

In 2012 TEB started to work on alternative service models in line with changing customer needs and the Bank’s target of more effective cost management, and implemented a pilot study for the “Mobile Customer Representative” project.

Continuing to support the sector by organizing conferences

Aiming to support SMEs in their efforts to get a step ahead of the national and global competition by providing them with information on enterprise management, TEB continued to organize SME Academy training sessions in 2012, providing training to 2,500 people in eight cities during this period. Accordingly, the total number of business people reached by TEB through such training sessions in the last 7 years reached 16,000.

Since 2008, TEB has been holding Future Strategy Conferences, which allow sectors to establish their mid- and long-term development plans and to shape their future strategies. One of the Future Strategy Conferences held in 2012 focused on the tourism sector, and the report from the conference was delivered to Mr. Ertuğrul Günay – the Minister for Culture and Tourism – and released to the public in January.

In addition to the tourism sector, another Future Strategy Conference was held for the agricultural sector, which is of tremendous importance for the national economy and a sector which TEB has helped formulate future strategies for. The final

report of this conference was released to the public during the “TEB SME Academy-Agriculture Sector Meetings” event on December 13th, 2012.

Services for the convenience of SME’s

The **TEB SME Consultants** service analyzes SMEs not only from a financial perspective, but also from the perspective of their production, sales-marketing, organizational structure, management strategy and human resources. The service reached a broader client base in 2012, continuing to contribute positively to customers’ business results.

The first internet TV in the sector to serve SMEs, TEB SME TV reached more than 4.5 million visitors in 2012. With over 122,000 members and an archive of around 6,000 videos, TEB SME TV maintains its importance in the sector.

Aiming to simplify the daily lives of SME’s, solve some of the problems they face (such as finding the right product and reaching the seller) in purchase and supply processes, and to offer discounts of up to 50% in their purchases, the **SME CLUB** platform continued to offer very favorable advantages for TEB’s corporate customers in 2012.

TEB widened the diversity of its business partners with the participation of the American Culture Association Language Schools and Türk Barter.

One of TEB’s most important projects in this area has been the partnership which TEB has entered into with the **Credit Guarantee Fund (KGF)**. TEB is also a shareholder of the KGF, which serves those SMEs experiencing problems in finding guarantees. By becoming involved in KGF’s projects, TEB is able to offer unique solutions to SMEs. In 2012 TEB conducted another new joint project with the Credit Guarantee Fund (KGF), in order to help solve the finance problems faced by SMEs, agricultural enterprises and cooperatives operating in cities, which are on the Baku-Tbilisi-Ceyhan Oil Pipeline route and to improve the economic performance of micro-, small- and mid-sized enterprises (MSMEs) and individual entrepreneurs. Within the scope of this \$25 million project, which was created with the partnership between the KGF and the company,

BTC, recently established firms have also been supplied with loans.

TEB and the French Development Agency (Agence Française de Développement –AFD) entered a project of cooperation in 2007, in order to help spread the concept of Corporate Social Responsibility among SME's in Turkey. Within the scope of such cooperation, SME's are able to access long-term and cost-efficient loans and attend training and conferences free-of-charge under the CSR concept. As part of the loan program, TEB maintained its efforts to raise awareness on the CSR concept during 2012 through CR audits and activities such as e-learning. Furthermore, CSR-themed conferences were held in 2012 for all existing and potential customers. TEB especially worked to introduce the CSR concept to companies operating in the automotive and textiles sectors in a conference entitled "Branding in the Automotive Sector and Understanding Responsibility in Institutionalization" held in Bursa and in the conference entitled "Responsible Supply Chain Management in Textiles" held in Kahramanmaraş.

The International Finance Cooperation (IFC) prepared a case study in 2011, in which TEB was highlighted by the IFC as one of the world's best three banks in the category, "Offering Non-Financial Services to SMEs". The conference was presented to the world in a press conference held by senior IFC executives in 2012.

In order to share this success story with other banks in emerging markets, TEB sent a guest speaker to the IFC SME Banking Conferences held in Lebanon, South Africa, Pakistan, Bangladesh, Tunisia and Nigeria in 2012, sharing its experiences in SME banking.

TEB SME Academy

The TEB SME Academy embarked on efforts to adapt TEB SME Club's services to the BRAC Bank, one of Bangladesh's major banks. TEB goes to great lengths to transfer know-how from BNP Paribas through synergic collaborations. To this end, TEB sent a guest speaker to the strategy meetings held at Ukrsibbank, one of the banks under the roof of BNP Paribas, and which shares its approach to SME Banking. TEB also began to provide active support so that services such as the

TEB SME Academy can be adapted to the Ukrainian market.

TEB SMALL BUSINESS BANKING

TEB Small Business Banking, with its wide product range, aims to produce solutions for all of its customers' financial needs from a single location, and to be the first bank to come to mind in the field of small business banking. TEB's Small Business Banking unit has progressed rapidly to be one of the sector's leading and dynamic players with its customer-oriented approach and wide branch network.

POS, one of the most important products in acquiring new customers, maintained its importance for the small business segment in 2012.

In 2011, TEB began to offer a new service, entitled "TEB Small Business Experts", in order to assess the problems encountered by its customers in the Small Business segment during the management of their business - with a point of view beyond banking - and to offer comprehensive solution packages.

Aiming to ensure that Small Business Customer Relations Managers serve as more competent bank officers by providing them with one year of training on small business management, this practice gained momentum in 2012, further strengthening the Bank's relations with its customers. Small Business Customer Relations Managers are required to undergo training on a range of topics, including preparation of business plans, development of long-term growth strategies, and improvement of marketing and sales activities. Small Business Customer Relations Managers are responsible for assessing customers, not only with respect to finance management, but also in areas such as production, marketing, human resources and foreign trade, offering solutions and proposals for customers' existing problems and helping them prepare for any problems they may encounter. The Small Business Customer Relations Managers, who completed their training in 2012, have brought a breath of fresh air to the sector in the area of customer management by bringing different points of view to TEB customers.

Helping small businesses grow by providing consultancy services, TEB has taken one step further by launching the Techno-Entrepreneur Support Package in 2011. The Bank continued to offer this package to techno-entrepreneurs in 2012.

In 2012 TEB focused on special training programs, which would help prepare techno-entrepreneurs for competition on a global scale and improve their visions. In these training sessions, TEB sought to prepare young entrepreneurs for business life in the following areas:

- The building blocks of small business,
- Small business management,
- Preparation of business plans,
- Marketing-sales management,
- Growth scenarios in small businesses

In 2012, more than 10 training programs were held in Istanbul, Ankara and Izmir; more than 1,400 techno-entrepreneurs/techno-entrepreneur candidates participated in these programs. The projects undertaken by techno-entrepreneurs were exhibited and introduced to investors in the TEB booth at the Techno-Entrepreneur Summit, which was jointly held by TEB and Ministry of Science, Industry and Technology of the Republic of Turkey, as well as in TEB's booths at the CeBIT fair and TIM (Turkish Exporters Assembly) Innovation Week.

TEB AGRICULTURAL BANKING

With one of the sector's largest product portfolios in Agricultural Banking, TEB closed 2012 with a credit volume of more than TL 1 billion in agricultural loans, becoming one of the fastest growing banks in this area.

One of the greatest advantages of TEB's Agricultural Banking Group is that TEB's personnel who are employed in the branches, regional directorates and the head office are under the supervision of a group of managers who have extensive knowledge of the agricultural sector. The bank's approach in designing products and services according to its customers' needs is one of the factors which sets TEB apart in the sector.

Aiming to acquire new customers and raise its market share, TEB developed new products in 2012 while effecting improvements to its existing products in a bid to prioritize customer satisfaction.

TEB sought to increase customer satisfaction by undertaking improvements in the "Harman Kart", an indispensable facility for manufacturers enabling them to complete their payments from harvest to harvest. TEB also offered special advantages to manufacturers in 2012 through campaigns such as "World Farmers Day" and "Vehicles and Houses for Farmers".

One of TEB's primary targets in 2012 was to develop collaboration with the major players of the sector, in addition to offering special financial solutions. Thanks to collaborative agreements that TEB has reached with SHELL Turkey – the most popular fuel oil company for manufacturers – and Toros Tarım, the sector leader in the field of fertilizers, TEB began to offer especially attractive advantages to manufacturers with respect to input costs.

In 2012 TEB began to carry its "consultant bank" approach in the SME Banking segment to the Agricultural Banking segment and prepared product-based marketing and sales strategies, helping field personnel raise their sales and marketing performance.

As well as providing financial support to the growth efforts of small businesses operating in the agricultural sector, a new training program

was prepared and implemented by the TEB SME Academy for the agriculture sector in a bid to provide small businesses with information on small business management. With the vision of introducing a visionary point of view to agricultural enterprises through interactive workshops, “TEB SME Academy-Agriculture Meetings” aim to provide practical information to agricultural enterprises on topics such as small business management, long-term strategic development, agricultural marketing and foreign trade.

TEB GOLD BANKING

In 2012 TEB Gold Banking sought to offer its customers alternative investment tools and enable them to expand their investment portfolios.

As gold prices maintained their upward trend in 2012, gold capital assumed greater importance for major wholesalers and manufacturers operating in the jewelry sector and who work under the franchise and dealership system. In 2012, TEB became the sector leader in gold loans with a 35% market share, financing its customers' short- and long-term needs.

Offering the Silver Account to its individual and corporate customers in April, TEB expanded its product diversity, along with a number of other banks in the sector. Through the Jewelry Collection System that aims to include jewelry invoice payments in the banking system following gold payments, TEB began to create resources for companies engaged in jewelry dealing. Moreover, by entering regional collaborations, the Bank carried out efforts that would support the acquisition of new customers. The Bank also gained the opportunity to access a number of new companies through protocols that it signed with the Adana and Antalya Chambers of Jewelers.

Another target of the Gold Banking Group in 2012 was to enable its customers to undertake their transactions in alternative delivery channels in an easy and rapid way. Following the Bank's implementations in this area, TEB's individual and corporate customers are now able to carry out gold and silver trade 24/7 through alternative channels, such as Internet Banking, ATM and Phone Banking.

Besides providing financial support to the jewelry sector, TEB Gold Banking continued in 2012 its activities, which would further deepen its communication with the sector. Such events that are especially important for the sector as 34th Istanbul Jewelry Fair, Izmir Chamber of Jewelers 60th Anniversary Ball, Karadeniz Gold Expo, etc., were organized with TEB Gold Banking Group's sponsorship. Moreover, TEB Gold Banking Group met with the leading jewelers of the city in Manisa, Denizli, Aydın, Uşak, Ankara, Bursa, Adapazarı, Düzce, Adana, Izmir and Diyarbakır, holding informative meetings on the jewelry sector and the global gold markets.

TEB PUBLIC BANKING

When its Public Banking Group opened for business in 2009, TEB became one of just two private banks in the sector to serve local administrations.

By offering unique banking products and services to this area, which had previously been completely under the monopoly of public banks for various legal reasons, TEB has gone to great lengths to improve service processes. To this end, TEB offers fully sector-specific products which meet the sector's the financial needs under more viable conditions. The Bank also offers technological cash management solutions to local administrations regarding collections.

TEB Public Banking launches the sector's first *surcharge* practice for collections made from credit cards.

In 2012, TEB Public Banking allocated a credit limit of more than TL 500 million to around 200 municipalities and municipality subsidiaries. The Group collected more than TL 600 million in 2012 in a wide array of categories, from property tax to the legal share accounts for the İller Bank.

TEB RETAIL AND PRIVATE BANKING GROUP

TEB PRIVATE BANKING

In 2012 TEB Private Banking increased its number of customers by 21% and its total assets by 44%.

Offering private banking services under Asset Management since 1989, TEB was the first bank in the sector to offer private banking and asset management services in real terms. The “TEB Special Services” approach was designed and implemented in 2012.

Under this approach, TEB takes the needs and requests of its Private Banking customers and their family members into account, providing service based on the principle of single contact.

Private banking customers, who enjoy access to basic banking products, also benefit from the **Private Asset Management Service** provided by TEB Portföy AŞ. In addition, TEB offers consultancy services in a bid to generate solutions for the non-financial needs of its Private Banking customers. One such service provided by TEB Private Banking is the **Luxury and Commercial Real Estate Consultancy**. TEB collaborates with Sotheby’s Turkey in the luxury property category, while selected properties are advertised in the Luxurious Real Estate portfolio on a monthly basis from TEB’s Special iPad application. In the commercial real estate category, TEB offers solutions to its Private Banking customers in cooperation with Kuzey Batı Gayrimenkul, the Turkish business partner of BNP Paribas Real Estate, which is one of Europe’s largest players in this category.

TEB Private Banking customers are entitled to the TEB Special Platinum Card and the TEB Special World Signia Card, the most comprehensive and privileged card offered by Master Card. The comprehensive insurance package included with the TEB Special World Signia Card provides convenience and assurance when travelling, while the Priority Pass Card provided with the TEB Special World Signia Card offers cardholders access to a number of airport lounges throughout the world. Also providing a 10% refund for every 100 TL/US\$/Euros spent in restaurants and hotels both in and outside Turkey, the TEB Special Signia

Card is deemed to be one of the most sought after credit cards.

Launched at the end of 2011, the TEB Private **iPad Application** won wide acclaim in the BNP Paribas Innovation Awards. The **iPad Application**, designed as a special platform for Private Banking customers, offers TEB Private Banking customers access to market commentaries and videos with financial commentaries, which are updated on a daily basis. The same application also provides TEB customers with information on TEB’s events. TEB’s Private Banking customers can carry out video calls with customer representatives through this platform.

Private Real Estate Service for Private Banking Customers

TEB has entered cooperation with a number of companies to offer a wide array of services concerning real estate, as required by its customers, both individually and commercially. Customers wishing to make use of such services, not only in Turkey but globally, have the opportunity to reach real estate consultants at BNP Paribas Wealth Management.

In 2012, TEB Private Banking was involved in a number of selective events in the fields of art, sports and finance.

In the first half of the year, TEB Private Banking and The Marmara Collection sponsored the BAYK 2012 Winter Trophy. Throughout the year, TEB introduced private banking customers to experts from various branches of the arts under the “TEB Private Speeches”, which took place in many Turkish cities.

For TEB Private Banking, the biggest event in 2012 was the Viola Camp held in collaboration with the Iznik Foundation Viola Community in November in Istanbul.

TEB Private Banking sponsored the Iznik Foundation Viola Camp, held for the 7th time in 2012 by the Iznik Foundation, and the Iznik Foundation Viola Community Concert held in Istanbul on November 26th.

TEB RETAIL BANKING

TEB RETAIL SALES ACADEMY

In 2012 TEB Retail Sales Academy identified areas of development and carried out various activities aimed at:

- ensuring sustainable and efficient growth,
- developing a different point view in customer management,
- offering the right product to the right customers,
- becoming a brand that is taken as a model

With this project, which represented a first in Turkey, TEB has aimed to look at the banking sector under a wider perspective which covers the entire system. To this end, the TEB Retail Sales Academy aims to offer alternative solutions by analyzing the needs and expectations of customers with a long-term perspective and by focusing not only banking products, but also on the entire financial lives of customers.

TEB entered cooperation with “Bosporus University”, one of Turkey’s most highly respected education institutions, in a bid to improve its Retail and Star Banking teams of TEB employees, those who best understand their customers, who are well-equipped and those who offer financial solutions to their customers the most effective way. The 6-module TEB Retail Sales Academy opened its doors on July 26th. A total of 60 Customer Representatives participated in the Bosporus Certification program in 2012.

DIRECT SALES CHANNEL

TEB believes that the Direct Sales Channel is vitally important in terms of acquiring new customers. The Bank focused mainly on selling credit cards and consumer loans through this channel, which accounted for 36% of the Bank’s total credit card sales in 2012, up from the 22% in 2011.

Star Banking

TEB Star Banking customers have now become members of a privileged group on a global scale. In 2012, the Bank became a member of BNP Paribas Priority, which brings BNP Paribas – TEB’s global partner and one of the world’s strongest banks, together with customers from middle and upper income groups in Turkey, France, Italy, Belgium and Luxemburg under a single roof. This

development has opened the doors of a world full of privileges for TEB Star Banking customers.

By using their bank cards, TEB Star Banking Customers can now draw money free of charge from BNP Paribas ATM’s or the ATMs of any of its affiliated banks in many locations around the world. Through the Easy Appointment System, TEB Star Banking also offers its customers convenience in banking transactions at the BNP Paribas branches in 5 countries that are covered by BNP Paribas Priority. The Credit Card International Emergency Support Program ensures that new credit cards can be issued and delivered to any TEB Star Banking customer within 48 hours in the event that their credit cards are lost, stolen or become unusable abroad.

Product Development and Management

TEB offered a range of campaigns at attractive prices and with different payment options throughout 2012 in a bid to meet its customers’ loan requirements, and continued to take steps that make a difference in the sector.

‘Paran Hazır’ (Your Money Is Ready) Account

With the ‘Paran Hazır’ (Your Money Is Ready) Account, which is a new Installment Overdraft Account (ODA), TEB has released a brand new product – the first of its kind in Turkey – where TEB customers can apply for through all alternative delivery channels and Bank branches, which will cover TEB customers’ instant cash needs in installments while also allowing them to carry out their other banking transactions through their overdraft accounts.

Savings Loan

The “Savings Loan” product was offered to the market based on the idea that TEB customers can save money when they take out a loan. The “Savings Loan” refunds the booking fee collected from the customer when extending a loan, which deposits money in the customer’s account at each installment payment, and allows the customer to earn money from every banking transaction which they perform.

Deposit Management

As of 2012, TEB was the fastest growing bank among the Tier 1 or Tier 2 groups in terms of

savings deposits, according to the Q4 results announced by the BRSA.

One of TEB's deposit products, the **Marifetli (Talented) Account** allows TEB customers to increase their savings at attractive interest rates and allows instant access to their money.

With the **Mevdufon Account**, one of TEB's investment products, customers can build their savings by keeping a portion in their deposit accounts, while the remainder of their savings is invested in mutual funds.

TEB's market share in mutual funds rose from 4.95% at the beginning of 2012 to 5.62% by the end of the year.

Card Payment Systems

Having added an array of unique features to its credit cards in 2012, the Card Products Management Department continued to increase the number of advantages extended by TEB's credit cards with special offers in a range of social and cultural activities, such as restaurants, entertainment, cinemas and theaters.

- On January 11th, 2012, TEB's credit card holders were offered a 50% discount in airport car parks at Istanbul Atatürk, Istanbul Sabiha Gökçen, Ankara Esenboğa and Izmir Adnan Menderes Airports. Moreover, the holders of TEB Platinum, TEB Yıldız Platinum, TEB Özel Platinum, TEB Titanium and TEB World Signia credit cards are entitled to free access to the comforts of the "prime class" business lounges in Istanbul's Atatürk International Airport.
- TEB again set itself apart in the sector when in February 2012 it offered all TEB credit card holders a 50% discount at cinemas and theaters on weekends.
- The TEB Total Card remains unrivalled in the market, offering a 5% instant discount in sales of fuel oil and LPG at 355 contracted stations.
- TEB customers were given the opportunity to split payments which would normally be completed in one lump sum into installments, or even postpone such payments with a single

SMS, thanks to the feature known as "Buy in advance, pay with installments". TEB customers can also transfer, with just one SMS, cash from their credit cards to their deposit accounts against very low commissions.

- Launched in July 2012, the "Cash Loan" offers Bank customers to draw cash from their TEB Credit Cards with a maturity of up to 24 months.
- At TEB, money transfer and EFT transactions can be now performed through credit cards. Even if there is no money in their accounts, customers can make money transfers by using their credit cards and give order for regular money transfers.
- Thanks to the product, "Debt Transfer from Credit Card", TEB credit card holders can pay since August 2012 their credit card debts to other banks, and split them into 12 monthly installments at most with very low interest rates.
- In 2012 TEB offered credit card holders the "Cepte Para" (Money in the Pocket) facility, where customers can draw cash loans in a practical way. The "Cepte Para" facilities allows customers to instantly transfer a TL 500 cash loan to their accounts in just one SMS, and repay it to the Bank in 3 installments.

In 2012, the total POS volume of the market grew by 26%, while TEB's POS transaction volume increased by 38% to TL 23.4 billion. TEB's POS devices are used in about 120,000 locations.

- Through TEB's Corporate Internet Branch, member workplaces are offered the necessary tools to perform POS turnover analysis with reports and graphs specially prepared for workplaces, and to monitor the breakdown of POS transactions by transaction type, card type, and other criteria, as well as the breakdown of turnover information by day. Having added contactless POS devices to its already wide product range, TEB has introduced an array of innovations which bring speed and convenience in member workplaces.

- Having broken so much new ground in 2012, TEB began to offer Bonus sectoral campaigns through Bonus POS devices. Campaigns in which plus installment and installment postponement options are determined based on customer preferences drove up sales volumes in member workplaces. Bonus Amex (American Express) cards also began to be accepted by Bonus POS devices. These innovations further strengthened the TEB Bonus brand in 2012.
- A first in Turkey, TEB member workplaces can unblock their blocked POS devices through the Corporate Internet Branch.

Alternative Delivery Channels

In 2012 TEB continued to invest in digital banking channels, which it has designated as a strategic area.

In 2012 TEB invested a total of TL 30 million in ATMs. With this investment, the total number of TEB's ATMs nationwide increased by 19% YoY to 1,045 in 2012. TEB renewed its ATM network by adding the state-of-the-art ATMs, where money can be deposited and which are able to offer payment in coins.

Working to the principle of offering its customers the most comfortable and practical solutions by transforming technology into service, TEB maintained its pioneering role in the sector by introducing new innovations in 2012.

The renewed CEBTETEB has carried mobile customer experience to a whole new level. A first in the world, the feature '**Drawing Money from the ATM with QR Code and without Card**' was offered to TEB customers. The "Online Help" practice, that operates based on the web chat infrastructure, was implemented through TEB's Internet Branch. TEB customers needing assistance while using the internet branch can obtain help from TEB's customer representatives and find answers to their questions through the instant "**Online Help**" practice. For the first time in Turkey, TEB offered **the facility to monitor the Credit Registry Office's Risk Report**. TEB

customers can access this facility through TEB's internet branch.

In an effort to be closer to its customers on the web, TEB implemented the following projects: zamanyolculugu.com and TEB JR. The website at www.zamanyolculugu.com has already received a total of 1.9 million hits. The TEB Junior website, at www.tebjr.com, aims to explain the importance of saving to children on an entertaining platform.

The idea, "to design ATMs in the form of products that identify with cities where they are produced" was raised in the TEB's Smart Ideas Competition, and implemented with the opening of the **TEB's Apricot ATM in Malatya**. Since the beginning of 2012, all customers of banks affiliated to the BNP Paribas Group are able to use TEB's ATMs free-of-charge. With the improvement made in this area, TEB customers gained the **free use of more than 40,000 ATMs internationally throughout six continents**.

TEB's digital banking channels received a total of 24 awards, both in Turkey and abroad, in 2012

In 2012 TEB's Practical Internet Branch was chosen as "**Turkey's Best Internet Branch**" in the Internet Banking category at the **Golden Spider Web Awards**. Likewise, TEB's Corporate Internet Branch was deemed worthy of the "**Turkey's Best Corporate Internet Branch**" award, handed out by **Global Finance** in 2012. **TEB was able to lower its operating costs and income-cost ratio by transferring the transactions performed through branches to alternative channels throughout 2012.**

In 2012, 42% of money deposit transactions, 77% of money drawing transactions, 66% of credit card payments and 90% of money transfers were performed through digital banking channels; meanwhile, 11% of total product sales were realized through digital channels. The number of customers actively using TEB's internet branch increased by 25% YoY, while the penetration rate rose from 17% to 21%. The ratio of customers using the digital banking channels reached 82%.

TEB will maintain its pace of investment in new digital channels such as smart phones, tablet PCs

and Smart TVs in the coming period. In 2012, the Bank's **TEB Pratik Borsa** (TEB Practical Stock Exchange) which allows TEB customers to conduct equity trading and derivatives transactions through their iPhone and Android smart phones was put into practice, while a TEB practice compatible with Smart TVs was developed.

INSURANCE

TEB BANCASSURANCE

TEB collaborates with the following institutions in different branches in insurance and private pension products:

- BNP Paribas Cardif Emeklilik AŞ, (life insurance, debt protection and unemployment insurance and private pension plans)
- Zurich Sigorta AŞ (personal accident insurance and non-life elementary insurance),
- Coface Sigorta AŞ (receivables insurance)

In 2012 TEB Bancassurance continued to provide services through TEB branches, meeting its customers' needs for insurance and private pension products and also through TEB's call center and internet branch in order to ensure effective use of TEB's alternative delivery channels. Efforts were also undertaken to ensure our customers could also access insurance products through TEB's ATMs.

In the bancassurance channel, premium production in the life branch in the sector had grown by 7.8% YoY by the end of 2012, while premium production in the non-life branch grew by 22% YoY in the same period. In 2012, TEB Bancassurance notched up growth in excess of the sector rate in the life branch, while growing almost in line with the sector in the non-life branch. In 2012, TEB achieved a 3% market share in terms of the number of private pension contracts.

By updating its product portfolio on a client basis in 2012, TEB Bancassurance launched two new and special products; the "Star Pension Plan" and the "Private Pension Plan" for Private Banking and Star Banking customers. Moreover, the department designed new home insurance and personal accident products by expanding the guarantee coverage of non-life insurance policies,

and developed "Invoice Protection Insurance" that offers assurance against involuntary unemployment, death or disability.

CUSTOMER RELATIONS MANAGEMENT (CRM)

TEB aims to offer the right products and services to its customers in a timely manner through the channels of their preference. To this end, as well as meeting the needs of its customers in all segments where it operates, the Bank has also performed various studies supported by advanced analytical modeling and tendency analyses in a bid to offer the best customer experience.

INDIVIDUAL SEGMENT MANAGEMENT

TEB Family Academy

TEB believes that the proper management of families' economies is of critical importance for the sake of Turkey's future. As "Turkey's Economy Bank", TEB launched the TEB Family Academy on October 5th, 2012, in order to bring financial literacy to families. Through training programs provided by branch managers free-of-charge within the scope of Corporate Social Responsibility, TEB aims to improve the financial situations of families and thus improve their living standards. As of December 31st, 2012, a total of 15,856 family members became financially literate through 923 separate events held in branches. In addition, between November 1st and December 31st, 2012, a total of 3,618 people attended 17 non-branch events. A total of 940 events were held, where 19,474 people received training.

Customer Interaction Center

The Customer Satisfaction Center renders service to Bank customers on a 24/7 basis through more than 400 transaction sets in 40 different countries through 5 different channels (incoming calls, external calls, external resources, automatic search system (IVN) and Webchat) by focusing on customer experience.

The Customer Satisfaction Center provides infrastructure and human resources for the customer service centers of TEB Investment, TEB Leasing and TEB Cetelem.

TEB ASSET LIABILITY MANAGEMENT AND TREASURY GROUP

The mission of TEB's Asset Liability Management and Treasury Department is to ensure the effectiveness of asset liability management and to protect the Bank's general liquidity.

To this end, TEB has restructured the Asset Liability and Treasury Department as the backbone of its balance sheet management.

In order to better serve its customers, the Bank gathered conventional customer transactions under the Financial Markets Department, leaving the remaining balance sheet responsibility to the Asset Liability and Treasury Department.

The primary goal of the Asset Liability and Treasury Department is to optimally manage the Bank's interest, country, and structural FX and liquidity risks in its balance sheet, in order to maximize the Bank's risk-free capital.

In 2012, the Asset Liability and Treasury Department:

- Helped the Bank become more liquid, while ensuring that this liquidity was managed in a more profitable manner for investors and shareholders, by significantly improving the Bank's loans/deposits ratio, which is the leading indicator of liquidity;
- Raised the Bank's interest margin in its balance sheet by successfully managing the Bank's interest risk, despite the volatility in financial, global and geopolitical risk perceptions.

By keeping a close eye on the monetary policy applied by the Central Bank of Turkey and by analyzing other data, the Asset Liability and Treasury Department models account for various balance sheet items under the financial engineering approach. The Asset Liability and Treasury Department undertakes a variety of financial transactions in foreign and domestic markets ranging from repurchase-reverse repurchase transactions to complex derivatives transactions in accordance with appropriate legislation and regulations, and by carefully taking into account the Bank's traditional risk approach.

The Asset Liability and Treasury Department continued to issue bonds in 2012, a practice that began in 2011. The department has thus increased its non-deposit resources on the side of TL liabilities. By offering TEB customers various deposit products, including innovative products such as the Marifetli (Talented) Account, the department continued to support various business lines within the Bank, thereby spreading its customer base, deepening relations with its customers and achieving greater product differentiation.

Precious metal and effective FX transactions, which are under the responsibility of the Asset Liability and Treasury Department, were again successfully managed in 2012. TEB maintained its leadership with a 35% market share in gold loans and ranked among the leading players in terms of gold deposits, with a 4.5% market share. The department also began to carry out silver transactions in 2012, and the silver depository accounts attracted a considerable amount of interest from customers. Meanwhile, in interbank effective FX transactions, TEB attained the highest transaction volumes seen in the last decade at US\$ 4.5 billion, maintaining its leadership in the market.

Also during 2012, significant progress was covered in the Asset Liability and Treasury Department's data processing projects, launched to adapt BNPP's know-how to TEB. Through improvements that will mostly come to fruition in 2013, the department is expected to switch to a more effective structure in data processing centers.

CORPORATE INVESTMENT BANKING GROUP

Established under TEB, the Corporate Investment Banking Group's primary aim is to create synergy by combining TEB's local client network with BNPP's global marketing facilities, expertise and product know-how, as well as its strong presence in global financial centers, such as London and New York. In 2012, new synergies were created in the areas of Financial Markets and Structured and Corporate Finance.

Established in 2011, TEB Corporate Investment Banking aims to offer a new product layer to TEB customers. The Group completed its integration into the Bank in 2012 and further expanded its product portfolio.

The TEB Corporate Investment Banking Group offered new solutions aimed at protecting customers from risks, particularly in FX and interest derivatives transactions, without compromising the Bank's risk management principles. The Group also works to develop new products aimed at ensuring protection against price volatility in commodity markets.

Having combined TEB's strength in domestic markets with BNPP's expertise and experience in such fields as capital markets, structured finance and consultancy, the Corporate Investment Banking Group has a structure which meets all companies' needs in these areas.

TEB and BNP Paribas, two key players in the Turkish economy, have placed trust in their cooperation. Besides providing each other with the opportunity to access international markets, such cooperation offers TEB the ability to compete in the international arena by benefiting from the ideal pricing and structuring facilities offered by BNP Paribas.

In 2012 TEB also launched various infrastructure and energy projects that will contribute to Turkey's development. TEB supports these projects in cooperation with BNP Paribas through analytical and consultancy services.

Corporate Investment Banking is integrated with TEB's client lines and BNPP's product lines. As

such, TEB can benefit from its own growing client network, as well as the knowledge of product specialists at BNP Paribas.

New Opportunities for Corporate Investment Banking...

In 2012, Turkey stood at with respect to:

- The stability of its currency,
- The sharp fall in interest rates,
- Fitch raising Turkey's credit rating to investible grade, and
- The significant fall in the CDS rate.

These developments contributed to the creation of attractive opportunities for various business lines with Corporate Investment Banking.

TEB Financial Markets continues to develop its business model in order to offer the best products and services in line with the needs of TEB customers. New information technologies systems which are currently under development will provide customers with the opportunity to create unique solutions in a safe environment in line with their needs.

In 2012 TEB was also the main sponsor of the Bonds and Loans Conference Turkey, which was held with the participation of Turkey's largest companies and financial institutions.

The conference was a clear indicator of the tremendous potential offered by Turkish capital markets and the interest they attract. The TEB Corporate Investment Banking Group believes that this interest in capital markets will grow. During this period, TEB will continue to be an important player in the sector and contribute to the Turkish economy by maintaining its leading position in the domestic capital markets.

TEB SECURITIES SERVICES

The TEB Securities Services Department entered service in 2007 as TEB assumed responsibility for the settlement and custody services, which had been provided by BNP Paribas in Turkey since the 1990's.

TEB Securities Services Department serves its customers with a specialized team at the head office and as the Turkey branch of BNP Paribas Securities Services, which is Europe's largest custody bank.

In addition to the settlement and custody services provided to foreign and domestic corporate investors, the department also develops capital market and banking solutions to meet the needs of corporate investors and exporters, arising after their investment and funding decisions.

TEB Securities Services Department offers:

- settlement and custody services for equities, government debt securities and other capital market instruments,
- collateral and cash management services for futures transactions,
- short-selling transactions,
- brokerage house "outsourcing" services,
- safekeeping services,
- borrowing instrument issuance and payment services, and
- services for access of the Central Registry Agency (CRS) for exporters.

The fund operation and custody services that TEB offers domestic asset management companies have been reviewed in accordance with the new capital markets law.

Continued expansion of client portfolio in 2012

The department began to provide settlement and custody services to a number of well-known foreign corporate investors, with collateral management and related bank account transactions offered for futures transactions. Through such efforts, TEB Securities Services continued to raise its market share.

One of the department's most important achievements during the year was the cooperation between Clearstream Banking S.A. and TEB with respect to settlement and custody services and Turkish Lira transactions.

TEB Securities Services works on projects that allow foreign investors to rapidly access Turkish capital markets by electronic means. The department also acquired new customers by allowing exporters the domestic market to access central registry systems.

TEB was deemed "Top Rated" in 2012 by the Global Custodian Magazine, the sector's leading media publication, in a survey evaluating banks that provide custody services in emerging markets on the basis of customer reviews. In the "Sub-Custodian" survey conducted by the Global Investor, another prestigious media publication, TEB Securities Services achieved the highest score for two years in a row.

In the light of the developments in the Turkish capital markets, TEB aims to maintain its growth in the field of securities services in 2013, as in 2012. With its pioneering and innovative approach, TEB will remain the first bank to come to mind for those customers looking for more than what a "service provider" can offer.

INFORMATION TECHNOLOGY AT TEB

By using internal resources and project-based outsourcing where necessary, TEB's IT group undertakes strategic and tactical projects required by the Bank in line with its vision, mission and targets. Keeping abreast of technological developments, the Group also contributes to the development of new products and services, and to the improvement of existing processes.

The main task of the TEB Information Technology (IT) Group in 2012 was to design projects that would satisfy TEB's needs quickly and permanently and to launch common programs and initiatives that would establish synergy between TEB and the BNP Paribas Group.

The IT Organization was renewed in June 2012 such that it could operate under a streamlined management. IT Teams were made more synchronous with Business Units, while titles were rearranged to meet the special needs of the IT Group.

As part of the Business Processes Management, a number of projects were conducted which support the Bank's targets (customer-orientation, operational excellence and corporate agility) and focus on critical business processes

Within the framework of the Lean 6 Sigma program, TEB maintained its strong cooperation with BNP Paribas. TEB worked on the design of various governance structures and application solutions that would increasingly support the Bank's competencies and practices connected to the business processes.

TEB undertook investment in its infrastructure to enhance its performance and capacity and commissioned various infrastructural projects in order to realize its targets in 2012 and beyond:

- By commissioning infrastructure components of a higher capacity and performance, TEB's Information Technologies enabled that all infrastructure components operate as much actively as possible, in order to improve the degree of continuity in the level of service.

- Launched the "private cloud" practice in order to increase resource efficiency and meet the need of reaching markets quickly, a requirement that has emerged in rapidly developing market conditions.
- Switched its systems to Windows 7 based NEOS, BNPP's new desktop PC standard, and commissioned rules that increase end-point security, in order to work to common standards with BNP Paribas in the desktop PC user environment.
- Centralized printer management and commissioned multifunctional printers, which are more environmentally friendly and economical to run.

Major Programs Conducted by TEB Information Technologies in 2012

Asset-Liability Management/Treasury and Financial Markets Integration Program

TEB Information Technology aims to ensure integration with complicated pricing tools developed by BNP Paribas. The first phase of the program is planned to be completed in the first quarter of 2013.

Multichannel CRM Applications (MCCRM) Program

As part of the first phase of the MCCRM Program, which was designed in 2012 and will be commissioned in early 2013, the same customer service interface will be rolled out in the branches and the call center. The second phase, which is planned to be commissioned in the third quarter of 2013, includes the integration of application components, designed by BNPP for channel integration in customer services, into TEB's systems.

Asset-Liability Management/Breakdown of Profitability of the Treasury and Financial Markets Groups

In 2012, a project was carried out to determine the breakdown of profitability in the Asset-Liability Management/ Treasury and Financial Markets Groups by their sub- groups.

Project of Renewal of TEB's Corporate Loan Structure

This projects aims to simplify and renew TEB's Basic Loan Structure and Loan (SME, Small Business and Corporate) Proposal Processes and to set up a completely new infrastructure. The first phase of the project was completed in 2012. TEB's IT Group will work on the second phase of the project, which includes such projects as SME loans scoring automation and Central Loan Operations, in the first half of 2013.

TEB HUMAN RESOURCES GROUP

Human Resources Policy

The underlying objectives in TEB's human resources activities are to be one of the best examples of excellence in human resources practices in the financial services sector; to manage all human resources related processes actively, so as to provide the Bank with a competitive edge; and to support the Bank's human resources performance through coordination of the overall effort.

TEB's Human Resources Group strives to

- ensure that the TEB Group is always prepared for change, while maintaining its organizational structure dynamic in line with the Group's strategic plans and targets,
- ensure that the TEB Group recruits individuals of the highest level of education with entrepreneurial talent and potential to develop themselves and their jobs; who are well trained, innovative and open minded; and who are energetic, dynamic, adaptable to teamwork and able to adopt and lay claim to TEB's corporate values,
- support the personal and professional development of TEB employees through development programs determined in accordance with their career roadmaps in order to ensure the most efficient and effective use of the Bank's human resources, in line with TEB's targets and strategies,
- create a professional business environment and career development opportunities by benefiting from the training programs offered by BNP Paribas,
- create the most ideal workplace for employees and become the most preferred bank for employees in the sector,
- contribute to the development of the Bank's employees in line with TEB Group's targets and strategies within the framework of the approach entitled "continuous learning and development with the TEB Formation Academy", which considers training and development as an investment in human resources,
- raise Bank executives from within TEB and preferentially evaluate in-house applications for new positions,

- focus on various systems of awarding and the Performance Evaluation System by improving individual and team performance through processes and systems that increase quality at all times, and
- offer equal opportunities and facilities to everyone in line with their career roadmaps.

With these practices, TEB Human Resources provides swift and effective support to all employees in all human resources related matters, while playing a key role in further raising the efficiency and performance of TEB branches.

At the end of 2012, the Bank had 9,288 employees on its payroll and a total of 509 branches.

Of TEB's employees, 61% are university graduates, 5.5% hold a master's degree and 0.1% have a doctorate.

An average of 62 hours of training was provided per employee in 2012.

Competence Management and TEB Competency Model in 2012

The follow-on development of employees who had demonstrated high potential and performance within the framework of Competence Management processes was specially conducted during 2012 through Competence Management, in conjunction with the employees' managers.

Individual training plans, prepared in accordance with employees' needs, have contributed significantly to the development of TEB employees. These plans are complemented with mentoring work and other developmental instruments.

TEB Competence Model

Aiming to ensure that high performance is maintained, the TEB Competence Model plays a key role in the development of employees in accordance with TEB's vision, mission and corporate values. The TEB Competency model, which was synchronized with the Competency Model developed by BNP Paribas in 2012, has four main headings ("Leadership", "Think the

Business”, “Drive Results” and “Maximize Yourself”) and a total of 19 Competencies.

Annual Talent Day held on April 6th

Talent Day, which is held every year, brings together the highest caliber employees who are deemed to offer high potential, and who have demonstrated a high performance, with the bank’s senior management. In the meeting held on Talent Day, the Bank’s vision and common targets were discussed with them with these employees and new ideas were created and group work was carried out within the framework of the theme, “New Generation Banking in the Digital World”. The meeting was attended by TEB’s senior management. Following speeches by senior managers concerning the Bank’s vision and targets, some of our highest caliber employees provided presentations to the senior management with respect to their projects on various issues related to the banking sector.

Continued assistance for talented individuals wanting to work abroad, in line with their career targets

In 2012, TEB continued to offer its employees international career opportunities as a member of the “Mobility Community”, a platform established between France, Belgium, Italy, Luxemburg and the UK which further allows for changes of position within the BNP Paribas Group and where rules and policies concerning new assignments to be made within the Group are determined.

Projects Undertaken by the Human Resources Group in 2012

- The **Mobility Center** was opened in a bid to effectively match the positions required by the organization with the competencies and expectations of employees, from a single location.
- The **E-jobs** practice advertised open positions in the BNP Paribas and TEB groups to employees, while new career opportunities were also offered to them.
- The Bank is undertaking efforts to adopt the **Best Workplace Model**.

The Best Workplace Model is shaped around 3 important concepts:

- **employee’s trust in the management,**

- **encouraging employees to adopt a sense of pride in their business, their organization and the team they are a part of, and**
- **encourage employees to take pleasure from team spirit by feeling that he is an important individual of the TEB family.**

Winning the admiration of the Gartner Group in 2009 thanks to its efforts in innovation, TEB continued to foster a culture of innovation in 2012 by encouraging its employees and customers to create innovative and creative ideas through internal initiatives, and offering innovative and creative products to its customers.

The 6th TEB Smart Ideas Competition, a reflection of TEB’s efforts in innovation, was held in 2012.

Bringing convenience to its customers with innovative and creative services, TEB deems innovation as one of the most important instruments in its strategy of making a difference. The competition also includes social targets such as

- cooperation with universities,
- providing innovation-related information and competencies to university students and young people,
- the recruitment of talented young people by TEB, and
- ensuring that products and services offered to customers are shaped by them personally.

TEB collected a total of nearly 18,000 ideas over a 5 year period as part of the Smart Ideas Competition. A total of 7,050 innovative ideas were submitted by young university graduates and TEB customers in 2012, while 13 projects were implemented. Efforts on 17 projects are still under way.

TEB once again turned ideas submitted by customers, university students, new graduates and young professionals into products and services offered to customers. One of the innovations to be implemented was the ATM in the form of an Apricot in Malatya (the apricot being a celebrated fruit in Malatya). In addition, the following projects were put in practice: drawing money from TEB’s ATMs by using the QR code; and a service where TEB customers can

monitor the results of their credit card applications through TEB's website. The 5 finalists of our Smart Ideas Competitions joined the TEB family.

TEB continues to evaluate its employees' ideas for innovative products and services through the In-House Kivılcım Portal

Held in 2010 for the first time, in-house innovation contests which aim to raise employees' awareness and loyalty to the Bank encouraged them to generate ideas with employees from other departments, creating an enjoyable competitive environment where innovative projects competed with each other.

Two projects to rank highly in the "Rıfat Taranto Banking Contest" - the third in-house innovation contest, held in memory of Mr. Rıfat Taranto, a board member - were implemented:

- The "Western Union Kart", which aims to raise loyalty to TEB among Western Union customers, and
- Questioning of the KKB (Credit Bureau of Turkey) Scores – which is the most desired information for all TEB customers – through branches and TEB's website

TEB Smart Ideas Conferences

"TEB Smart Ideas Conferences" are organized every year with the participation of TEB employees and customers and university students.

In 2012, this traditional event was held under the theme of "New Generation Banking in the Digital World". International lecturers, which included sector leaders, discussed developments in the digital world with the participants; awards were handed out to the employees deemed to have submitted the most creative ideas to the Kivılcım Portal, as well as customers, university students and new graduates who had ranked highly in the "Smart Ideas Competition".

Customer Experience at TEB: 111 projects

In May 2011, TEB launched its project entitled "Excellence in Customer Experience", which aims to bring high-standard services to perfection. The project primarily aims to maximize customer satisfaction and bring it to perfection through

services and experiences offered and to ensure that TEB is the most prominent bank in the sector in this area.

Aware that success in Customer Experience Management comes only with the participation of all TEB employees, the Bank provided training on Excellence in Customer Experience to all managers and employees. A current situation analysis was carried out into the customer experience following the activities, which were performed to raise awareness of all employees – from security personnel to the senior management – on "Customer Experience". A number of projects deemed to have a bearing on the customer experience were identified and implemented after performing various studies to ensure that all functioning parts of the Bank act synchronously and with a customer-oriented approach. A total of 111 projects were implemented in 2012.

An e-learning program entitled "Müşteri Sen Bizim Her Şeyimizsin" (Customers Are Everything For Us), which aims to raise levels of competence among TEB employees concerning Customer Experience, was implemented. Branch Officials completed classroom training programs entitled "Mükemmel Hizmet, Etkin Satış" (Perfect Services, Effective Sales), which were prepared for the same purpose.

University Activities – Smart Ideas Campus

In 2012, the TEB Human Resources Group continued to organize university campus activities aimed at identifying young, talented individuals and to introduce them to TEB.

A total of 85 students participated in the Smart Ideas Campus in 2012.

Training at TEB

Aware that the most vital difference-making element in the financial services sector today is "qualified and well-trained human resources", the Division of Training and Personal Development in the TEB Human Resources Group aims to support the personal and professional development of TEB Group employees and thus play a fundamental role in ensuring the Bank reach its strategic targets.

As an institution that attaches importance to continuous learning and development and prioritizes investment in its employees, TEB continued to provide comprehensive training during 2012, in parallel with its principle of offering everyone equal opportunities and facilities. The Bank's training programs were conducted in mutual cooperation with BNP Paribas.

In 2012, the following activities were carried out within the framework of TEB's training and development strategies and targets:

- Orientations, Basic Training Programs and Rotations for recently hired Bank employees;
- "Individual development plans" were prepared for those employees who had demonstrated high potential and superior performance; also, special training programs were designed in line with their needs;
- Programs that improve leadership skills of managerial staff;
- Training programs and workshops that support managers in evaluating employees' performance and capabilities;
- Training and follow-up programs, where sales personnel are taught strategies which allow them to establish long-term and profitable relations with Bank customers and tools and methods that will raise TEB's sales;
- Advanced programs at a consultancy level for sales personnel who demonstrate a high performance;
- Seminars held in branches on basic financial issues and banking needs for Bank customers within the scope of the TEB Family Academy practice;
- Training and tests aimed at enabling Bank customers perform all basic checks before the realization of banking transactions, so as to ensure that the content of the transaction, as well as all related information and documents comply with rules of procedure; while also preventing any losses that the Bank may suffer while offering services to Bank customers and to ensure customer satisfaction; and
- Classroom and online English training for those employees for whom knowledge of English is required for their duties.

In addition to the classroom training programs, educational videos that support these training programs are made available to all employees through TEB's virtual learning platform. The Bank's current e-learning catalogue has been enriched with different types of virtual training, especially product training.

TEB Learning Tour

The TEB Learning Tour was organized for globally talented employees in TEB, BNL (Italy), BNP Paribas Fortis (Belgium) and BDDF (France) during 2012 in a bid to improve their personal and professional competencies, to help them get to know the BNPP Group more closely, to ensure they saw the best practice examples at TEB, and to help them develop their relations with each other.

Within the scope of the Learning Tour, that lasted for 5 weeks:

- The Bank's organization was comprehensively promoted;
- All business segments carried out introductory presentations;
- Employees participated in seminars on 'Excellence in Customer Experience' and 'Innovation'; and
- Participants were given the opportunity to work more closely with TEB's Senior Management within the scope of the projects they were asked to complete.

Mentorship Activities at TEB

The TEB Mentor program contributes to the self-development of TEB employees and employees of other Group companies by ensuring that they benefit from the professional knowledge and experience of mentors, who are more advanced in their careers at TEB and other Group companies.

Within the framework of the TEB Mentor program, 400 mentors provided support to 434 TEB employees in 2012.

Employees who had requested to benefit from the TEB Mentor program, but whose needs were deemed to be met through channels other than mentorship, were offered support through alternative methods (such as training, rotation, career interviews).

Employee Handbook

The employee handbook was prepared as a guiding document to share TEB's vision, strategy and corporate values with TEB employees and to provide them with detailed information on HR practices.

Leaders Are Teaching

We conducted various events in which senior managers shared their experiences in their business and private lives with Bank employees in a relaxed, fun-packed environment.

TEB Meets Its Employees

TEB organized various events to allow employees come together and enjoy themselves while discussing common issues related to the purpose of the event. Some of these events were "The Best Workplace Party", "1 Day in the Office with Young Bankers" and "New Year's eve Party".

TEB Bulletin

Published regularly every two months, the TEB Bulletin delivers all news related to TEB and current issues to TEB employees, allowing them to see the big picture and instill a feeling that they are members of a big family.

Before the End of the Week

This weekly bulletin, which is specially prepared for mid- and high-level managers, shares issues related to employee loyalty that are deemed worthy of Bank managers' attention, as well as the best banking practices.

TEB Club

TEB Club continued to offer opportunities for sport, hobbies, art and entertainment as well as attractive discounts to employees. Some of the events held by TEB in 2012 were as follows:

- culture tour,
- charity marathons,
- corporate basketball league,
- TEB Bowling tournament,
- windsurfing tour,
- regional football tournaments

Breakfast Conversations with the Senior Management

Breakfasts were organized to ensure that employees became acquainted with and established closer contact with the senior management.

BNP Paribas Communication Tools

BNPP's internal magazine, Ambition, and the internet TV channel, Starlight, which reach about 200,000 BNPP employees in 80 countries, continued to serve TEB employees in Turkish in 2012. The IRB Bulletin, which is prepared for all employees in the banking sector and which includes news from IRB, was also offered to TEB employees in English for the first time in 2012.

Avita Employee Support Program

A program was set up where employees can receive medical and psychological support and financial and legal consultancy on a 24/7 basis.

"HR is with you" Meetings

The "HR is with you" program, which was implemented with the conviction that the way to support employee satisfaction and loyalty is to be closer to employees and to listen to their concerns, once again brought branch and head office employees together in 2012.

In "HR is with you" meetings held for the employees of the Bank and other Group companies, one-to-one interviews were held with all employees who wished to take part, in addition to interactively organized general informing sessions.

HR Solution Center

As a communication platform, the Human Resources Solution Center was established as the first reference point for questions and requests submitted by internal and external customers with respect to TEB's HR practices. Aiming to answer customers' questions and requests rapidly and seamlessly and thus increase their satisfaction, the Center continued its activities in 2012.

CORPORATE SOCIAL RESPONSIBILITY

Seeing corporate social responsibility as a style of conducting business, TEB acts in line with its mission to become a bank that considers its stakeholders' priorities and basic values as its corporate priorities, while at the same time protecting the heritage of the community it serves.

While investing in future generations, TEB also supports those practices that contribute to the creation of a sustainable economy, environment and community.

While keeping a close watch on those of its business processes and operations which have an effect on the community, the environment and the economy, TEB also encourages its employees to contribute on a voluntary basis, to ensure they become a part of the solution in social issues.

SME Banking, SME Academy, SME TV

TEB considers SME's as its primary stakeholders, as they are one of the building blocks of economic development. TEB SME Banking undertakes efforts to ensure that SME's can enhance themselves in non-financial areas and to help them establish a more sustainable presence in the future. All of these efforts for SME's have been undertaken through the SME Academy. The platform, which operates on the basis of the Bank's Stakeholder Participation strategy, is a core principle of TEB's corporate responsibility policy, and offers all current information that may be required by SMEs.

TEB SME Corporate Conferences on Social Responsibility

Responding to the problems that SME's commonly face in Supplier Chain Management, Branding and Differentiating, TEB held sector-specific Corporate Social Responsibility Conferences in Bursa and Kahramanmaraş in 2012. In these conferences, which were supported by presentations given by Corporate Social Responsibility specialists and sector representatives, discussions centered on how the "corporate social responsibility" concept could solve the basic problems faced by SMEs and how to raise SMEs' awareness of this issue.

TEB Supplier Conference

TEB organized a conference on Energy Efficiency in a bid to raise its suppliers' awareness of corporate responsibility and to ensure the proper use of energy. Corporate responsibility specialists provided informative presentations concerning the sustainable and efficient use of energy to TEB as well as corporate suppliers having business relations with TEB.

TEB Family Academy

Launched in 2012 by TEB's Retail Banking Unit, the TEB Family Academy offers an important platform for dialogue, where TEB comes together and establishes direct, one-to-one relations with its customers, who form the Bank's key stakeholder group. TEB is aware that the most important ingredient in its expanding sphere of influence is its effort to enable people in developing countries access financial services and to raise their financial awareness. It is critical to ensure the proper management of the economies of families, which are the most fundamental unit of the community and which play a key role in raising Turkey's standard of living. For this reason, TEB has adopted the mission of spreading financial literacy nationwide through its branches.

Within the framework of this platform, with its long term aim of raising social awareness of banking transactions and to instill an awareness of saving, seminars are held at TEB branches with the purpose of guiding families on budget management, and of the financial instruments they can use for their savings.

TEB Anatolian Scholarship Program

As a staunch defender of the principle, "Education is a right for everyone", each year TEB extends scholarships to 4 students within the framework of Koç University's Anatolian Scholarship Program. Through the program, which reaches students in need throughout Turkey, the highest caliber students can benefit from the privileges offered by Koç University, one of Turkey's leading universities renowned for its contributions to science with Turkey's brightest young people. Within the scope of this cooperation which began in the 2011-2012 academic year, all of the tuition

fees for 4 students will be met by TEB over a period of 5 years.

Youth Train

Aiming to invest in the future and young people, TEB supported the “Youth Train Project”, which is implemented in cooperation between the Ministry of Youth and Sports and the Ministry of Transportation, Maritime Affairs and Communications. Offering young people the opportunity to learn more about Turkey, the project was conducted on 7 lines between June 29th and July 19th. Having carried nearly 2,000 young people aged between 19 and 29 around Turkey, the train offered the participants the opportunity to meet their peers in different regions, as well as offering them a chance to view Turkey’s historical and natural beauties.

TEB became a brand sponsor of BNP Paribas WTA Championships

TEB aims to turn tennis – one of the world’s five most popular sports and one which brings together nearly 100 million active players in 200 countries in 6 continents – into more than a game that is watched on television in Turkey. In line with this target, TEB became a brand sponsor of the BNP Paribas WTA Championships. TEB believes that by organizing the world’s most prestigious women’s tennis tournament in Turkey over a period of 3 years will contribute significantly to the promotion of Turkey and to the national economy.

Continuing to invest in sport

One of TEB’s most important targets is to set up new alternative sports fields for young people. In line with this target, TEB became the primary sponsor of the Turkish Tennis Federation. TEB also offered infrastructure support to Turkish tennis players under the age of 18, aiming to raise star tennis players from our country.

With its “Street Tennis” activity, TEB aims to bring tennis to the street, to instill a love of tennis among Turkish people and to encourage the raising of licensed tennis players. TEB will continue to invest in sport in the future.

TEB FINANCIAL SERVICES GROUP

TEB FACTORING

As one of the 3 biggest companies in the sector, TEB Factoring continued to serve corporate and commercial firms and SMEs and increased its business volume in 2012 through a range of various export, import and domestic factoring products. The Company increased its profit by 55% YoY.

TEB Factoring recorded a 16% YoY increase in turnover in TL terms during 2012, closing the year with total turnover of TL 7 billion.

The company chalked up a return on equity of 37.34% and a return on assets of 1.92%. TEB Factoring boasts one of the highest productivity yields in the factoring sector.

TEB Factoring expanded its total client base to 13,880 in 2012. The Company ended the year 2012 with 2,970 active customers, 10 branches and 109 employees.

As in 2009, 2010 and 2011, TEB Factoring was awarded the “Best Export Factoring Company” in 2012 by members of Factors Chain International (FCI), the world’s largest and the most important factoring organization, which includes a total of 264 members from 72 countries. TEB Factoring is proud to have brought this prestigious award to Turkey for 4 years in a row.

In view of developments in the business arena during 2012, the availability of loan insurance products is expected to expand in 2013 and beyond, particularly for the domestic market. This product is not currently widely available. Factoring companies which progress rapidly are therefore in a position to create a product which can change the leadership in the sector in future. Having established the necessary infrastructure for this product, TEB Factoring has set the target of raising its market share in the sector by undertaking guaranteed factoring transactions in the coming years. Another goal for TEB Factoring is to represent Turkey among the world’s leading countries in the factoring sector.

TEB ASSET MANAGEMENT

Managing a volume of nearly TL 3 billion in the fields of asset management and investment consultancy, TEB Asset Management is the 6th largest asset management company in the sector. TEB Asset Management's fundamental objective is to determine the compositions of investment portfolios based on the risk profiles of individual and corporate clients and to manage those portfolios accordingly, to optimum benefit.

As of December 2012, TEB Asset Management, as an asset management company with a wide delivery channel abroad, commanded

- A 5.6% market share and a volume of TL 1.7 thousand in the overall mutual fund industry, with
 1. a 12.4% market share in actively managed mutual funds and
 2. a 10.2% market share in capital protected mutual funds,
- A volume of TL 179 million in Private Asset Management,
- A volume TL 133 million in Corporate Asset Management Services,
- A 3% market share and volume of TL 611 million in Pension Funds, and
- A volume of € 300 million in international mutual funds.

TEB Asset Management has been providing asset management services since June 2004. The Company also began to offer 'Corporate Asset Management Services' from the end of 2005.

Having entered a mutually advantageous collaboration with its partner, BNP Paribas Asset Management – a leading name in the asset management business in the Eurozone, TEB Asset Management has steadfastly moved towards its goal of becoming a global player. Having already begun to reap the benefits of this collaboration, TEB Asset Management has already succeeded in establishing strategic cooperation with a number of international corporations. In this context, the road-shows conducted in Europe (Paris, Frankfurt, Amsterdam, and Helsinki), Asia (Hong Kong, Singapore, Tokyo) and Latin America (Chile, Peru,

Colombia, Brazil) during 2012 for international corporate investors began to yield positive results.

Managed by TEB Asset Management, the BNPP IP L1 Turkey Equity Fund has expanded to a size of about € (205 million, to become the largest equity fund in Turkey investing in Turkish equities.

Continuing to develop new products with an innovative approach

The Tactical Distribution Fund is a new product, which

- is designed especially to meet the needs of TEB's Star and Private Banking customers;
- invests in equities, borrowing instruments of public and private sectors, repurchase-reverse repurchase or gold or other precious metals; and
- aims to benefit from the income differences between various asset classes by actively changing the distribution of assets in customers' portfolios.

In 2012, in addition to the Tactical Distribution Fund, the "MevduFon", a systematic product which includes both deposit and mutual funds was offered to customers of TEB Asset Management.

With its innovative 'Capital Protected Funds together with TEB' in 2012, TEB Asset Management has offered different alternatives to investors. In 2012, a total of 8 new capital protected funds were offered to the public under TEB Asset Management's supervision.

In 2012 TEB Asset Management succeeded in raising its market share in the mutual fund industry.

In 2012 TEB Asset Management raised its market share in the sector with the timely issue of new products like the Tactical Distribution Fund and MevduFon, and by changing the type of products that it offers. Moreover, TEB Asset Management achieved a strong performance in all categories; eight of the fixed income funds managed by TEB Asset Management ranked in the top 20 among nearly 300 funds of the same type. Likewise, the funds managed by TEB Asset Management ranked among the top in the Equity Weighted Fund and Balanced Fund categories.

The performance demonstrated by TEB Asset Management in mutual funds was also reflected to pension funds; the fixed income and equity weighted pension funds managed by TEB Asset Management, in particular, are amongst the best performing in their categories.

TEB INVESTMENT

Established in 1996, TEB Investment's primary field of activity is to engage in capital market operations in accordance with the provisions set forth in the Capital Markets Law no. 2499 and respective legislation.

TEB Investment Securities Inc. offers the following services:

- mediating in the trade of capital market instruments,
- mediating in the issue of capital market instruments and their sale via public offering,
- credit purchase, short-selling, borrowing and lending of capital market instruments,
- the trade of capital market instruments with repurchase-resale guarantee, and
- mediating in the trade of derivative instruments in Turkey and abroad, and in custody services.

TEB Investment's vision is shaped around the following principles:

- to become the best and the most trusted brokerage house in capital market activities,
- to expand its client portfolio by competing at the highest level based on customer needs and market tendencies, and through the use of state-of-the-art technology, which fully upholding the law and ethical standards, and
- to ensure the highest level of customer satisfaction.

The Company aims to offer the best services to its customers with its dynamic and active personnel by keeping abreast of technological developments, listening to the opinions of its customers and allocating time to understand their needs.

TEB Investment delivers its wide product/service portfolio to its customers in both Turkey and abroad through a number of service channels. Accordingly, the differentiated channels used for various investment services such as equity, forward transactions, mutual funds, bonds-bills and repurchasing, as well as the channels used for special solutions, such as corporate finance, research, international capital markets, investment centers and the internet branch,

which are offered to different customer groups, are all collected under TEB Investment.

TEB Investment differentiates itself in the sector with its

- experienced human resources team, which provides effective services to both individual and institutional customers,
- skilled research teams composed of specialists in their own fields, and the high quality services they offer, and
- local know-how in conjunction with the support and experience of its global partner.

TEB Investment ranked 7th with a 3.72% market share on the basis of its ISE equity trading volume during 2012, accounting for a total trading volume of TL 46,390 million. For the same period, the Company was ranked 8th on the Turkish Derivatives Exchange in terms of trading volume, where it commanded a market share of 4.30% with total trading volume of TL 34,748 million.

THE ECONOMY BANK N.V.

The Economy Bank N.V. (TEB NV) was founded in 1998 in the Netherlands. TEB NV's mission is to be one of the most active and service-focused players in the Turkish and European financial markets as the TEB Group's specialized service provider in the international trade & commodity finance business line.

In 2005, TEB NV became a member of the BNP Paribas Group, one of the world's biggest financial institutions. This development brought a significant contribution to TEB NV's operations and TEB NV began to offer services in 80 countries worldwide. Benefiting from BNP Paribas' credit-risk analysis systems, the Bank continues its operations with an effective business model, in which trade and commodity finance products are held separately.

TEB NV has gained prominence in the sector with its

- liquid balance sheet which mostly comprises of short-term assets,
- experienced human resources,
- the importance it attaches to effectiveness and transparency,
- strong economic structure which has emerged with risk-monitoring approaches and practices, and
- tailored and solution-oriented business making approach

TEB NV's performance in 2012

TEB NV wrote a pretax profit to € 22.14 million in 2012. Among the most important factors behind this success was the structuring of assets in accordance with market conditions.

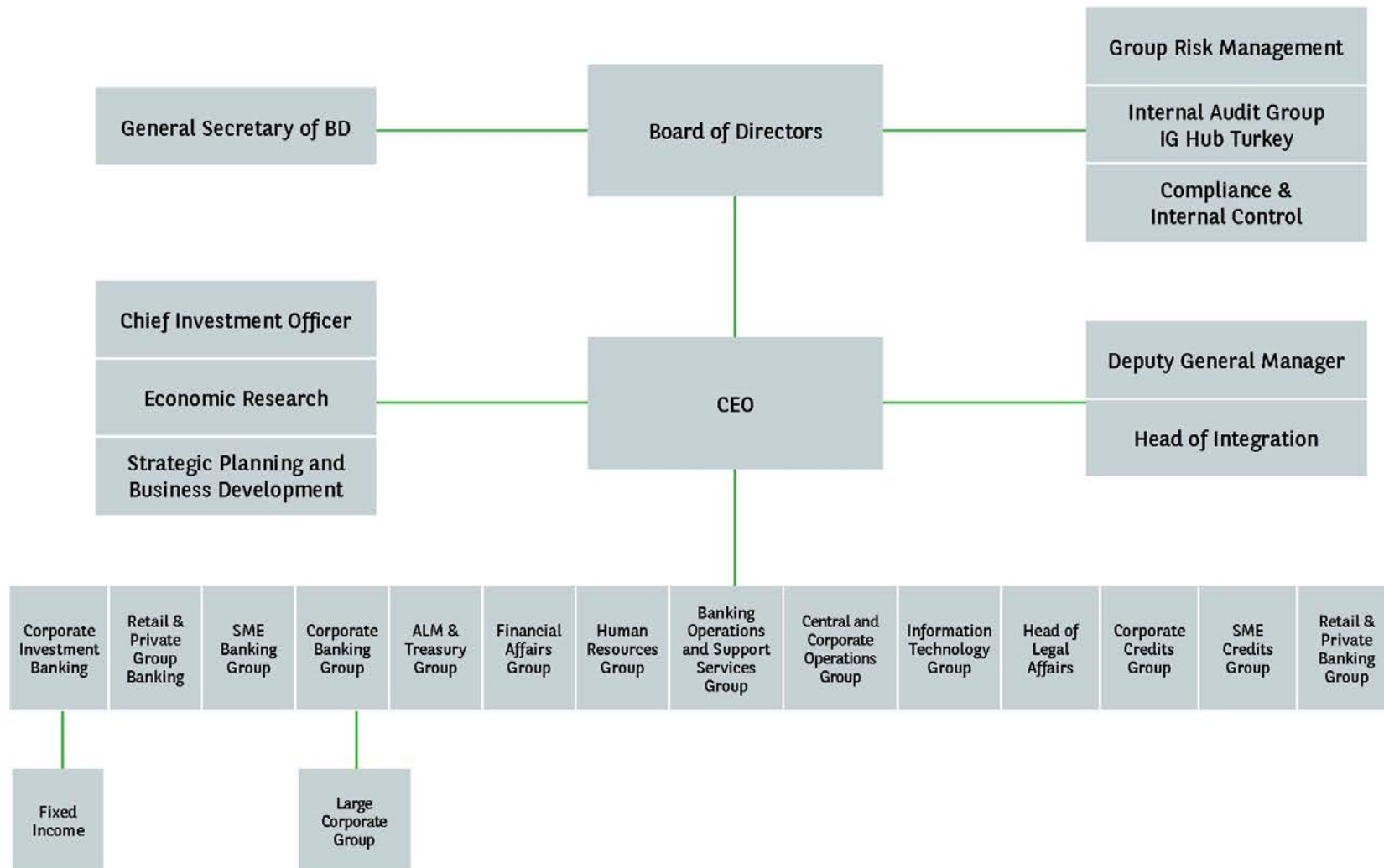
The Bank's net interest revenues amounted to € 33 million in 2012, while its revenues from fees and net commissions reached € 6.2 million. The Bank's specific loan provisions had reached € 19.3 million by the end of 2012. In 2012, TEB NV's net loss after tax and provisions was realized at € 5.0 million, while its shareholders' equity amounted to € 96.0 million.

In 2012, TEB NV mediated in total of € 1.7 billion in trade transactions, with a cost/return ratio of 35.16%.

Setting itself apart in the sector with its specialized personnel, experienced managers and robust performance, TEB NV will continue to offer its customers various trade finance solutions in 2013 by diligently following its prudent approach and effective risk management policies.

SECTION 2- MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

HQ Organization Chart



BOARD OF DIRECTORS AND AUDIT COMMITTEE

Board of Directors

Name	Position
Yavuz Canevi	Chairman
Dr. Akin Akbaygil	Deputy Chairman
Jean-Paul Sabet	Deputy Chairman
Varol Civil	Executive Member and General Manager
Sabri Davaz	Member
Yves Paul Henri Martrenchar	Member
Jean-Milan Charles Dominique Givadinovitch	Member
Ayşe Aşardağ	Member
Yvan L.A.M. DeCock	Member
Alain Georges Auguste Fonteneau	Member

Yavuz Canevi, Chairman	
1996 – present	TEB A.Ş. Chairman of the Board of Directors
2001 – present	TEB Holding A.Ş. Board Member
1998 – 2011	TEB N.V. Chairman of the Board of Directors
1993 – 2005	Istanbul Stock Exchange, Deputy Chairman and Board Member
1989 – 2005	Euro Turk Bank, Chairman of the Executive Council
1987 – 1989	Türk Eximbank, Chairman
1986 – 1989	Undersecretary of Treasury and Foreign Trade, Prime Minister's Office
1984 – 1986	Central Bank of Turkey, Governor
1980 – 1984	Central Bank of Turkey, Vice Governor
1979 – 1980	T. Garanti Bankası, Assistant General Manager in Charge of International Relations
1976 – 1979	Central Bank of Turkey, Director General of Foreign Exchange
1974 – 1975	Ministry of Finance, Tax Inspector Georgia State University, USA, Faculty Member; University of Southern California (USC), USA; Ankara University, Faculty of Political Science, Department of Public Finance and Economics
Additional Professional Occupations	
2001 – present	DEİK Holland Member of the Board
1996 – present	IKV Member of the Board
1993 – 2012	TSKB Member of the Board
1989 – present	FNSS Savunma Sistemleri A.Ş. Chairman of the Board
1991 - 1994	TUSİAD Member of High Advisory Council
1997 - present	TUSİAD Member of High Advisory Council
2001 – 2010	Hedef Alliance A.Ş. Member of the Board
2004 – 2010	NETAŞ Member of the Board

Dr. Akın Akbaygil, Deputy Chairman*	
1988 - present	TEB A.Ş. Deputy Chairman
2011 – present	TEB N.V. Chairman
2011 – present	TEB Investment A.Ş. Chairman
2011 - 2012	Fortis Investment A.Ş. Board Member
2008 - present	TEB A.Ş. Audit Committee Deputy Chairman
2005 - present	TEB Factoring, Chairman; TEB Financial Investments A.Ş., Board Member
1999 - 2012	Ekonomi Bank IBU Ltd, Deputy Chairman
2005- 2010	TEB A.Ş. Leasing Chairman
2004 - 2007	TEB A.Ş. Asset Management, Chairman
2003 - present	TEB Holding A.Ş., General Manager
2003 - 2005	TEB Financial Investments A.Ş, Deputy Chairman
2001 - 2002	Banks Association of Turkey, Deputy Chairman
1998 - 2011	TEB NV, Deputy Chairman
1997 - 2005	TEB Insurance, Chairman; TEB Factoring, Board Member
1996 - 2005	TEB Leasing, Board Member
1994 - 2001	Banks Association of Turkey, Board Member
1987 - 2003	TEB A.Ş, Deputy Chairman, Executive Member and General Manager
1982 - 1987	TEB A.Ş., Executive Member
1965 - 1982	Akbank, Director of Foreign Affairs İstanbul University, Faculty of Economics, BA and PhD

(*) Mr. Akbaygil was appointed as chairman of Fortis Faktoring A.S. since January 2013.

Jean-Paul Sabet, Deputy Chairman	
2010 - present	TEB A.Ş. Deputy Chairman TEB Holding A.Ş. Board Member BNP Paribas Retail Banking Turkey BNL Banca Nazionale del Lavoro, Italy Board Member
2011 - present	BNP Paribas Investment Holding A.Ş., Chairman BNP Paribas Fortis Investment Holding A.Ş., Board Member
1997- 2012	Citrus Lands of Louisiana INC, USA Board Member Citrus Lands of Louisiana, LLC, USA Board Member Citrus Lands Coal Terminal LLC, USA Board Member Citrus Lands Services LLC, USA Board Member
1988 – present	LDC Trustee Committee
2010 – 2011	Fortis Bank A.Ş. Board Member
2006 - 2009	BNL/BNP Paribas Italy, C.O.O
2004 - 2006	BNP Paribas Retail Banking Board Member - Head of BNP Paribas Finance and Strategy Department
1998 - 2003	KLEPIERRE France, Board Member
1976 - 1998	BNP Paribas, Deputy Chairman
1976	H.E.C Ecole des Hautes Etudes Commerciales

Varol Civil, Executive Member and General Manager	
2003 - present	TEB A.Ş.A.Ş. Executive Board Member and CEO
2003 - present	TEB A.Ş.NV, Board Member
2006 - present	Banks Association of Turkey, Deputy Chairman of the Board of Directors
2007 – 2011	TEB Asset Management; TEB Investment, Chairman
2005 – 2011	TEB Factoring, Deputy Chairman
2005 – 2010	TEB Leasing Deputy Chairman
2005 – 2006	TEB Insurance, Chairman
2003 - 2004	TEB Insurance, Deputy Chairman
1999 – 2007	TEB Asset Management, Board Member
1999 – 2005	TEB Leasing, Board Member
1998 – 2005	TEB Factoring, Board Member
1998 – 2003	TEB Financial Investments, General Manager; TEB A.Ş., Board Member and Deputy General Manager
1995 - 1997	Bank Kapital, Board Member and General Manager
1992 - 1995	Arap Türk Bankası, Assistant General Manager
1985 - 1992	Undersecretariat of Treasury and Foreign Trade, Certified Bank Auditor
1983 - 1984	TEB, Expert in Loan and Insurance Department
1983 - 1984	Istanbul University; Faculty of Social Sciences, Department of Money and Banking
1992 - 1993	Marmara University, Contemporary Business Management Program
1978 - 1982	Istanbul University, Faculty of Economics, Economics and Business Administration Department

Sabri Davaz, Member	
2012 March - present	TEB A.Ş. Board Member
2011 – present	TEB Holding A.Ş., Chief Advisor to the Chairman
2009 – 2011	BRSA Consultant
2004 - 2009	BRSA Vice Chairman
1998 – 2004	Undersecretariat of Treasury and BRSA Chief Sworn Bank Auditor.
1993 – 1996	Undersecretariat of Treasury, Vice Chairman of the Board of Sworn Bank Auditors
1989 – 1997	Undersecretariat of Treasury, Sworn Bank Auditor
1985 - 1989	Undersecretariat of Treasury, Assistant of Sworn Bank Auditor
1998 – 2000	Boston University, Financial Economics Master
1980 - 1984	Ankara University, The Faculty of Political Science

Yves Paul Henri Martrenchar, Member	
2012 – present	BNP Paribas, Head of Human Resources Group
2010 – present	BNP Paribas Retail Banking
2009 - present	TEB A.Ş. Board Member Bank of the West USA, Board Member BancWest Corporation USA, Board Member; TEB, Board Member Findomestic, Board Member BNP Paribas Retail Banking, Head of Distribution, Markets and solutions
2007 - present	BNP Paribas Assurance, Board Member BNP Paribas Personal Finance, Board Member
2006 - present	BNP Paribas Asset Management, Board Member BNP Paribas Immobilizer, Board Member; Partecis, Board Member Partecis, Board Member
2005 - present	Crédit Logement, Chairman
2004 - present	Parvest Luxembourg, Board Member
2003 – present	Cortal Consors, Board Member BNP Paribas permanent Representative
2003 - 2008	Head of BDDF Retail (Retail part of FRB)
2000 - 2003	BNP Paribas Luxembourg, Execution General Manager
2000 - present	BNP Paribas Leasing Group, Board Member
1996 - 2003	Head of "Distribution, Products and Markets" Department of French Retail Banking (FRB)
1996	Head of Products and Markets
1993	BNP Paribas Domestic Banking, Retail Customers
1991 - 1993	Group Head of LILLE Group Branches
1989 – 1991	Deputy Manager of the Nord Pas-de-Calais Network
1987 - 1989	Head of BNP SAVOIE Group
1980 – present	Banque Nationale de Paris
1980	Ecome Polytechnique

Jean-Milan Charles Dominique Givadinovitch, Member	
2011 – present	TEB Investment A.Ş., Board Member
2010 - present	TEB A.Ş., Board Member and Head of Audit Committee TEB Factoring Board Member TEB Asset Management A.Ş. Board Member The Economy Bank N.V. Board Member
2011 - 2011	Fortis Investment A.Ş., Deputy Chairman
2010 – 2011	TEB Investment A.Ş., Deputy Chairman
2009-2010	TEB A.Ş., Head of Group Risk Management
2002-2008	Bancwest; General Auditor Bank of West, Director of Audit and Inspection
1998-2002	BNP Paribas; Deputy Head of Inspection
1997-1998	BNP Paribas; Head of Eastern Asia Pacific Region
1992-1997	BNP Plc, London Deputy Manager, Head of Corporate Banking
1989-1992	BNP Paribas; Big Corporates Division; Relationship Manager
1985-1989	BNP Paribas; Inspector
1983-1985	BNP Paribas; Relationship Manager for Corporate Clients
1981-1983	BNP Paribas; Corporate Finance Executive
1997-1998	Institut des Techniques de Marche
1975-1979	Institut d'etudes Politiques de Paris; Social Science Master
1975-1978	Ecole Des Hautes Etudes Commerciales Paris, Trade Diploma

Ayşe Aşardağ, Member	
2012 August – present	Ekonomi Investment Ltd, Director
2012 – present	TEB Investment, Deputy Chairman TEB Consumer Finance, Deputy Chairman
2011 – present	TEB Factoring A.Ş. Board Member TEB Asset Management A.Ş. Board Member The Economy Bank N.V. Board Member
2010 – present	TEB A.Ş. Board Member
2009 - present	TEB JSC (Kosovo); Board Member
2003 - present	Ekonomi Bank Offshore Ltd., Board Member
2001 - present	TEB Financial Investments, Budget and Financial Control Coordinator
2010 - 2011	Fortis Bank A.Ş. Board Member
2009- 2010	TEB Arval Araç Filo Kiralama A.Ş. Board Member
2008 - 2009	TEB ARVAL Araç Filo Kiralama A.Ş. Deputy Chairman, Etkin Temizlik Hizmetleri A.Ş. Chairman;
2008-2010	TEB Consumer Financing; Deputy Chairman
2007-2009	TEB JSC (Kosovo) Deputy Chairman
2007-2008	TEB Insurance; TEB Communication and Publishing Services; Etkin Temizlik Hizmetleri A.Ş. and Etkin Personel Taşıma Hizmetleri A.Ş., Chairman; TEB Consumer Financing, TEB ARVAL Araç Filo Kiralama A.Ş., Board Member
2007-2010	TEB UCB Real Estate Counseling, Chairman
2004-2010	Ege Turizm ve İnşaat A.Ş., Deputy Chairman
2001-2009	TEB Leasing; TEB Factoring; TEB Investment, Auditor
2001-2010	TEB Auditor
2001-2007	TEB Insurance, Board Member; TEB Asset Management, Auditor
1995-2000	TEB, Budget and Financial Control Unit
1994-1995	University of Glamorgan, Lecturer in Accounting
1987-1994	Price Waterhouse, Istanbul, London, Audit Unit
1992	Institute of Chartered Accountants in England and Wales, ACA
1987	Boğaziçi University, Faculty of Administrative Sciences, Business Administration Department, BS

Yvan De Cock, Member	
2012 December – present	TEB A.Ş. Board Member
2006 -2011	CEO Fortis Bank Turkey
2002 - 2006	CEO Fortis Bank UK
1999 - 2002	Global Corporate Banking at Fortis Bank
1994 - 1999	Head of Corporate Banking North Centre Area, Belgium, Générale de Banque
1988 - 1994	Head of Trade Finance Group, Générale de Banque
1984 - 1988	Export Manager, Générale de Banque
1982 - 1984	Legal Adviser, Nat. Delcrederedienst
1978 - 1982	Lawyer at Winderickx and associates

Alain Georges Auguste Fonteneau , Member	
2011 March – present	TEB A.Ş Board Member
2009 - present	Chief Financial Officer of Retail Banking- Emerging Markets
1998 – 2008	Responsible for Asset &Liability Management of BNP Paribas Group
1995 – 1999	Deputy Manager of Asset-Liability Manager of BNP Group
1988 - 1995	Manager of Balance Sheet Department & Financial Engineering's Department at the BRED-Banque Populaires
1982 – 1988	Deputy Manager of Establishing Financial Models & Forecasts' Department at the OFCE (French Observatory of the Overall Economic Situation), organization of Economic forecast subordinated to the Political Studies Institute in Paris
1977 - 1982	Responsible for researches at the National Centre for Scientific Research (C.N.R.S.)
1980 - 1990	Lecturer in Micro and Macro Economy at the ENA and the IEP of Paris
Additional Professional Occupations	
April 2009 - present	Member of the Supervisory Board of BMCI, Morocco
May 2009 - present	Member of the Board of Directors of SAE, BNP Paribas Egypt
October 2009 - present	Member of the Supervisory Board of UKRSIBBANK, Ukraine

General Manager, Assistant General Managers and Their Responsibilities in the Bank

Varol Civil	Executive Member and General Manager	
Nilsen Altıntaş	Assistant General Manager	Human Resources Group
Melis Coşan Baban	Assistant General Manager	Head of Legal Affairs
Turgut Boz	Assistant General Manager	SME Banking Group
Mehmet Ali Cer	Assistant General Manager	Information Technologies
Levent Çelebioğlu	Assistant General Manager	Corporate Banking Group
Mustafa Aşkın Dolaştır	Assistant General Manager	Financial Control(Affairs) Group
Osman Durmuş	Assistant General Manager	Retail and Micro SME Credits Group
Ümit Leblebici (*)	Assistant General Manager	ALM and Treasury Group
Gökhan Mendi	Assistant General Manager	Retail and Private Banking Group
Başar Ordukaya	Assistant General Manager	Large Corporate Customer Group
Akil Özçay	Assistant General Manager	Fixed Income
Gökhan Özdil	Assistant General Manager	Corporate Credits Group
Saniye Telci	Assistant General Manager	Central and Banking Operations
Arnaud Denis Jean SebastienTellier	Assistant General Manager	Corporate Investment Banking Group
Nuri Tuncalı	Assistant General Manager	SME Credits Group
Kubilay Güler	Assistant General Manager	Banking Operations and Support Services
Phillippe Bernard Dumel (**)	Assistant General Manager	Chief Operational Officer

(*) Mr. Ümit Leblebici has been appointed as Deputy General Manager on 04.02.2013.

(**) Mr. Philippe Bernard Dumel has been appointed as Chief Operational Officer on 18 .02.2013.

Managers of Internal Systems

Hakan Tıraşın	Internal Audit Group - IG Hub Turkey
Didier Van Hecke	Chief Risk Officer
Birol Deper	Head of Compliance Group and Internal Control Group

Varol Civil, Executive Member and General Manager	
2003 - present	TEB A.Ş.A.Ş. Executive Board Member and CEO
2003 - present	TEB A.Ş.NV, Board Member
2006 - present	Banks Association of Turkey, Deputy Chairman of the Board of Directors
2007 – 2011	TEB Asset Management; TEB Investment, Chairman
2005 – 2011	TEB Factoring, Deputy Chairman
2005 - 2010	TEB Leasing Deputy Chairman
2005 - 2006	TEB Insurance, Chairman
2003 - 2004	TEB Insurance, Deputy Chairman
1999 - 2007	TEB Asset Management, Board Member
1999 – 2005	TEB Leasing, Board Member
1998 – 2005	TEB Factoring, Board Member
1998 – 2003	TEB Financial Investments, General Manager; TEB, Board Member and Deputy General Manager
1995 - 1997	Bank Kapital, Board Member and General Manager
1992 - 1995	Arap Türk Bankası, Assistant General Manager
1985 - 1992	Undersecretariat of Treasury and Foreign Trade, Certified Bank Auditor
1983 - 1984	TEB, Expert in Loan and Insurance Department
1983 - 1984	Istanbul University; Faculty of Social Sciences, Department of Money and Banking
1992 - 1993	Marmara University, Contemporary Business Management Program
1978 - 1982	Istanbul University, Faculty of Economics, Economics and Business Administration Department

Nilsen Altıntaş, Assistant General Manager - Human Resources Group	
2005-present	TEB, Assistant General Manager, Human Resources Group
2002-2005	İnovasyon Bilişim Danışmanlık ve Eğitim Hizmetleri (Innovative-HR) Founder, Management and Human Resources Consultant
2000-2002	Eczacıbaşı Holding A.Ş., Human Resources and Corporate Communications
1995-2000	Eczacıbaşı Holding A.Ş., Human Resources Director, Manager and later Coordinator
1990-1995	STFA Holding A.Ş., Organization and Human Resources Coordinator
1987-1990	STFA Holding A.Ş., Investments and Economic Analysis Manager
1979-1987	TÜBİTAK- Marmara Scientific and Technical Research Institute, Chemical Technologies Group, Research Specialist
1987	Boğaziçi University, Associate Professor
1983	Istanbul Technical University, PhD in Industrial Chemical Engineering
1979	Boğaziçi University, MS in Chemical (Process) Engineering
1977	Boğaziçi University, BS in Chemical Engineering

Melis Coşan Baban, Assistant General Manager, Head of Legal Affairs

2008-present	TEB, Assistant General Manager, Legal Affairs
2005-present	TEB, Chief Legal Advisor, Board General Secretary
2000-2005	Pekin & Pekin Law Firm, Partner
1998-2000	Pekin & Pekin Law Firm, Senior Lawyer
1993-1998	Postacioğlu Law Firm, Lawyer
1997	Columbia University, New York, USA, Master of Law (LL.M.)
1995	Istanbul University Law School, Law Degree
1989	Istanbul American Robert College

Turgut Boz, TEB A.Ş., Assistant General Manager, SME Banking Group

2003-present	TEB A.Ş., Assistant General Manager, SME Banking Group
2004-present	TEB Factoring, Board Member
2004 -2010	TEB Leasing Board Member
2000-2003	Garanti Bankası, Commercial Marketing Unit Head
2000-2000	Osmanlı Bankası, Commercial Banking Coordinator
1995-2000	Finansbank Denizli and Ankara Branch Manager
1994-1995	Ata Invest, Denizli Branch Manager
1989-1994	Egebank, Bornova and Denizli Branch Manager
1986-1989	Pamukbank, Karabağlar Branch Manager
1981-1986	Pamukbank, Audit Department, Internal Auditor
1976-1980	Ankara University, Academy of Economic and Administrative Sciences, Banking and Insurance

Levent Çelebioğlu, Assistant General Manager, Corporate Banking Group

2008-present	Türk Ekonomi Bankası, Assistant General Manager, Corporate Banking Group
2011 – 2011	TEB Factoring A.Ş., Board Member
2009 – 2011	The Economy Bank N.V. Board Member
2008 -2010	TEB Leasing A.Ş. Board Member
2004-2008	TEB A.Ş. Assistant General Manager, Financial Institutions Group
1999-2004	TEB A.Ş. Director; Structured Finance and Investor Relations Departments
1992-1999	TEB A.Ş. Treasury Manager
1988-1992	TEB A.Ş. Correspondent Banking Department, Assistant Manager
1987-1988	Yaşarbank Correspondent Banking Department, Assistant Manager
1979-1983	9 Eylül Faculty of Economics, Monetary Economics and Banking Division

Mustafa Aşkın Dolaştır, Assistant General Manager, Financial Control	
2008-present	TEB A.Ş.; Assistant General Manager, Financial Control
2007 - 2007	TEB/Arval/Factoring/Leasing; Chief Financial Officer
1998-2007	The Economy Bank N.V., Amsterdam; Deputy Managing Director
1994-1998	Finansbank (Holland) N.V.; Assistant General Manager
1992-1994	Commercial Union Hayat Sigorta A.Ş.; Assistant General Manager, Financial Control and Administration
1990-1992	Finansbank A.Ş. Istanbul; Group Head, Participations
1986-1989	Arthur Anderson & Co.; Istanbul, Lisbon, London and Cambridge Offices, Senior Auditor
1985-1986	The Central Bank of Turkey; Specialist
1984-1985	Istanbul Technical University; Operations Research Department
1983-1986	Istanbul Technical University Master Degree in Management Engineering
1979-1983	Istanbul Technical University Management Engineering

Osman Durmuş, Assistant General Manager, Retail and Micro SME Credits Group	
2008-present	TEB A.Ş., Assistant General Manager, Retail and Small Business Credit Group
1998-2008	HSBC/Demirbank A.Ş., Head of Retail and Small Business Credit and Risk Group
1997-1998	Yapı Kredi Kart Hizmetleri A.Ş., Head of Credit Cards and Risk
1986-1996	Yapı Kredi Bankası A.Ş., Clerk, Chief Assistant, Specialist, Retail Banking Accounting Department Unit Manager
1982-1986	Marmara University, Faculty of Press and Media, Journalism and Public Relations Department

Ümit Leblebici, Assistant General Manager, ALM & Treasury Group	
2001 - present	TEB, Assistant General Manager, ALM & Treasury Group
2012 – present	TEB Asset Management A.Ş. Board Member
1999-2001	TEB A.Ş., Director, Treasury Group
1997-1999	Osmanlı Bankası; Treasury Manager
1997-1997	Ulusal Bank; Treasury Manager
1991-1997	Midland Bank; Treasury Manager
1988-1994	İstanbul University MBA at Finance Major
1984-1988	İstanbul University Faculty of Business Administration

Saniye Telci, Assistant General Manager, Central and Corporate Operations Group	
2012 - present	TEB A.Ş., Assistant General Manager, Central and Corporate Operations
2005 - 2012	TEB A.Ş. Assistant General Manager, Banking Operations Group
1999-2005	TEB, Operations Manager, Branch and Headquarter Operations & Treasury Operations
1997-1999	T. Garanti Bankası A.Ş., Operation Centre, Operations Manager
1994-1997	T. Garanti Bankası A.Ş., Istanbul 1st Region Operations and Kozyatağı Corporate Branch, Operations Manager; Istanbul 2nd Region Operations and Istanbul Corporate Branch, Operations Manager
1991-1994	T. Garanti Bankası A.Ş., Istanbul 3rd Region Operations, Assistant Manager
1987-1991	T. Garanti Bankası A.Ş., Foreign Transactions Department, Assistant Supervisor and Assistant Manager
1984-1987	Anadolu Bank T.A.Ş., Foreign Transactions Department, Foreign Exchange Assistant Expert
1977-1982	Istanbul University, Faculty of Economics

Nuri Tuncalı, Assistant General Manager, SME Credits Group	
2011 - present	TEB A.Ş. Assistant General Manager, SME Credits Group
2008 - 2011	TEB A.Ş. Assistant General Manager, Corporate and Commercial Credits
2001-2008	TEB A.Ş. Assistant General Manager, Credit Allocation and Financial Analysis
1999-2001	TEB, Loan Allocation Department, Director
1996-1999	TEB, Loan Allocation Department, Manager
1988-1996	TEB, Loan Control, Gayrettepe Branch, Loan Allocation, Assistant Manager
1986-1988	TEB A.Ş. Board of Inspectors, Inspector
1984-1986	Akbank, Audit Department, Auditor
1978-1982	Boğaziçi University, Faculty of Administrative Sciences, Business Administration Department

Arnaud Denis Tellier, Assistant General Manager, Corporate Investment Banking Group	
2011- present	Türk Ekonomi Bankası, Assistant General Manager, Corporate Investment Banking Group TEB Investment A.Ş. Board Member The Economy Bank N.V. Board Member
2010 – 2011	Türk Ekonomi Bankası, Head of Corporate Investment Banking Group
2006 - 2010	BNP Paribas, Athens, CEO
2002 - 2006	BNP Paribas, Paris, Regional Head of Central Europe and Scandinavian Countries
1997 - 2002	Banque Nationale de Paris, Madrid, Head of Treasury and Capital Markets for Spain and Portugal
1995 – 1997	Banque Nationale de Paris, Paris, Head of Derivatives Trading Desk
1992 - 1995	Banque Nationale de Paris, London, Head of Debt Capital Markets for Scandinavian Countries
1988 - 1989	Banque Nationale de Paris, Credit Analyst
1988	Ecole Supérieure De Commerce Et D'administration Des Entreprises De Tours, France
1982	Academie De Versailles, France

Mehmet Ali Cer, Assistant General Manager, Banking Operations Group	
2011- present	TEB A.Ş. Assistant General Manager, Banking Operations Group
2011 – 2011	TEB, Infrastructure Management, Group Director
2010 – 2011	Fortis, Information Technologies, Director
2000 – 2010	TEB, Infrastructure Management, Director
1997 – 2000	Demirbank, Software Development, Manager
1995 – 1997	Metters Industries, Senior Software Engineer
1993 – 1995	Southern Illinois University, Graduate Assistant Expert
1990 - 1992	Türkiye Kalkınma Bankası, System Analyst
1993 - 1996	Southern Illinois University, Computer Engineering (MS degree)
1985 - 1990	Hacettepe University, Computer Sciences & Engineering

Akil Özçay, Assistant General Manager, Fixed Income	
2012 - present	TEB A.Ş., Investment, Chairman
2012 – present	TEB A.Ş., Asset Management, Board Member
2011 - present	TEB A.Ş., Assistant General Manager, Fixed Income
2011- 2012	TEB A.Ş. Asset Management, Chairman
2011 - 2012	TEB A.Ş. Investment, Deputy Chairman
2011- 2011	Fortis Asset Management A.Ş., Chairman
2009- present	TEB Kosovo, Board Member
2008 – 2011	Türk Ekonomi Bankası, Chief Advisor to CEO
2007 - 2008	CBRT Internal Audit, Chief Audit Executive
2007	Rutgers, The State University of New Jersey
2004 - 2007	CBRT New York Representative Office, Chief Representative
2001 - 2004	CBRT Markets Department, General Director
1998 – 2001	CBRT Markets Department, Assistant General Director
1998 – 2005	TEB Factoring, Board Member
1996 – 1998	CBRT Markets Department, Open Markets Operations, Manager
1995 - 1996	CBRT Banking Department, Banking Supervision, Manager
1994 - 1995	CBRT Markets Department, Foreign Exchange Transactions, Manager

Gökhan Mendi, Assistant General Manager, Retail and Private Banking	
2011- present	TEB A.Ş., Assistant General Manager, Retail and Private Banking
2011 – present	TEB Investment A.Ş., Board Member TEB Asset Management A.Ş., Board Member
2011 - 2011	TEB Consumer Financing A.Ş., Board Member
2007 – 2011	Fortis A.Ş., Retail CEO, Head of Retail Banking&Insurance Manager
2003 – 2007	Finansbank A.Ş., Assistant General Manager, Board Member of Pension&Life Company, Board Member of Portfolio Management & Invest Company
2001- 2003	Finansbank, Holland, Executive Deputy President, Consumer Banking
1991 – 2001	Citibank London, Head of Business Development
1998 - 1999	Citibank, Credit Cards Marketing Director
1996 - 1997	Citibank, Credit Cards Sales & Marketing Manager
1996 – 1996	Beiersdorf Chemical, Sales & Marketing Manager
1992 - 1996	British Petroleum, Marketing Serdeputys & Product Manager
1991 – 1992	British Petroleum, Marketing Serdeputys Manager
1990 - 1991	British Petroleum, Assistant of Engineering Manager
2000 – 2002	London Business School, Executive MBA
1987 - 1998	Istanbul University, Business Administration Master
1983 - 1987	Istanbul Technical University Civil Engineering

Başar Ordukaya, Assistant General Manager, Large Corporate Clients

2011- present	TEB A.Ş., Assistant General Manager, Large Corporate Clients
2010 – 2011	Fortis Turkey, Assistant General Manager, Corporate and Commercial Banking
2005 – 2010	Fortis Turkey, Assistant General Manager, Corporate Banking
2002- 2005	Dışbank, Assistant General Manager, Financial Institutions
1999 – 2002	Dışbank, Managing Director, Financial Institutions
1998 - 1999	Garanti Bankası, Deputy President, Financial Institutions
1997 - 1998	İktisat Bankası Moscow, Director, Corporate Banking&FI
1995 – 1997	İktisat Bankası, Area Manager, Financial Institutions
1994 - 1995	İktisat Bankası, Account Manager, Corporate Banking
1991 – 1993	State University of West Georgia, MBA
1985 - 1990	Middle East Technical University, Faculty of Economics

Gökhan Özdiil, Assistant General Manager, Corporate Credits Group

2011 – present	TEB A.Ş. Corporate Credits Group
2008- 2011	Fortis Bank A.Ş., Executive Deputy President, Merchant Banking Credits
2007 – 2008	Fortis Bank A.Ş., Executive Deputy President, Retail Banking Credits
2005 – 2007	Fortis Bank A.Ş., Executive Deputy President, Credits Group
2004- 2005	Türk Dış Ticaret Bankası A.Ş., Executive Deputy President, Credits Group
1996 – 2004	Türk Dış Ticaret Bankası A.Ş., Branch Manager
1992 - 1996	Türk Dış Ticaret Bankası A.Ş., Assistant Branch Manager
1989 - 1992	Türk Dış Ticaret Bankası A.Ş., Internal Audit Group, Inspector
1987 – 1989	Türk Dış Ticaret Bankası A.Ş., Head Office
1981 - 1986	Middle East Technical University, Economics

Kubilay Güler, Assistant General Manager, Banking Operations and Support Services

2012 – present	TEB A.Ş. Assistant General Manager, Banking Operations & Support Services
2011 - 2012	Finansbank A.Ş. Assistant General Manager, Internal Control Unit
1999 - 2011	Finansbank A.Ş. Assistant General Manager, Operations & Alternative Distribution Channels
1995 - 1999	Citibank N.A. Assistant General Manager, Operations
1989 - 1995	Netbank (Marbank) Manager, Credit & Marketing Department
1985 – 1989	İmarbank, Management Trainee, Card Sales & Operations Department
1983 - 1985	Akbank, Officer, Export & Import Department
1978 - 1983	Middle East Technical University, Faculty of Economic & Administrative Science, Public Administration

Philippe Bernard Dumel, Chief Operational Officer	
2013 - Present	TEB A.Ş., Assistant General Manager, Chief Operational Officer
2010 – 2012	TEB A. Ş., Head of Integration
2007 – 2010	Cetelem, BNP Paribas, Personal Finance, Head of France
2003 – 2007	Banca UCB, BNP Paribas, Head of Italy
1998 – 2003	UCB, BNP Paribas, Chief Operational Officer
1994 – 1998	UCB, Head of Marketing Department
1991 – 1994	UCB, Marketing Department, Project Manager
1989 – 1991	UCB, Branch Manager
1987 - 1989	UCB, Service Quality, Project Manager
1985 - 1987	CEET, Engineering and Maintenance Engineer
1982 - 1985	Renault, Engineer
1980 - 1982	Ecole des Mines de Paris, PhD in Economy
1977 - 1980	Ecole des Mines de Saint-Etienne, Engineer in metallurgy

Managers of Internal Systems

Hakan Tıraşın, Head of Internal Audit	
2006 - present	TEB A.Ş. Head of Internal Audit
2004-2005	TEB, Assistant General Manager, Organization, Banknote Markets and Support Services and Secretary General
1992-2004	TEB, Secretary General
1989-1992	TEB, Internal Auditor
1973-1989	Akbank, Branch Manager and Internal Auditor
1972-1977	Istanbul Academy of Economics and Business Administration

Didier Van Hecke, Chief Risk Officer	
2011 - Present	TEB A.Ş., Chief Risk Officer
2011 – present	TEB Sh.A, Board Member
2008 – 2011	Fortis A.Ş., Chief Risk Officer
2005 – 2008	Fortis Asia., Chief Credit Risk Officer
2003 – 2004	Fortis Bank, Head of Trading Derivatives
2000 - 2003	Fortis Bank, Trader Credit Derivatives
1999 - 2000	Fortis Bank, Assistant Head of Credit Analysis Central Credit Department
1996 - 1999	Generale Bank, Head of Credit Analysis Corporate Credits
1993 - 1996	Generale Bank, Credit Analyst Corporate Credits Brussels
1992 - 1993	Generale Bank, Management Trainee Program
1987 -1991	Katholieke University, Business Engineer

Birol Deper, Head of Compliance Group and Internal Control Group	
2012 – present	TEB A.Ş., Head of Compliance Group and Internal Control Group
2010 - present	TEB Asset Management A.Ş., Auditor
2010 - 2012	TEB A.Ş. Compliance and Regulation Director
2009 - 2010	TEB A.Ş. Banking Regulation Director
2007 - present	TEB Cetelem A.Ş., Auditor
2006 - 2009	Banking Regulation Manager
2007 - 2010	Banking Regulation and Supervision Agency, Certified Bank Auditor
2001 - 2006	Galatasaray University Faculty of Political Sciences - MBA
1996 - 2000	Ankara University, Faculty of Political Sciences, Department of Business Administration

Audit Committee (*)

Name	Position
Jean-Milan Charles Dominique Givadinovitch	Head of Audit Committee
Dr. Akin Akbaygil	Deputy Head of Audit Committee

(*) Sabri Davaz and Yvan L.A.M. DeCock have been appointed as audit committee members on 21.02.2013.

Jean-Milan Charles Dominique Givadinovitch, Head of Audit Committee	
2011 – present	TEB Investment A.Ş., Board Member
2010 - present	TEB A.Ş., Board Member and Head of Audit Committee TEB Factoring Board Member TEB Asset Management A.Ş. Board Member The Economy Bank N.V. Board Member
2011 - 2011	Fortis Investment A.Ş., Deputy Chairman
2010 – 2011	TEB Investment A.Ş., Deputy Chairman
2009-2010	TEB A.Ş., Head of Group Risk Management
2002-2009	Bancwest; General Auditor Bank of West, Director of Audit and Inspection
1998-2002	BNP Paribas; Deputy Head of Inspection
1997-1998	BNP Paribas; Head of Eastern Asia Pacific Region
1992-1997	BNP Plc, London Deputy Manager, Head of Corporate Banking
1989-1992	BNP Paribas; Big Corporates Division; Relationship Manager
1985-1989	BNP Paribas; Inspector
1983-1985	BNP Paribas; Relationship Manager for Corporate Clients
1981-1983	BNP Paribas; Corporate Finance Executive
1997-1998	Institut des Techniques de Marche
1975-1979	Institut d'etudes Politiques de Paris; Social Science Master
1975-1978	Ecole Des Hautes Etudes Commerciales Paris, Trade Diploma

Dr. Akın Akbaygil, Deputy Head of Audit Committee*	
1998 – present	TEB A.Ş. Deputy Chairman
2011 – present	TEB N.V. Chairman
2011 – 2012	TEB Investment A.Ş. Chairman
2011 - 2011	Fortis Investment A.Ş. Board Member
2008 - present	TEB A.Ş. Audit Committee Deputy Chairman
2005 - present	TEB Factoring, Chairman; TEB Financial Investments A.Ş., Board Member
1999 - present	Ekonomi Bank IBU Ltd, Deputy Chairman
2005- 2010	TEB A.Ş. Leasing Chairman
2004 - 2007	TEB A.Ş. Asset Management, Chairman
2003 - present	TEB Holding A.Ş., General Manager
2003 - 2005	TEB Financial Investments A.Ş, Deputy Chairman
2001 - 2002	Banks Association of Turkey, Deputy Chairman
1998 – 2011	TEB NV, Deputy Chairman
1997 – 2005	TEB Insurance, Chairman; TEB Factoring, Board Member
1996 – 2005	TEB Leasing, Board Member
1994 – 2001	Banks Association of Turkey, Board Member
1987 – 2003	TEB A.Ş, Deputy Chairman, Executive Member and General Manager
1982 – 1987	TEB A.Ş., Executive Member
1965 – 1982	Akbank, Director of Foreign Affairs Istanbul University, Faculty of Economics, BA and PhD

(*) Mr. Akbaygil was appointed as chairman of Fortis Faktoring A.S. since January 2013.

Statutory Auditors, Terms of Office and Professional Backgrounds

Cihat Madanođlu, Auditor	
2006 - present	TEB A.Ş., Auditor
2011 –present	TEB Arval Araç Kiralama A.Ş., Auditor
2009 – present	TEB Investment, Auditor
2007 – present	TEB Leasing Board Member TEB Factoring, Auditor
2001 – present	TEB Holding A.S., Coordinator
2005 – present	Ekonomi Bank IBU Ltd, Board Member
2010 -2011	TEB UCB Real Estate Counseling, Chairman
2009 - 2011	TEB ARVAL Araç Filo Kiralama A.Ş. Board Member
2009-2010	TEB UCB Real Estate Counseling, Board Member
2007-2010	TEB Consumer Financing, Board Member
2007 - 2009	TEB Asset Management, Auditor
2007 - 2008	TEB UCB Real Estate Counseling A.Ş. ve TEB ARVAL Araç Filo Kiralama A.Ş., Board Member
2006 – 2007	TEB Insurance Board Member
2005 – 2006	TEB Factoring Board Member
2004 – 2006	TEB Leasing Board Member
2000 – 2004	TEB Leasing, Auditor
1997 – 2005	TEB Insurance, Board Member
1997 – 2007	TEB, Board Member
1997 – 2000	TEB Leasing, Board Member
1997 – 1999	TEB Investment, Board Member
1996 – 2001	TEB, Assistant General Manager
1992 – 1996	Housing Development Administration of Turkey, Director of Administration and Finance
1989 - 1992	Ankara University, Lecturer, Reconciliation of Indirect Taxes, Community Budget at European Union

Esra Peri Aydođan, Auditor	
2010 - present	TEB A.Ş., Auditor
2011 – 2012	TEB UCB Real Estate Counseling, Chairman
2010- present	TEB ARVAL Araç Filo Kiralama A.Ş. Board Member
2009- present	TEB Factoring Auditor
2005 – present	TEB Financial Investments, Consultant
2009-2010	TEB Leasing Auditor
2002 - 2004	Ernst & Young (After Andersen integration), Independent Auditing and Consultancy Services, Partner
1989-2002	Andersen, Independent Auditing and Consultancy Services, Auditor, Audit Manager and Partner
1989	Bođaziçi University Faculty of Administrative Sciences, Business Administration Department, BS

COMMITTEES OF TÜRK EKONOMİ BANKASI A.Ş.

CREDIT COMMITTEE

The Credit Committee is responsible to evaluate and approve loans within its authorization limits in accordance with the rules of the Banking Regulation and Supervision Agency and within the powers and limits specified by the Board of Directors.

Chairman: Dr. Akın Akbaygil

Deputy Chairman: Jean Milan Charles Dominique Givadinovitch

Member:

Jean Paul Sabet

Musa Erden

Varol Civil

Committee meets once a week

AUDIT COMMITTEE

The Board of Directors has set up the Audit Committee for the following purposes:

- To make decisions to realize Bank's strategic goals and plans
- To Discuss and evaluate bank's strategic plans related to performance
- To provide an independent work environment for external auditors
- To confirm Internal Control System, Inspection and Risk Management are performing in an independent and unbiased manner
- To monitor internal control regulations and internal audit policies
- To review consolidated financial reports
- To identify discrepancies between applications and their implementations

Chairman: Jean-Milan Charles Dominique Givadinovitch

Vice Chairman: Dr. Akın Akbaygil

Committee meets once in two month

HUMAN RESOURCES PRACTICES

In line with its targets and strategies, it is TEB's policy to recruit highly qualified employees, preferably university graduates who are able to represent the bank, think analytically and get along well with their co-workers.

Appropriately designed selection and assessment systems and tools are employed to ensure that high-potential, promising, creative and innovative people join the Group.

Successful employees who have a high potential are promoted both within TEB and within the TEB Financial Services Group following performance assessment.

Based on their performance evaluation, employees who reached their annual targets are rewarded with performance and bonus payments. While these payments cannot be guaranteed in advance, bonus payment criteria are defined for every position and announced to employees every year. Bonus payments are made in cash and Turkish Lira.

Performance of the employees is evaluated on 3 criteria, banking performance, department performance, and personal/individual performance. Bonus payments are made in cash and Turkish Lira.

In 2012, yearly average bonus payment is 1.7 times the monthly average personnel salary.

INFORMATION ON TRANSACTIONS CONDUCTED WITH RELATED PARTIES

The Bank is involved in various transactions with its affiliated group (related-parties) and these transactions are carried out for commercial purposes and at market prices. Loan transactions with related-parties and their share in the Bank's total credit risk as of 31 December 2012 and 31 December 2011 were as follows:

Detailed information about the risk group to which TEB is included has been prepared in accordance with the "Communiqué on Financial Statements and Related Explanations and Footnotes Announced to the Public by Banks" and published in Section 4, Paragraph b of the "Annual Report" and was also included in the financial statements as of 31 December 2012 and Section VII, Article 1 of the Independent Audit Report.

(%)	31.12.2012	31.12.2011
Share in total cash loans	0.12	0.74
Share in total non-cash loans	2.69	2.92
Share in total cash and non-cash loans	0.79	1.26

PERFORMANCE AND SALES BONUS

Total amount of TRY 60.1 million, consisting of TRY 51.5 million performance bonus and TRY 7.7 million sales bonus, and other personnel bonus of 0.9 million is reserved to be paid in 2013.

OUTSOURCED SERVICES AND OUTSOURCING COMPANIES

The compliance period within the scope of "Banks outsourced services" legislation by the Banking Regulation and Supervision Agency (BRSA) has ended on November 5,2012. Approval and documentation procedures for services acquired in accordance with the new regulation has been completed by our bank.

REMARKS ON PRIVATE AUDIT AND THE PUBLIC AUDIT

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. has been the external audit company for TEB A.Ş. and its subsidiaries for 2012. On the other hand, routine audits have been carried out by Banking Regulation and Supervision Agency (BRSA) and Turkish Republic Central Bank audit.

INFORMATION ABOUT ESTABLISHING RISK COMMITTEE

Duties and responsibilities defined by Board of Directors concerning "Early Detection of Risk Committee" are as follows:

- (a) early detection of the risk that may endanger the presence, development and sustainability of the Company, application of the necessary measures and remedies related to the identified risks and risk management,
- (b) evaluation of circumstances and, if any, pointing out the dangers, submission of the "Report on Early Detection and Management of Risk" to the Board of Directors to be prepared in every two months for the purpose of outlining the necessary measures.

Therefore, it has been unanimously resolved that the Audit Committee existing within our Bank shall continue to carry on its duties which also include duties, responsibilities and authorities of the "Early Risk Detection Committee" mentioned in Article 378 of the Turkish Commercial Code.

INFORMATION ABOUT THE LAWSUITS FILED AGAINST THE BANK

There were 1,209 law cases against the bank totaling amount TL 14,024,377 in 2012.

Total 3,377 of cases sued before and during 2012 still proceeds with a total value of TL 106,545,468. As of 31.12.2012, TL 45,170,991 provision has been reserved

Competition Board's investigation carried out in order to determine whether or not 12 banks operating in Turkey violated Article 4 of the Law on Protection of Competition (Law No. 4054) by making the agreement or concerted action on deposits, loans, and credit card services still proceeds. Concerning the uncertainty and state of the investigation, the bank decided not to reserve any provision as of 31.12.2012.

INFORMATION/REMARKS ON THE ADMINISTRATIVE AND JUDICIAL SANCTIONS

There was no administrative or judicial sanctions imposed on the Bank and members of the board due to any practice which was contrary to the laws and regulations.

INFORMATION/REMARKS REGARDING PARENT COMPANY

The bank has not entered into any transaction or refrained from any transaction with TEB Holding, its major shareholder of 55% shares, or with any of its subsidiaries under the influence of TEB Holding, that would ultimately benefit TEB Holding or any of its affiliates. Therefore no compensation measure is necessary between the bank and TEB Holding or any of its subsidiaries.

SUMMARY OF BOARD DIRECTORS' REPORT PRESENTED TO THE GENERAL ASSEMBLY

Esteemed Shareholders,

Although it has been a long time since the global financial crisis broke out, the global economy was still seeking a new balance in 2012. Economic growth slowed in 2012, but the Turkish economy was able to successfully manage the soft-landing process.

Developments in the Eurozone have had a significant impact on the global economy in 2012. In general, growth rates in developed and developing economies declined during this period, while a considerable degree of volatility was observed in the global risk appetite. The key developments during the year were the high unemployment rates and the fiscal cliff in USA, the public debt, the banking sector and issues of trust in the Eurozone, and a new government in Japan coming to power promising to attach priority to growth and monetary expansion, and monetary expansion policies applied throughout the world.

Despite the uncertainties and intensive competition in the global economy, the Turkish banking sector has notched up steady growth. Thanks to its robust capital structure, asset quality and profitability, the Turkish banking sector has played a key role in protecting the healthy structure of the Turkish economy since 2008, which marked the onset of the global economic crisis. By allocating resources to the national economy, the Turkish banking sector provided a strong foundation for economic activity to gain momentum, thus significantly supporting Turkey's rapid growth in the aftermath of the global economic crisis.

In 2012, we celebrated TEB's 85th anniversary with our stakeholders. As one of the building blocks of the Turkish banking sector, TEB maintains its progress in its 86th year as a stronger, more dynamic and more agile service provider. In our first full operating year after the merger, we demonstrated an extremely successful performance.

The realizations in 2012 stand as an important indicator of TEB's strong growth potential. Our Bank has always allocated an increasing volume of resources and support for such sectors, especially SMEs, which operate in the manufacturing industry and create new jobs, and will continue to do so in 2013 and beyond. Such support will play a vital role in boosting economic output and contributing to Turkey's target of sustainable growth and development.

As in the past, TEB will unstintingly continue to pay regard to transparency, accountability, ethics, risk management and corporate management.

While presenting TEB's operating results and financial statements for the year 2012 for your valuable consideration, we would like to take this opportunity to extend our appreciation to our shareholders' continuous support.

Regards,

Board of Directors

PROPOSAL FOR DISTRIBUTION OF PROFIT

TÜRK EKONOMİ BANKASI A.Ş. 2012 DISTRIBUTION OF PROFIT CHART (TRY)		
1.	Paid-in / Issued Capital	2,204,390,000.00
2.	Total legal reserves (According to Legal Records)	121,666,683.41
Information regarding the privilege, if any privilege with respect to distribution of profit is stated in the articles of association		
		According to Legal Records ("LR")
3.	Profit for the period	640,723,898.57
4.	Taxes to be paid (-)	(155,094,637.51)
5.	Net profit for the period (=)	485,629,261.06
6.	Losses related to the Previous Years (-)	-
7.	Primary Legal Reserve (-)	(24,281,463.05)
8.	NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	461,347,798.01
9.	Donations made within the year (+)	
10.	Net distributable profit (donations are included) for the period according to which the first dividend will be calculated	
11.	First dividend for the shareholders	-
	-Cash	-
	-free of cost	-
	- Total	-
12.	Dividend distributed to the holders of the privileged share	-
13.	Dividend distributed to the Board of Directors members, employees etc.	-
14.	Dividend distributed to the holders of redeemed share certificates	-
15.	Second dividend for the shareholders	-
16.	Secondary Legal Reserves	-
17.	Statutory Reserves	-
18.	Special Reserves	
19.	EXTRAORDINARY RESERVES	461,347,797.57
20.	Other resources planned to be distributed Profit of the previous year Extraordinary Reserves Other distributable reserves according to the laws and articles of association	-

(*) Affiliate means; an affiliate of the main partnership, subsidiary and the partnerships which are subject to common management.

INFORMATION REGARDING THE PERCENTAGE OF THE DISTRIBUTED PROFIT ⁽¹⁾				
DIVIDEND INFORMATION REGARDING EACH SHARE				
	GROUP	TOTAL DIVIDEND AMOUNT (TL)	DIVIDEND CORRESPONDS TO SHARES WITH A NOMINAL VALUE OF TL 1	
			AMOUNT (TL)	PERCENTAGE (%)
GROSS		0	0	0
NET		0	0	0
THE PROPORTION BETWEEN THE DISTRIBUTED SHARE OF PROFIT AND NET DISTRIBUTABLE PROFIT (DONATIONS ARE INCLUDED) FOR THE PERIOD				
SHARE OF PROFIT DISTRIBUTED TO THE SHAREHOLDERS (TRY)	THE PROPORTION BETWEEN THE DISTRIBUTED SHARE OF PROFIT TO THE SHAREHOLDERS AND NET DISTRIBUTABLE PROFIT (DONATIONS ARE INCLUDED) FOR THE PERIOD (%)			
0	0			

(1) If there is a privileged share group in the profit, a group separation shall be realized.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Statement of Compliance with Corporate Governance Principles

Our bank is determined to be coherent with Corporate Governance Principles (series IV, no: 56) completely which was published in the official gazette (no: 28158) on 30.11.2011.

Almost all principles stated in the mentioned series are applied without any conflict of interest. As stated in the article 8 of the afore mentioned communique, Corporate Governance Principles came in effect for banks whose shares are publicly traded on Istanbul Stock Exchange a year after its publication so compliance with mandatory principles by the bank is underway as of this date.

PART I – SHAREHOLDERS

2. Shareholder Relations Department

A Shareholder Relations Department referred to as the Shareholders Unit in the organizational chart) has been established in an effort to inform registered shareholders about dividends, capital increases and the agenda and resolutions of General Meetings, to maintain the share register in accordance with Article 326/1 of the Turkish Commercial Code and to manage legal and operational relations with shareholders. The contact details of this unit are as follows:

Jale Akman Aydođdu
Phone: +90 216 635 34 69
Fax: +90 216 636 36 36
E –mail : jale.akman@teb.com.tr

Hülya Şentürk
Phone: +90 216 635 34 70
Fax: +90 216 636 36 36
E –mail : hulya.senturk@teb.com.tr

This unit reports to the General Secretary of the Board of Directors

Additionally, the Bank has an “Investor Relations and Corporate Governance Department” to establish relations with domestic and foreign investors and inform them about the Bank’s activities and financial results.

Çiğdem Çelikkbilek and Özgün Zaimođlu are responsible for the overall management of the department.

Their contact information is as follows:

Çiğdem Çelikkbilek (Senior Manager)
Phone: +90 216 635 24 63
Fax: +90 216 636 36 36
E-mail: cigdem.celikkbilek@teb.com.tr

Özgün Zaimođlu (Assistant Manager)
Phone: +90 216 635 24 60
Fax: +90 216 636 36 36
E-mail: ozgun.zaimoglu@teb.com.tr

In addition to meetings, nearly 50 queries about TEB have been answered by telephone and e-mail in 2012. The questions were about various subjects and all requests for information by shareholders were answered as quickly as possible, provided that they are not related to trade secrets or information that is not publicly available.

3. Exercise of Shareholders’ Right to Information

Except the special enquiries from the shareholders , all information that should be provided within the scope of shareholders’ rights is available on Corporate Governance and Investor Relations sections on TEB’s web site and the information is updated regularly.

Although Article 36 of the Articles of Association of TEB provides for the appointment of a special auditor, no special auditor was elected in 2012.

This article does not define the request for the appointment of a special auditor as an individual right. However, the Articles of Association does not contain any provisions that contradict with the relevant provision of the Turkish Commercial Code. This right was not exercised in 2012.

4. Information on General Meetings of Shareholders

The General Meeting of Shareholders convened to an Ordinary General Meeting on 26 March 2012 and attendance was 96.81.%, no media members were present at this event.

Invitation letters were sent by registered mail at least 15 days prior to the respective meeting dates to the Shareholders in the share register. The meetings were also announced in the Turkish Trade Registry Gazette and a national daily newspaper. In addition, e-mail messages were sent to the shareholders whose e-mail addresses were known.

In accordance with the provisions of the 2499 Capital Markets Act temporary article and 294 of Central Register Agency communication published on 30 January 2008, completion of dematerialization of shares is mandatory in order to vote in General Assembly. Unless the dematerialization is completed, attendance of our shareholders to General Assembly is not possible.

The shareholders who will attend the Ordinary General Assembly meeting individually or via proxy shall submit the below listed documents, before the meeting date, to the Shareholders Unit of the Bank's Head Office or to Branches, and obtain the Entrance Cards or shall apply before the establishment of Presidential Board of the General Assembly, at the latest.

- Identity documents and/or proxies,
- General assembly blocking letters related to the shares that they own,
- In addition to the above listed documents, the authorization document of the person who is authorized by the legal entity shareholders

The date, venue, time and agenda of the meeting, as well as sample statements for those who wish to appoint a proxy to attend the meeting on their behalf, are included in the invitation letters, the newspaper announcements and on TEB's website.

Shareholders exercised their right to ask questions at general meetings and their questions were answered informatively.

Shareholders tabled motions, which were put to the vote of attending shareholders and accepted.

According to the Articles of Association, approval of the General Meeting of Shareholders is not required for decisions concerning spin-offs or the sale, purchase and leasing of material assets. The powers and responsibilities of the Board of Directors in relation to these decisions have been specified in Article 26 of the Articles of Association.

To facilitate attendance at General Meetings of Shareholders, notices are sent out on time, the meetings are held in central locations in Istanbul and the minutes of the meetings are made available at the Shareholders Unit and on the website.

In addition, all shareholders were informed about total amount of donations and their beneficiaries during the General Assembly.

5. Voting Rights and Minority Rights

There are no privileges regarding voting rights. Further there are not any cross-shareholding companies. Minority shares are not represented in management; however the views, suggestions and requests of minority shareholders are communicated to the management through the Investor Relations and Corporate Governance Department and the Shareholders Unit.

6. Dividend Policy

There are no privileges regarding dividend distribution. TEB's dividend policy, which was amended on 29 September 2006 and announced to the public, is as follows:

Dividend Policy:

“Türk Ekonomi Bankası A.Ş. will pay up to 40% of the net distributable profit to its shareholders as a cash dividend or as bonus shares within the context of its Articles of Association. The amount distributable depends on market conditions, maintenance of a comfortable capital adequacy ratio and growth plans of the bank and will be proposed by the Board of Directors to the Ordinary General Meeting of Shareholders every year.”

No dividend was distributed for the profit generated in the year 2011.

7. Transfer of Shares

Article 9 of the Articles of Association stipulates that:

- The relevant provisions of the Turkish Commercial Code and other applicable legislation shall govern share transfers.
- Transfer of shares at the percentages specified in the Banking Law and transfer of share certificates that grant usufruct rights shall be subject to the prior permission of the Banking Regulation and Supervision Agency and the Capital Markets Board.
- In order for such transfer and assignment to be binding for the company and for third parties, the share transfer must be approved and certified by the Board of Directors and entered into the share register.

Furthermore, the same article stipulates that the company’s Board of Directors may reject approval and registration without specifying any reason.

PART II - PUBLIC DISCLOSURE AND TRANSPARENCY**8. Disclosure Policy**

Within the context of the Corporate Governance Principles that are binding for TEB, TEB’s

Disclosure Policy is announced on its website both in English and Turkish, and updated regularly.

All information that fits the above definition is publicly disclosed by the Investor Relations and Corporate Governance Department or the Official Reporting Department and is subject to the approval of the Board of Directors and the General Management. Announcements made are also reported to the Corporate Governance Committee.

9. The Website and its Contents

All the information for our investors and customers is provided under Investor Relations and Corporate Governance sections both in English and Turkish ,
http://www.teb.com.tr/eng/main/HaritalInvestorrelations_menu.aspx
http://www.teb.com.tr/eng/main/HaritaCorporate_governance_menu.aspx

Information is available under the following headings:

- TEB- BNP Paribas
- Share Price Info
- Financial Calendar
- Ratings
- Financial Highlights
- Financials
- Investor Presentation
- Dividends
- Annual Reports
- Announcements
- Press Releases
- Frequently Asked Questions
- Contact Info
- UFRS Financials
- TEB Bond Issue
- Corporate Governance Principles Management
- General Meetings
- Committees
- Mission, Vision and Policies

10. Annual Reports

Annual Report include Corporate Governance Compliance Report, therefore Corporate Governance Principles are practiced in the report.

PART III – STAKEHOLDERS

11. Announcements to Stakeholders

Stakeholders are provided information concerning TEB's activities through special circumstances disclosures, as published on the website and in annual reports. Views, opinions and questions submitted to TEB using the 'Contact us' section of the website are referred to the relevant departments and answered within the framework of applicable legislation.

12. Participation of Stakeholders in Management

As banking practice and legal rules impose strict restrictions on the appointment of executives, no model has been devised for stakeholders to personally take part in management. TEB believes that this applies equally to other banks in the industry. However, stakeholders can communicate their views, opinions, critiques and demands to the management through the "Investor Relations and Corporate Governance Department", the "Shareholders Unit" and the "Customer Communications Unit".

13. Human Resources Policy

The main objective of TEB's Human Resources Group is to adopt the best HR practices in the finance industry.

Given this objective, the Bank's human resource policy assures the following:

* Ensuring dynamism and readiness for change in the organizational structure, in line with the strategic plans and goals of the TEB Group.

* Within the scope of the TEB Talent Pool, recruiting people for the TEB Group who are well educated, open to innovation and change, have entrepreneurial skills, are energetic, dynamic, who possess potential for self-development, are

team players and who can adopt corporate values and commit to them.

* Utilizing human resources in the most effective and productive manner in conformity with the Bank's targets and strategies, supporting employees with development programs that are in line with both professional and personal career goals indicated in employees' career plans and creating career opportunities by ensuring employees' participation in advanced BNP Paribas training courses.

* Considering training and development as an investment in human resources and contributing to the development of employees in line with the TEB Group's targets and strategies within the framework of the "continuous learning and development" philosophy of the TEB Formation Academy,

* Training future managers amongst employees within the organization and prioritizing applicants amongst employees within TEB for future open positions,

* Improving individual and team performance continuously through quality improving methods and systems, focusing on rewarding schemes in the Performance Assessment System that enables the recognition of superior performance and giving each employee equal opportunity within the context of their career plans,

Contributing to the productivity and performance of Bank's employees and branches; by providing quick and effective HR support and practices.

By the end of 2012, TEB has 9287 personnel and 509 branches. % 61.3 of the TEB employees have university degree while 5.5% holds a graduate degree and 0.1 % holds a post graduate degree. Average training time per employee was realized as 62 hours.

14. Ethical Rules and Corporate Responsibility

As also stated on our website, The Board of Directors complies with the Code of Banking Ethics dated

November 1, 2001 and numbered 1012 as prepared and published by the Banks Association of Turkey to which TEB contributes to the activities thereof.

In addition, TEB Group Ethical Principles are defined and delivered to all employees. Ethical principles are classified as “Use of Company Resources”, “Relations”, Responsibilities Toward the Company”, “General and Particular Rules” serving as a resource to adopt corporate culture and guide that all employees can consult.

Ethical Rules section is on Corporate Governance section on our web site.

Seeing corporate social responsibility as a style of conducting business, TEB acts in line with its mission to become a bank that considers its stakeholders’ priorities and basic values as its corporate priorities, while at the same time protecting the heritage of the community it serves.

While investing in future generations, TEB also supports those practices that contribute to the creation of a sustainable economy, environment and community.

While keeping a close watch on those of its business processes and operations which have an effect on the community, the environment and the economy, TEB also encourages its employees to contribute on a voluntary basis, to ensure they become a part of the solution in social issues.

SME Banking, SME Academy, SME TV

TEB considers SME’s as its primary stakeholders, as they are one of the building blocks of economic development. TEB SME Banking undertakes efforts to ensure that SME’s can enhance themselves in non-financial areas and to help them establish a more sustainable presence in the future. All of these efforts for SME’s have been undertaken through the SME Academy. The platform, which operates on the basis of the Bank’s Stakeholder Participation strategy, is a core principle of TEB’s corporate responsibility policy,

and offers all current information that may be required by SMEs.

TEB SME Corporate Conferences on Social Responsibility

Responding to the problems that SME’s commonly face in Supplier Chain Management, Branding and Differentiating, TEB held sector-specific Corporate Social Responsibility Conferences in Bursa and Kahramanmaraş in 2012. In these conferences, which were supported by presentations given by Corporate Social Responsibility specialists and sector representatives, discussions centered on how the “corporate social responsibility” concept could solve the basic problems faced by SMEs and how to raise SMEs’ awareness of this issue.

TEB Supplier Conference

TEB organized a conference on Energy Efficiency in a bid to raise its suppliers’ awareness of corporate responsibility and to ensure the proper use of energy. Corporate responsibility specialists provided informative presentations concerning the sustainable and efficient use of energy to TEB as well as corporate suppliers having business relations with TEB.

TEB Family Academy

Launched in 2012 by TEB’s Retail Banking Unit, the TEB Family Academy offers an important platform for dialogue, where TEB comes together and establishes direct, one-to-one relations with its customers, who form the Bank’s key stakeholder group. TEB is aware that the most important ingredient in its expanding sphere of influence is its effort to enable people in developing countries access financial services and to raise their financial awareness. It is critical to ensure the proper management of the economies of families, which are the most fundamental unit of the community and which play a key role in raising Turkey’s standard of living. For this reason, TEB has adopted the mission of spreading financial literacy nationwide through its branches.

Within the framework of this platform, with its long term aim of raising social awareness of banking transactions and to instill an awareness of saving, seminars are held at TEB branches with the purpose of guiding families on budget

management, and of the financial instruments they can use for their savings.

TEB Anatolian Scholarship Program

As a staunch defender of the principle, “Education is a right for everyone”, each year TEB extends scholarships to 4 students within the framework of Koç University’s Anatolian Scholarship Program. Through the program, which reaches students in need throughout Turkey, the highest caliber students can benefit from the privileges offered by Koç University, one of Turkey’s leading universities renowned for its contributions to science with Turkey’s brightest young people. Within the scope of this cooperation which began in the 2011-2012 academic year, all of the tuition fees for 4 students will be met by TEB over a period of 5 years.

Youth Train

Aiming to invest in the future and young people, TEB supported the “Youth Train Project”, which is implemented in cooperation between the Ministry of Youth and Sports and the Ministry of Transportation, Maritime Affairs and Communications. Offering young people the opportunity to learn more about Turkey, the project was conducted on 7 lines between June 29th and July 19th. Having carried nearly 2,000 young people aged between 19 and 29 around Turkey, the train offered the participants the opportunity to meet their peers in different regions, as well as offering them a chance to view Turkey’s historical and natural beauties.

TEB became a brand sponsor of BNP Paribas WTA Championships

TEB aims to turn tennis – one of the world’s five most popular sports and one which brings together nearly 100 million active players in 200 countries in 6 continents – into more than a game that is watched on television in Turkey. In line with this target, TEB became a brand sponsor of the BNP Paribas WTA Championships. TEB believes that by organizing the world’s most prestigious women’s tennis tournament in Turkey over a period of 3 years will contribute significantly to the promotion of Turkey and to the national economy.

Continuing to invest in sport

One of TEB’s most important targets is to set up new alternative sports fields for young people. In line with this target, TEB became the primary sponsor of the Turkish Tennis Federation. TEB also offered infrastructure support to Turkish tennis players under the age of 18, aiming to raise star tennis players from our country.

With its “Street Tennis” activity, TEB aims to bring tennis to the street, to instill a love of tennis among Turkish people and to encourage the raising of licensed tennis players. TEB will continue to invest in sport in the future.

TFF Sponsorship for young people under 18

TEB aims to turn tennis – one of the world’s five most popular sports and one which brings together nearly 100 million active players in 200 countries in 6 continents – into more than a game that is watched on television in Turkey. In line with this target, TEB became a brand sponsor of the BNP Paribas WTA Championships. TEB believes that by organizing the world’s most prestigious women’s tennis tournament in Turkey over a period of 3 years will contribute significantly to the promotion of Turkey and to the national economy.

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With its “Street Tennis” activity, TEB aims to bring tennis to the street, to instill a love of tennis among Turkish people and to encourage the raising of licensed tennis players. TEB will continue to invest in sport in the future.

Contributing to the Environment

As a pioneer aware of its responsibility to contribute to a sustainable environment, TEB developed and deployed an effective and systematic management approach to minimize the environmental impacts of its activities.

As the first deposit bank entitled to receive the ISO 14001 Environmental Management Standard Certification, TEB sustained its efforts to become more environmentally friendly in 2012. In the first 15 months of the Environmental Management System, TEB saved a total of 3.7 million kWh of power, 16,261 tons of water and saved paper to the equivalent to saving 3,726 trees.

Contributing to the Community

Striving to contribute to the community where it has a presence, TEB was one of the organizers of

the WTA Championships held in Turkey. One of the world’s most important tennis tournaments, the WTA Championships were held in Istanbul on October 25th-30th with the initiative of the Republic of Turkey’s Ministry of Youth and Sports and the Turkish Tennis Federation and with the support of TEB. TEB provided a great contribution to Turkey’s promotion with this event, which was viewed by about 800 million people around the world on TV and 70,000 people at the tennis court. As one of the organizers of this prestigious sports event which won the approval of tennis authorities and tennis fans alike, TEB was handed the Billie Jean King Award by the WTA. The tournament, which will be held again in Turkey in 2012 and 2013, aims to raise Turkish people’s interest in tennis and be a significant source of motivation for professional tennis players.

Aiming to raise its employees’ awareness of their social responsibility, TEB continues to increase the number of volunteering projects every year. In this context, 70 TEB employees ran in the International Eurasia Marathon, collecting donations for the Spinal Cord Paralytics Association of Turkey. Also reading books for the Technology and Education Laboratory for the Visually Disabled (GETEM), a division under the Bosphorus University, TEB Volunteers have recently collected toys for the toy libraries opened in Anatolia by the Foundation for the Support of Women’s Work (FSWW).

SECTION IV – BOARD OF DIRECTORS

15. Structure and Composition of the Board of Directors

The list of board members of TEB as of 31.12.2012 is as follows:

Name	Position
Yavuz Canevi	Chairman
Dr. Akın Akbaygil	Deputy Chairman
Jean-Paul Sabet	Deputy Chairman
Varol Civil	Executive Member and General Manager
Sabri Davaz	Member
Yves Paul Henri Martrenchar	Member
Jean-Milan Charles Dominique Givadinovitch	Member
Ayşe Aşardağ	Member
Yvan L.A.M. DeCock	Member
Alain Georges Auguste Fonteneau	Member

An up-to-date list of the members of the Board of Directors and their resumes are available on TEB's website.

The qualifications required for membership in the Board of Directors are specified in Article 22 of the Articles of Association and the relevant provisions of the Banking Law. The qualifications of TEB board members comply with applicable legislation and the Corporate Governance Principles.

Capital Markets Board's new regulations regarding Corporate Governance Principles released on December 30, 2011 are effective since December 31, 2012. This new regulation brings compulsory rules to public companies to have an independent member in Board of Directors, TEB has started to develop strategies to reorganize its existing structure to be coherent with new regulations.

Article 28 of TEB's Articles of Association on Prohibited Transactions states the following:

"Activities and transactions that the Chairman and members of the Board of Directors as well as the Chairman and Members of the Credit Committee may not engage in are specified in the relevant provisions of the Turkish Commercial Code, the Banking Law and the Capital Markets Law.

16. Board of Director's Main Business Objectives

Meetings of the Bank's Board of Directors are organized through the General Secretary of the Board of Directors. Members of the Board of Directors submit to the General Secretary any items that they want to be included in the agenda and the final agenda is communicated to the members at least one week before the meeting.

The Board of Directors has taken 154 decisions in 2012. As mentioned above, the General Secretary is responsible for the implementation of these matters. All decisions during the reporting period were made unanimously and no dissenting opinion was noted.

Members who do not attend a meeting based on a reasonable ground are informed of the resolutions taken in their absence at the first meeting they attend. There are meeting minutes whereby the decisions taken are noted. TEB's Articles of Association does not contain any provisions on weighted voting rights or negative veto rights.

17. Committees, Structure and Independence of Board of Director's

In accordance with corporate governance principles, the following committees were active in 2012:

Corporate Governance Committee

Follow - up on the Corporate Governance applications in the Bank
Meets every three months

Chairman	Chairman of the Board	Yavuz Canevi
Members	Chairman of the Board, Committee Chairman	Yavuz Canevi
	Deputy Chairman	Dr.Akın Akbaygil
	Deputy Chairman	Jean Paul Sabet
	Board Member	Ayşe Aşardağ
	Board Member	Jean Milan Charles Dominique Givadinovitch
	General Manager&Executive Director	Varol Civil
	Head of Internal Audit Group-IG Hub Turkey	Hakan Tıraşın Biol Deper
	Head of Compliance and Internal Control Group	Melis Coşan Baban
	Chief Legal Advisor, General Secretary of the Board	Feryal İmşir Aşkın Dolaştır
	CMB Regulations Coordinator	
Financial Affairs Assistant General Manager		
Secretary	Investor Relations and Corporate Governance Manager	Çiğdem Çelikkilek

Audit Committee

- To make decisions to realize Bank's strategic goals and plans
- To discuss and evaluate bank's strategic plans related to performance
- To provide an independent work environment for external auditors
- To confirm Internal Control System, Inspection and Risk Management are performing in an independent and unbiased way
- To monitor internal control regulations and internal audit policies
- To review consolidated financial reports
- To identify discrepancies between applications and their implementations

Meets every two months

Members: JeanMilan Givadinovitch, Chairman
Dr.Akın Akbaygil, Deputy Chairman
and other possible attendees requested with respect to the agenda.

18. Risk Management and Internal Control

In accordance with the provisions of the Banking Law No: 5411, the Bank has established an "Audit Committee" reporting to the Board of Directors through two non-executive board members exclusively appointed for this task.

The Board of Directors has set up the Audit Committee for the following purposes

- To make decisions to realize Bank's strategic goals and plans
- To Discuss and evaluate bank's strategic plans related to performance
- To provide an independent work environment for external auditors
- To confirm Internal Control System, Inspection and Risk Management are performing in an independent and unbiased way
- To monitor internal control regulations and internal audit policies
- To review consolidated financial reports
- To identify discrepancies between applications and their implementations

19. Strategic Plans and Targets

At our Bank, all targets, primarily budget targets are assessed and approved by Board of Directors. Meetings with senior managers, branch managers, and other related managers are organized to evaluate Bank's achievements (in line with targets) and to discuss the initiatives for staying behind the planned target.

20. Remuneration of the Board of Directors

At the Ordinary General Meeting of Shareholders held on 31 March 2011, it was resolved that no fees be paid to the members of the Board of Directors, who shall continue to perform this duty voluntarily and that a gross monthly fee of TRY 750.- be paid to Statutory Auditors. Remuneration to be paid to Executive Board Members is determined by the Board of Directors in accordance with Article 27 of the Articles of Association and in view of the nature of the duties involved and the time to be spent to fulfill these duties. In 2012, TRY 26,258,610 was paid to the Members of the Board of Directors and top management as salaries rights and financial benefits.

Board members may be granted loans within the limits defined by law or may be rewarded depending on the performance of the Bank, the duties vested on them and the time spent by them to fulfill these duties.

SECTION 3-ASSESSMENT OF FINANCIAL POSITION AND RISK MANAGEMENT**AUDITORS REPORT**

TO THE ORDINARY GENERAL MEETING OF SHAREHOLDERS OF TÜRK EKONOMİ BANKASI A.Ş.

28 February 2013

We have examined the financial statements of Türk Ekonomi Bankası A.Ş., of which we are the statutory auditors, for the year ending on 31 December 2012. We confirm that said statements are in compliance with the Banking Law No: 5411, the Regulation on the Procedures and Principles Governing Banks' Accounting Standards and Safekeeping of Documents, related communiqués and provisions, as well as the Bank's general policies and regulations

Regards,

Statutory Auditor
Esra Peri AYDOĞAN

Statutory Auditor
Cihat MADANOĞLU



THE AUDIT COMMITTEE'S ASSESSMENT OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS AND ACTIVITIES DURING THE REPORTING PERIOD

The organizational structure at TEB in terms of internal control, internal audit and risk management was implemented in accordance with the "Regulations on the Internal Systems of Banks".

This structure is appropriate in view of the scope and nature of TEB's activities and can effectively respond to changing conditions.

The Risk Management Division, the Compliance and Internal Control Center and Internal Audit Group, all reporting to the Board of Directors, independent from each other but working in cooperation, have performed their activities in 2012.

The Board of Directors has taken the necessary measures regarding the approval of important strategies and policies with regard to control activities and the maintenance of effective internal audit and risk management systems.

The internal audit system is organized to cover all activities and units of the Bank. As of year-end, the Group Internal Audit operates with Head of Audit, 3 deputy heads, four audit committee manager, eight supervisor inspectors, one supervisory commission manager, one Audit Support Coordination Manager, one Manager Assistant and an executive assistant of 50 internal auditors and assistant internal auditors.

The Board of Directors has taken all necessary measures authorizing the Group Internal Audit to conduct its audit activities without any restrictions and covering TEB's consolidated subsidiaries and their respective units. In 2012, the Group Internal Audit conducted 138 branch audits and published quarterly reports of these audits. Additionally, 12 Head Office unit audits, 9 subsidiary audits, 7 information technology audits were carried out (28 in total).

Under the Compliance and Internal Control Group, there are Internal Control Department,

Compliance Department, Operational Risk and Information Security Department, Customer and Product Security Department and Treasury Front Office.

Internal control activities are organized as an inseparable part of daily activities and cover all areas of basic control. Following the organizational change during the year, Internal Control and Compliance functions are now structured separately. Within the scope of internal control, daily, weekly, monthly and quarterly controls of critical activities at branches and departments of the headquarters are carried out under the Branches Control Department and Headquarters Control Department.

The Regulations and Compliance function covers the departments of Regulations and Compliance, parallel to the Internal Systems Regulation of the BRSA.

Operational Risk and Work Continuity Department works under the Unit of Operational Risk and Informational Security.

The risk management's goal is to define, measure, monitor risks bank has been exposed to and control them in accordance with risk policies, practices, and limits.

Bank's and subsidiaries risk management functions are congregated under Group Risk Management. The mission of the Group Risk Management function is to ensure, jointly with audit committee, that the risks undertaken by the Group comply with the TEB's policies and procedures and meet the Bank's profitability criteria and rating.

TEB Risk Management has five departments:

- Group Companies Risk Management
- GRM Credits
- Developing Rating Models
- Credit Risk Management and Market, Liquidity, Counterparty Risk
- Balance Sheet Analysis

At its meeting held on 8 November 2005, the Board of Directors convened to establish an Audit Committee responsible for all companies comprising the TEB Group, in accordance with

Article 24 of Banking Law No: 5411 and further resolved that the powers of the Senior Risk Committee, which was established in accordance with Law No: 4389, be taken over by the new committee.

The Audit Committee has gathered fifty one times during the course of the year 2012. It monitors all risk in a consolidated format at the group level, establishing mechanisms of control, reviewing all written procedures, ensuring coordination between the Internal Audit Group, the Risk Management Group and the Compliance and Internal Control Centre, as well as working toward the establishment of internal control systems at the Bank and at Group companies which are in essence of the same scope.

TEB closely follows and implements new legislation and best practices of internal audit and risk management systems.

EVALUATION OF FINANCIAL STATUS, PROFITABILITY AND SOLVENCY

The results of the 2012 evaluation of TEB's financials prepared according to the BRSA regulations is as follows:

Compared to year end 2011, TEB's net profit increased by 135% and was realized as 486 million TRY in 2012, which is an indicator of strong performance in core banking operations and improved operational efficiency.

By December 31, 2012, TEB's total assets increased by 14.3% on a year to date basis and reached 43.5 billion TRY, while loans increased by 16% and reached 29,686 billion TRY, continuing to support its retail and institutional customers. Within the scope of providing services to an expanded customer base, retail loans increased by 22.5% and reached TL 9,356 million. As an indicator of TEB's consistent contribution to the economy, the total of SME, commercial and corporate loans reached 20,072 composing 68% of loans.

With the help of our cautious risk management and sale of non-performing loans, TEB lowered the ratio of its non-performing loans from 2.8% at the end of 2011 to 2.1% by the end of 2012.

TEB granted all of its deposits to its customers in the form of loans and the loans to deposit ratio was 103.3% as of year-end 2012.

Our Bank covers a large portion of its funding need through time deposits which grew above the sector and reach 29.3%. Share ratio of deposits, of its funding need through deposits. The share ratio of deposits, which constitute our Bank's primary funding source, is 66% in the liabilities and shareholder's equity.

Meanwhile, the volume of demand deposits reached TRY 4,339 billion, providing a significant reduction in our Bank's funding costs.

TEB diversifies its funding resources through international borrowings. In order to provide long term funds, the Bank continued to obtain syndication loans and similar loans from international markets. As of December 2012, we

have syndication loans amounting to \$122 million and € 250 million with maturities ending by August 2013.

Within the framework of the agreements signed between our Bank and various banks and financial institutions, bank has two subordinated debts with a total amount of \$ 215 million and € 275 million.

RISK MANAGEMENT POLICIES ACCORDING TO VARIOUS TYPES OF RISKS

Credit Risk

Credit risk is the risk that one party to a contract will fail to discharge an obligation and cause the other party to incur a financial loss. The TEB Group is exposed to credit risk through its lending, trade finance; treasury and leasing activities but credit risk may arise in other circumstances. One of the most prominent characteristics at TEB that distinguishes it from the competition is its prudent lending policy and solid asset structure that go hand in hand with a stable growth strategy.

The authority to extend limits lies with the Board of Directors which has delegated part of this authority to the Credit Committee and the General Manager. In turn, the General Manager has delegated part of his authority to Credit Groups and Business Lines jointly on the basis of rules approved by the Board of Directors.

Loans are extended within the limits defined for each debtor and group of debtors individually. Every customer that performs a transaction on credit must have a loan facility allocated by the relevant authorities and customers are systematically prevented from exceeding those limits.

Credit decisions are taken after loan proposals are first approved by a credit analyst together with the credit department and the related business line. Credit limits are allocated to borrowers identified as having the ability to generate cash flow, the ability to make repayments from their business operations, reliable financial data, strong shareholder's equity and an administration and partnership structure made up of people having high morality and business experience.

Concentrations of credit risk arise when a number of customers are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In general, the TEB Group attempts to control credit risk by

monitoring credit exposures, limiting transactions with specific counterparties, continually assessing the creditworthiness of counterparties, diversifying its lending activities to avoid undue concentrations of risks with individuals or groups of customers or industries, and by obtaining collateral when appropriate. The credit limits applied are determined in accordance with counterparty's financial structure, certain qualitative criteria (as described below) and the quality of any collateral to be provided.

As a result of the prudent policy the Bank adopts, the maximum amount of loan that can be granted to a customer is kept below legal limits, thus minimizing the risk of loan concentration. Limits set by the Board of Directors are regularly monitored and reported.

After a loan facility is offered, the Credit Monitoring Department monitors the customer's repayment capability and the sufficiency and adequacy of the collateral. In this way, any problematic loan is identified at an early stage. The Bank uses an in-house credit rating system, named TEBCORE which consists of several rating models for corporates and SMEs in the production, service, construction and precious metal sectors. TEB uses the same master scale used by BNP Paribas. The ratings are used for the purposes of assessing IFRS collective provisions, credit reporting, portfolio management and stress testing.

GRM reports to the Board of Directors and the Audit Committee on a regular basis presenting risk concentrations, a breakdown of the Bank's loan portfolio by ratings, specific segments of the loan portfolio, large exposures, large non-performing accounts and impairment allowances as well as default and recovery rates.

The credit risks and limits related to financial institutions are determined by the Financial Institutions and Counterparty Risk Committee, which is a sub-committee of the Credit Committee. The limits and exposures set are monitored daily by GRM.

Where a loan is granted subject to collateral being given, the Bank's policy is to require the collateral

to be perfected before funds are advanced and to avoid currency and maturity mismatches. All collateral (including real estate) should be given in a legally valid manner and should be liquid in nature.

The Bank classifies as non-performing any loan which is 90 days or more overdue as to either principal or interest.

Both collective and specific provisions are made with methodologies which are compliant with both IFRS standards and BNP Paribas methodologies.

Interest Rate Risk

Interest rate risk involves possible losses a bank may incur due to fluctuations and volatility in interest rates, depending on its portfolio positions.

Protection against fluctuations in interest rates is a top priority for TEB. Interest rate risk is determined by measuring the rate of sensitivity of assets, liabilities and off-balance sheet items. TEB runs simulations of interest revenues according to estimated macroeconomic indicators. Duration, term and sensitivity analyses are conducted and these calculations are conveyed to the Assets and Liabilities Committee.

Interest rate risk is determined by measuring the rate of sensitivity of assets, liabilities and off-balance sheet items. TEB runs simulations of interest revenues according to estimated macroeconomic indicators. Duration, term and sensitivity analyses are conducted and these calculations are conveyed to the Liquidity Risk Committee and the Assets and Liabilities Committee.

Possible negative effects of interest rate fluctuations on financial position and cash flow are minimized by means of prompt decisions. The management monitors interest rate movements on a daily basis and makes changes whenever necessary in deposit and loan rates.

When determining short, medium and long-term pricing strategies, TEB's Assets and Liabilities Committee manages maturity incongruity and

adopts the principle of working with positive balance sheet margins as its pricing policy.

Market Risk

Market risk involves possible losses a bank may incur as a result of the exposure of its balance sheet and off-balance sheet accounts to interest rate risk, equity position risk or exchange rate risk resulting from fluctuations in the financial markets, in interest rates, exchange rates or stock prices.

TEB's Board of Directors ensures that the Group risk management and senior management take the necessary steps to properly measure, monitor and manage its exposure to market risk.

The Board of Directors determines market risk limits and regularly revises these limits in accordance with market conditions and the strategies of TEB. All assessments regarding market risks are evaluated by the Market Risk Committee monthly.

With regard to TEB's daily transactions, stop-loss and transaction limits, PVO1 ve VaR limits are applied. The Board of Directors assigns limits for positions in derivatives and similar contracts. Transactions are carried out within these limits and the limits are monitored and reported daily.

The market risk of the Bank is calculated using a standard method and reported to legal authorities.

The market risk can influence the Value-at-Risk (VaR) figure, which is also calculated using various financial models. VaR figure is calculated using a variance/co-variance method on the basis of a 250-business-day data and a one-day holding period in a 99% confidence interval. Daily VaR figures are the main drivers of TEB's internal reports and efforts to monitor market risk. Back testing is periodically performed to validate the accuracy of calculations and the methods used.

The VaR figures calculated by internal models to predict losses in the event of a crisis are also verified by scenario analyses and stress tests and are then reported to senior management and the Board of Directors.

Scenario analyses and stress tests involve the re-application of past crises to existing portfolios or the observation of likely losses due to interest and foreign exchange shocks.

Liquidity Risk

Liquidity risk is defined as the risk of failing to fully meet cash obligations in due time, because the bank in question does not possess sufficient cash or is not able to generate cash when needed, which might result from mismatches between TEB's cash inflows and outflows.

Liquidity risk also includes the risk of loss that may arise when there is an inability to enter or exit the market as needed. When it is not possible for a bank to adequately close positions at favorable prices and at sufficient amounts or as rapidly as required, the lack of sufficient cash may translate into losses.

TEB's policies focus on maintaining the quality of its asset structure, so that liquid assets can meet all obligations. Striving to be one of the most liquid banks in the industry is of utmost importance to TEB. The Board of Directors regularly monitors and determines liquidity ratios and the relevant standards for maintaining high liquidity at all times.

TEB has in place an effective management reporting system for the timely reporting of the liquidity position to the Board of Directors, senior management and all related units. Cash flow analyses are carried out for different maturity structures and currency units. Maturity mismatches are monitored and concentrations in funding sources are closely monitored. All related analysis are evaluated in detail by the Liquidity Risk Committee that meets once in a month.

As a matter of general policy, consistency in maturities and interest rates is maintained in line with Assets and Liabilities Management at all times, and balance sheet positions of TRY and returns on foreign currency mix are continuously managed in the positive.

With regard to the sources of funding and liquidity, it is observed that while the greater part

of the liquidity requirement of TEB is met by deposits, bonds issue, syndicated loans and pre-financing products are also used at times to obtain funds in addition to deposits.

TEB strictly adheres to the policy of maintaining high-quality liquid assets in sufficient amounts. This assures a regular cash flows and strong liquidity position at all times and enables the Bank to be a net lender to the market.

Exchange Rate Risk

Exchange rate risk is defined as a possible loss that a bank may incur with all of its currency assets and liabilities in the event of changes in exchange rates.

In calculating capital adequacy that underlies exchange rate risk weighted assets are calculated and reported with the standard method. While doing this TEB takes into account all of its foreign-currency assets, liabilities and forward foreign-currency contracts.

Within the limits approved by the Board of Directors, the Assets and Liabilities Group, the Treasury Group and Financial Markets Group are responsible for the management of price, liquidity and fulfillment risk arising from fluctuations in local or foreign currency prices in domestic and international markets. Money market risks and risk-bearing transactions are monitored on a daily basis, reported weekly and monthly to related committees. Matters about Exchange rate risk are discussed by the Market Risk Committee that meets once in a month.

Position limits determined by the Board of Directors are monitored on a daily basis and possible changes in the Bank's monetary positions that may come about as a result of routine foreign currency transactions are also examined.

Position limits determined by the Board of Directors are reported on a daily basis. As a part of the Bank's risk management strategy, every type of borrowings in foreign currency is protected against exchange rate risk by derivative products.

CREDIT RATINGS ASSIGNED BY RATING AGENCIES AND INFORMATION ON THEIR CONTENTS (*)

TEB maintained its position as one of the most highly rated banks in Turkey. As of the end of 2012, TEB's ratings were as follows:

Moody's Investor Services:

Financial Strength Rating	D+
FX Deposits Rating	Ba2/NP
Outlook	Negative

Fitch Ratings:

Foreign Currency

Long-term	BBB
Short-term	F3
Outlook	Stable

Turkish Lira

Long-term	BBB+
Short-term	F2
Outlook	Stable
National	AAA (tur)
Outlook	Stable
Individual Rating	"bb+"
Support Points	2

(*) These ratings are not the ratings realized in accordance with BRSA's "Regulations on Principles of Authorization and Activities of Rating Agencies".

DONATIONS

Date	Recipient	Amount
04.01.2012	Seda Yelda Taşbulak January 2012 Scholarship	886.50
04.01.2012	Kerem Mert Dalkılıç January 2012 Scholarship	886.50
04.01.2012	Elif Zeynep Dalkılıç January 2012 Scholarship	886.50
04.01.2012	Yiğit Eren Dalkılıç January 2012 Scholarship	886.50
17.01.2012	Mother Child Education Foundation	7,610.39
03.02.2012	Kerem Mert Dalkılıç February 2012 Scholarship	886.50
03.02.2012	Elif Zeynep Dalkılıç February 2012 Scholarship	886.50
03.02.2012	Yiğit Eren Dalkılıç February 2012 Scholarship	886.50
03.02.2012	Seda Yelda Taşbulak February 2012 Scholarship	886.50
29.02.2012	Atatürk Airport Gendarma Commander	200.00
16.02.2012	Yenikent Special Education Center	5,000.00
02.03.2012	Kerem Mert Dalkılıç March 2012 Scholarship	886.50
02.03.2012	Elif Zeynep Dalkılıç March 2012 Scholarship	886.50
02.03.2012	Yiğit Eren Dalkılıç March 2012 Scholarship	886.50
02.03.2012	Seda Yelda Taşbulak March 2012 Scholarship	886.50
14.03.2012	Altı Nokta Blind Foundation	5,000.00
14.03.2012	Altı Nokta Blind Foundation	5,000.00
02.04.2012	Kerem Mert Dalkılıç April 2012 Scholarship	886.50
02.04.2012	Elif Zeynep Dalkılıç April 2012 Scholarship	886.50
02.04.2012	Yiğit Eren Dalkılıç April 2012 Scholarship	886.50
02.04.2012	Seda Yelda Taşbulak April 2012 Scholarship	886.50
20.04.2012	Ayazağa Sport Club Foundation	20,000.00
02.04.2012	İstanbul Education, Research and Development Hospital Sports Club	400.00
02.05.2012	Kerem Mert Dalkılıç/May 2012 Scholarship	886.50
02.05.2012	Elif Zeynep Dalkılıç/May 2012 Scholarship	886.50
02.05.2012	Yiğit Eren Dalkılıç/May 2012 Scholarship	886.50
02.05.2012	Seda Yelda Taşbulak/May Scholarship	886.50
24.05.2012	Erzincan Erimpaş Company Money Counting MachineHTMBeta5700 Donation	170.00
31.05.2012	İst. Valiliği Sarıyer Vehbi Koç Foundation High School20 Armchairs 10 Cupboards	500.00
04.06.2012	Kerem Mert Dalkılıç/June 2012 Scholarship	886.50
04.06.2012	Elif Zeynep Dalkılıç/June 2012 Scholarship	886.50
04.06.2012	Yiğit Eren Dalkılıç/ June 2012 Scholarship	886.50
04.06.2012	Seda Yelda Taşbulak/ June 2012 Scholarship	886.50
29.06.2012	Boğaziçi University Donation	5,000.00
02.08.2012	Kdz. Ereğli Municipality-Festival Donation	1,000.00
03.09.2012	Didim Altinkum	8,000.40
14.09.2012	GOP Municipality Youth and Sports Club	72,000.00
28.09.2012	19 Mayıs Handicap Foundation 20 PC Furniture Donation	720.00
04.10.2012	Kerem Mert Dalkılıç/October 2012 Scholarship	940.50
04.10.2012	Kerem Mert Dalkılıç/ October 2012 Scholarship	940.50
04.10.2012	Elif Zeynep Dalkılıç/ October 2012 Scholarship	940.50
04.10.2012	Elif Zeynep Dalkılıç/ October 2012 Scholarship	940.50
04.10.2012	Yiğit Eren Dalkılıç/ October 2012 Scholarship	940.50
04.10.2012	Yiğit Eren Dalkılıç/ October 2012 Scholarship	940.50
02.11.2012	Kerem Mert Dalkılıç/ November 2012 Scholarship	940.50
02.11.2012	Elif Zeynep Dalkılıç/ November 2012 Scholarship	940.50

02.11.2012	Yiğit Eren Dalkılıç/ November 2012 Scholarship	940.50
02.11.2012	Seda Yelda Taşbulak/September-October-November 2012 Scholarship	2,821.50
12.11.2012	Güllük Sports Club Donation	5,000.00
13.11.2012	Türkiye İnsan Yönetimi Foundation Corporation	1,180.00
30.11.2012	Furniture donation to school regarding moving	3,290.00
30.11.2012	Yeni yurt Elementary School Furniture Donation	560.00
06.12.2012	İTÜ Foundation Payment	720.00
07.12.2012	Cost of Enforcement payment for our personnel İsmet Çolak who passed away	963.69
07.12.2012	Seda Yelda Taşbulak/December 2012 Scholarship	940.50
07.12.2012	Kerem Mert Dalkılıç/ December 2012 Scholarship	940.50
07.12.2012	Elif Zeynep Dalkılıç/ December 2012 Scholarship	940.50
07.12.2012	Yiğit Eren Dalkılıç/ December 2012 Scholarship	940.50
11.12.2012	GPO Youth and Sport Club	42,000.00
20.12.2012	İzmir Family and Social Politics Dept. Furniture Donation	150.00
20.12.2012	Kayhalı Elementary School Sivas/5 PC-2 5 Keyboard& Mouse	620.00
20.12.2012	Buca Halk Eğitim Merkezi Furniture Donation	100.00
27.12.2012	Koç University(KOÇ University Anadolu Scholarship Project)	50,000.00
31.12.2012	Bezmialem Foundation University	160,000.00
Total		431,508.48

FIVE-YEAR SUMMARY OF FINANCIAL INFORMATION INCLUDING THE REPORTING PERIOD

Thousand TL	31.12.2008	31.12.2009 (%)	2009-2008	31.12.2010	2010-2009 change (%)	31.12.2011	2011-2010 change (%)	31.12.2012	2012-2011 change (%)
Liquid Assets	3,368,482	2,610,222	-%22.51	2,730,780	%4.62	4,869,639	%78.32	6,858,891	%40.85
Securities	2,005,641	2,669,125	%33.08	3,725,750	%39.59	5,581,519	%49.81	4,708,275	%-15.65
Loans	8,550,534	8,990,715	%5.15	11,753,255	%30.73	25,652,425	%118.26	29,685,734	%15.72
Other Assets	811,398	793,498	-%2.21	821,320	%3.51	1,988,155	%142.07	2,279,435	%14.65
Total Assets	14,736,055	15,063,560	%2.22	19,031,105	%26.34	38,091,738	%100.16	43,532,335	%14.28
Demand Deposits	1,401,191	2,072,396	%47.90	2,436,586	%17.57	4,026,090	%65.23	4,339,298	%7.78
Time Deposits	7,870,556	7,349,239	-6.62	9,562,564	30.12	18,860,522	%97.23	24,387,267	%29.30
Funds Borrowed	3,141,402	3,205,060	%2.03	4,151,017	%29.51	8,396,293	%102.27	6,257,178	%-25.48
Other Liabilities	899,287	787,413	-%12.44	1,068,075	%35.64	2,595,522	%143.01	3,743,010	%44.21
Equity (Excl. profit)	1,259,421	1,439,285	%14.28	1,512,562	%5.09	4,006,636	%164.89	4,319,955	%7.82
Net Income	164,198	210,167	%28.00	300,301	%42.89	206,675	%-31.18	485,627	%134.97
Total Liabilities	14,736,055	15,063,560	%2.22	19,031,105	%26.34	38,091,738	%100.16	43,532,335	%14.28
Selected Ratios (%)									
NPL Ratio	%2.34	%4.64	%98.29	%3.00	-%35.34	%2.78	-7.49%	2.14%	%2.34
Return on Equity	%14.07	%13.68	-%2.77	%17.35	%26.83	%6.86	-60.47%	12.41%	%138.15
Return on Assets	%1.24	%1.41	%13.71	%1.76	%24.82	%0.72	-58.89%	1.19%	%64.44
Capital Adequacy Ratio	%17.65	%17.70	%0.28	%14.43	-%18.47	%14.23	-1.39%	15.24%	%7.10

ANNUAL ACTIVITY REPORT COMPLIANCE OPINION**REPORT ON COMPLIANCE OF ANNUAL REPORT**

To the General Assembly of Shareholders of Türk Ekonomi Bankası A.Ş.:

We have audited the compliance and consistency of the financial information included in the annual report of Türk Ekonomi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries as of 31 December 2012 with the audited financial statements and explanatory notes. The annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on compliance and consistency of the financial information included in the annual report with the audited financial statements and explanatory notes.

We conducted our audit in accordance with principles and procedures set out by the regulations on preparation and issuance of annual report in the Banking Law No.5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance whether the financial information included in the annual report is consistent with the audited financial statements and explanatory notes and free from material misstatement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial information included in the accompanying annual report presents fairly, in all material respects, the information regarding the financial position of Türk Ekonomi Bankası A.Ş. and its consolidated subsidiaries at 31 December 2012 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Law No.5411 and includes a summary of the Board of Directors' report and the convenience translations of independent auditor's reports originally issued by us in Turkish and is consistent with the convenience translations of audited financial statements and explanatory notes originally issued in Turkish.

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

Zeynep Uras, SMMM

Istanbul, 1 March 2013

INDEPENDENT AUDITOR'S REPORT, UNCONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

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

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

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

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

Independent Auditor's Opinion:

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

Other matter:

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

Additional paragraph for convenience translation:

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

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

Zeynep Uras, SMMM
Partner

Istanbul, 14 February 2013

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

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

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

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

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

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

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

Telephone Number : (0216) 635 24 63

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

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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**TÜRK EKONOMİ BANKASI A.Ş.
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Name</u>	<u>Title</u>
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
Sabri Davaz	Member of the Board of Directors
Alain Georges Auguste Fonteneau	Member of the Board of Directors
Yvan L.A.M De Cock(*)	Member of the Board of Directors
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	Central and Corporate Operations Assistant General Manager
Turgut Boz	Assistant General Manager Responsible from SME Banking
Ümit Leblebici(**)	Assistant General Manager Responsible from Asset Liability Management and Treasury
Melis Coşan Baban	Chief Legal Counsel and Secretary of the Board of Directors
Osman Durmuş	Assistant General Manager Responsible from Consumer Loans and Business Loans
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans
Başar Ordukaya	Assistant General Manager Responsible from Large Corporate Customers
Arnaud Denis Jean Sebastien Tellier	Assistant General Manager Responsible from Corporate Investment Banking
Mehmet Ali Cer	Assistant Manager Responsible from Information Technologies
Akil Özçay	Assistant Manager Responsible from Financial Markets
Kubilay Güler	Banking Operations & Facility Services Ass. General Manager
Group Heads	
Didier Albert Nicole Van Hecke(***)	Chief Risk Officer
Biröl Deper(****)	Head of Compliance Group and Internal Control Group
Inspection Committee and Statutory Auditors;	
Hakan Tıraşın(*****)	Chairman of the Inspection Committee
Esra Peri Aydoğan	Statutory Auditor
Cihat Madanoğlu	Statutory Auditor

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

None

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet
- II. Statement of Off-Balance Sheet Contingencies and Commitments
- III. Statement of Income
- IV. Statement of Profit and Loss Accounted for Under Equity
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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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TÜRK EKONOMİ BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2012
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

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

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

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

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

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

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

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

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

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

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

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

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

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

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

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

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

III. STATEMENT OF INCOME

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

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

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

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

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

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

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

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

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

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

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Audited		Note Ref	Paid-in Capital	Effect of Inflation Acc. on Capital and Other Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Val. Diff. from Assets Held for Sale and from Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity	
I	Current Period 01.01-31.12.2011																				
	Beginning Balance – 31.12.2010		1,100,000	926	2,158	-	45,468	-	228,530	43,805	-	300,301	91,675	-	-	-	-	1,812,863	-	1,812,863	
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
II.	Increase/Decrease related to merger		1,050,000	199,336	407	-	50,850	-	557,085	469,907	-	9,497	5,269	42,604	527	-	-	2,385,482	-	2,385,482	
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(196,214)	-	-	-	-	(196,214)	-	(196,214)	
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 jointly controlled entities (Joint vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	The effect of change in associate's 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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Period net income/(loss)		-	-	-	-	-	-	-	-	206,675	-	-	-	-	-	-	206,675	-	206,675	
XVIII.	Profit distribution		-	-	-	-	15,015	-	206,403	21,004	-	(300,301)	-	57,879	-	-	-	-	-	-	
18.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.2	Transfers to reserves		-	-	-	-	15,015	-	206,403	21,004	-	(300,301)	-	57,879	-	-	-	-	-	-	
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Closing Balance 31.12.2011																				
	(I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII)		2,204,390	200,262	2,565	-	111,333	-	937,628	534,716	206,675	9,497	(99,270)	100,483	527	4,505	-	4,213,311	-	4,213,311	

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

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

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

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

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IN TURKISH, SEE NOTE I. OF SECTION THREE**

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

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

VI. STATEMENT OF CASH FLOWS

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

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

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

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

VII. PROFIT DISTRIBUTION TABLE

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

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

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

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

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

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

SECTION THREE

ACCOUNTING PRINCIPLES

I. Basis of Presentation

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

The prior period financial statements are presented in line with the principles of TAS No:1 “Fundamentals of Preparing and Presenting Financial Statements” published in the Official Gazette on 16 January 2005 with No: 25702, and in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards; and other principles, methods and explanations about accounting and financial reporting issued by the BRSA. Certain reclassifications have been made to the prior year financial statements in order to comply with the current year presentation whenever required.

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

Additional paragraph for convenience of translation into English:

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

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

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

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

As a component of risk management strategy of the Bank, risk bearing short positions of currency, interest or price movements is performed only by the Treasury Asset-Liability Management using the limits defined by the Board of Directors. The Asset-Liability Committee manages the maturity mismatches while deciding the short, medium and long term strategies as well as adopting the principle of positive balance sheet margin as a pricing policy.

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

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UNCONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

ACCOUNTING PRINCIPLES (Continued)

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

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

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

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

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

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

IV. Explanations on Forward and Option Contracts and Derivative Instruments

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

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

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

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

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

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

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ACCOUNTING PRINCIPLES (Continued)

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

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

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

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

V. Explanations on Interest Income and Expenses

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

VI. Explanations on Fees and Commission Income and Expenses

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

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

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

VII. Explanations on Financial Assets

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

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

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

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ACCOUNTING PRINCIPLES (Continued)

VII. Explanations on Financial Assets (Continued)

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

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

Cash, Banks, and Other Financial Institutions

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

Financial Assets at Fair Value through Profit and Loss

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

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

Held to Maturity Investments and Financial Assets Available for Sale

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability other than loans and receivables.

Available for sale financial assets include all securities other than loans and receivables, securities held to maturity and securities held for trading.

Marketable securities are initially recognized at cost including the transaction costs.

After the initial recognition, available for sale securities are measured at fair value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in “Marketable Securities Valuation Differences” under the equity. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices. In the absence of prices formed in an active market, fair value of these securities is determined using the prices declared in the Official Gazette or other valuation methods stated in TAS.

After initial recognition, held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

The interests received from held to maturity investments are recorded as interest income.

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ACCOUNTING PRINCIPLES (Continued)

VII. Explanations on Financial Assets (Continued)

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

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

There are no financial assets that have been previously classified as held to maturity investments but cannot be currently classified as held to maturity for two years due to “tainting” rule.

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

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

Loans and Provisions for Impairment

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

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

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

Specific reserves are provided for Group III, IV and V loans in accordance with the regulation on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette No. 26333 dated 1 November 2006 which was amended with the communiqué published in the Official Gazette No. 27119 dated 23 January 2009. These provisions are reflected in the income statement under “Provision and Impairment Expenses - Special Provision Expense”. The collections made regarding these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables.

The collections made related to loans for which provision is made in the current period are reversed from the “Provision for Loan Losses and Other Receivables” account in the income statement, and related interest income is credited to the “Interest Received from Non-performing Loans” account.

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

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

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ACCOUNTING PRINCIPLES (Continued)

VII. Explanations on Financial Assets (Continued)

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

VIII. Explanations on Impairment of Financial Assets

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

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

IX. Explanations on Offsetting of Financial Assets and Liabilities

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

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

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

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

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

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

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

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ACCOUNTING PRINCIPLES (Continued)

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

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

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

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

XII. Explanations on Goodwill and Other Intangible Assets

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

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

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ACCOUNTING PRINCIPLES (Continued)

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

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

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

Intangible assets are accounted for at restated cost until 31 December 2004 in accordance with inflation accounting and are amortized with straight-line method, after 31 December 2004 the acquisition cost and any other cost incurred so as to prepare the intangible asset ready for use less reserve for impairment, if any, and amortized on a straight-line method. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

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

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

XIII. Explanations on Tangible Fixed Assets

Properties are accounted for at their restated costs until 31 December 2004; after 31 December 2004 the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected, less reserve for impairment, if any. The straight-line method of depreciation is used for buildings and useful life is considered as 50 years.

Other tangible fixed assets are accounted for at their restated costs until 31 December 2004; afterwards the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected less reserve for impairment, if any, and depreciated on a straight-line method. Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. No amendment has been made to the depreciation method in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

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

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ACCOUNTING PRINCIPLES (Continued)

XIII. Explanations on Tangible Fixed Assets (Continued)

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

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

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

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

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

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

XIV. Explanations on Leasing Transactions

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

In addition to the interest expense, depreciation expense is recorded for the depreciable leased assets in each period. The depreciation rate is determined in accordance with TAS No: 16 "Accounting Standard for Tangible Fixed Assets" by taking the useful lives into account.

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

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

XV. Explanations on Provisions and Contingent Liabilities

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

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

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ACCOUNTING PRINCIPLES (Continued)

XVI. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

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

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

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

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

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

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

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

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ACCOUNTING PRINCIPLES (Continued)

XVI. Explanations on Liabilities Regarding Employee Benefits (Continued)

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

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

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

Defined Contribution Plans

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

XVII. Explanations on Taxation

Corporate tax

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

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

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

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

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

Deferred Tax Liability / Asset

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

As of 31 December 2012 and 31 December 2011, in accordance with TAS No: 12 “Turkish Accounting Standard on Income Taxes” and the changes in the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated 8 December 2004, the Bank calculated deferred tax asset on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are shown in the accompanying financial statements on a net basis.

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ACCOUNTING PRINCIPLES (Continued)

XVII. Explanations on Taxation (Continued)

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

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

XVIII. Additional Explanations on Borrowings

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

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

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

The Bank has not issued convertible bonds.

XIX. Explanations on Issued Share Certificates

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

XX. Explanations on Acceptances

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

XXI. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

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ACCOUNTING PRINCIPLES (Continued)

XXII. Explanations on Reporting According to Segmentation

The Bank mainly operates in retail and corporate banking segments.

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

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

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

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

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

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ACCOUNTING PRINCIPLES (Continued)

XXIII. Explanations on Other Matters

Other Matters:

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

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to Capital Adequacy Standard Ratio

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

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

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

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

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

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

Information related to the capital adequacy ratio:

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

Summary information related to the capital adequacy ratio:

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

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

Information related to the components of shareholders' equity:

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

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

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

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

II. Explanations Related to Credit Risk

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

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

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

As prescribed in the Communiqué on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Most of the statements of accounts for the loans are derived from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

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

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. Explanations Related to Credit Risk (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. Explanations Related to Credit Risk (continued)

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

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

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

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

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

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

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

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. Explanations Related to Credit Risk (continued)

Credit Rating System

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

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

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. Explanations Related to Credit Risk (continued)

Profile of significant exposures in major regions:

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

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

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

II. Explanations Related to Credit Risk (continued)

Risk profile by Sectors or Counterparties:

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

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

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

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II. Explanations Related to Credit Risk (continued)

Analysis of maturity-bearing exposures according to remaining maturities:

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

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

Information about the risk exposure categories;

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

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

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

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

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II. Explanations Related to Credit Risk (continued)

Exposures by risk weights:

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

Informations in terms of major sectors and type of counterparties:

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

Information about Value Adjustment and Change in Provisions

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

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

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III. Explanations Related to Market Risk

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

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

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured, and in the computation of capital adequacy, the amount subject to VAR calculated by using the standard method (summarized below) is taken into consideration. Besides the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are historic simulation, Monte Carlo simulation and parametric method, and results are reported daily to the management.

- i) Information Related to Market Risk:

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

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

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

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

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III. Explanations Related to Market Risk (continued)

b) Information on Counterparty Credit Risk,

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

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

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

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

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

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

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

III. Explanations Related to Market Risk (continued)

Quantitative Information on Counterparty Risk:

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

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

IV. Explanations Related to Operational Risk

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

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

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

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V. Explanations Related to Currency Risk

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

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

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

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

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

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

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

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

	Monthly Average Foreign Exchange Rate
USD	1.7837
JPY	0.0213
EURO	2.3392

Foreign currency sensitivity:

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

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

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

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

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

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V. Explanations Related to Currency Risk (continued)

Information on the foreign currency risk of the Bank:

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

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

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

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

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

(*****) TL55,161 (31 December 2011: TL47,873) income accruals from derivative financial instruments is deducted from Financial Assets at Fair Value through Profit and Loss.

(*****) There are no effects on the net off-balance sheet position.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

VI. Explanations Related to Interest Rate Risk

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

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

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

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

Since the Bank does not allow maturity mismatches or imposes limits on mismatch, no significant interest rate risk exposure is expected.

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	4,449,400	4,449,400
Banks	488,443	2,003	-	-	-	218,750	709,196
Financial Assets at Fair Value Through Profit and Loss	9,239	64,565	319,647	46,409	23,729	147,339	610,928
Money Market Placements	1,700,295	-	-	-	-	-	1,700,295
Available-For-Sale Financial Assets	657,247	591,949	1,692,639	1,221,580	69,596	24,603	4,257,614
Loans and receivables(*)	10,484,339	1,858,125	4,869,266	9,172,242	2,957,548	344,214	29,685,734
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	714	10,088	1,175	2,107,191	2,119,168
Total Assets	13,339,563	2,516,642	6,882,266	10,450,319	3,052,048	7,291,497	43,532,335
Liabilities							
Bank Deposits	595,114	27,165	7,073	-	-	193,836	823,188
Other Deposits	14,498,979	7,901,617	1,292,884	64,427	8	4,145,462	27,903,377
Money Market Borrowings	40,916	-	-	-	-	-	40,916
Sundry Creditors	-	-	-	-	-	877,829	877,829
Marketable Securities Issued	287,660	-	206,577	-	-	-	494,237
Funds Provided From Other Financial Institutions	733,440	3,473,203	1,276,993	160,479	572,147	-	6,216,262
Other Liabilities	654	28	5,346	163,242	18,460	6,988,796	7,176,526
Total Liabilities	16,156,763	11,402,013	2,788,873	388,148	590,615	12,205,923	43,532,335
Balance Sheet Long Position	-	-	4,093,393	10,062,171	2,461,433	-	16,616,997
Balance Sheet Short Position	(2,817,200)	(8,885,371)	-	-	-	(4,914,426)	(16,616,997)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	(13,079)	-	-	(13,079)
Total Position	(2,817,200)	(8,885,371)	4,093,393	10,049,092	2,461,433	(4,914,426)	(13,079)

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

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

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VI. Explanations Related to Interest Rate Risk (Continued)

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

	Up to 1 Month	1-3 Months	3-12 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.	-	-	-	-	-	4,018,255	4,018,255
Banks	180,866	2,105	4,185	-	-	153,899	341,055
Financial Assets at Fair Value Through Profit and Loss	203,409	101,024	284,269	252,740	118,678	306,415	1,266,535
Money Market Placements	510,329	-	-	-	-	-	510,329
Available-For-Sale Financial Assets	642,239	375,674	1,728,787	1,449,362	413,525	25,013	4,634,600
Loans(*)	9,006,430	1,843,861	3,976,469	8,161,012	2,400,559	264,094	25,652,425
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	1,526	12,840	2,998	1,651,175	1,668,539
Total Assets	10,543,273	2,322,664	5,995,236	9,875,954	2,935,760	6,418,851	38,091,738
Liabilities							
Bank Deposits	730,478	-	4,136	-	-	192,895	927,509
Other Deposits	14,638,367	3,194,582	292,752	207	-	3,833,195	21,959,103
Money Market Borrowings	25,518	1,079,230	-	-	-	-	1,104,748
Sundry Creditors	180,613	-	-	-	-	651,655	832,268
Marketable Securities Issued	-	-	249,107	-	-	-	249,107
Funds Provided From Other Financial Institutions	1,900,948	2,065,749	2,833,075	307,383	184,390	-	7,291,545
Other Liabilities	39	5,936	9,929	42,064	9,227	5,660,263	5,727,458
Total Liabilities	17,475,963	6,345,497	3,388,999	349,654	193,617	10,338,008	38,091,738
Balance Sheet Long Position	-	-	2,606,237	9,526,300	2,742,143	-	14,874,680
Balance Sheet Short Position	(6,932,690)	(4,022,833)	-	-	-	(3,919,157)	(14,874,680)
Off-Balance Sheet Long Position	40,913	60,579	380,511	1,123,856	303,565	-	1,909,424
Off-Balance Sheet Short Position	(40,691)	(60,579)	(358,127)	(1,116,079)	(303,565)	-	(1,879,041)
Total Position	(6,932,468)	(4,022,833)	2,628,621	9,534,077	2,742,143	(3,919,157)	30,383

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

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

VI. Explanations Related to Interest Rate Risk (Continued)

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	-	-	-	-
Financial Assets at Fair Value Through Profit and Loss	2.29%	4.21%	-	5.97%
Money Market Placements	-	-	-	6.33%
Available-For-Sale Financial Assets	3.01%	2.81%	-	5.87%
Loans	4.50%	5.21%	4.71%	12.61%
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	1.95	0.58	-	5.02
Other Deposits	2.65	2.82	0.51	8.35
Money Market Borrowings	-	-	-	5.25
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	7.02
Funds Provided From Other Financial Institutions	1.59	2.97	2.44	9.69
	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				
Banks	-	-	-	10.38
Financial Assets at Fair Value Through Profit and Loss	4.96	4.72	-	10.22
Money Market Placements	-	-	-	11.77
Available-For-Sale Financial Assets	5.37	3.34	-	9.48
Loans	5.24	5.12	3.81	13.63
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	3.85	0.68	-	5.68
Other Deposits	4.43	4.59	0.41	10.89
Money Market Borrowings	-	-	-	6.91
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	8.73
Funds Provided From Other Financial Institutions	3.45	2.13	2.95	8.79

Interest rate risk on banking accounts:

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

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

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

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VI. Explanations Related to Interest Rate Risk (Continued)

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

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

Equity share position risk in banking accounts

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

VII. Explanations Related to Liquidity Risk

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

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

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

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

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

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

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

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

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

VII. Explanations Related to Liquidity Risk (Continued)

Analysis of financial liabilities by remaining contractual maturities:

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

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

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

Cash disposal of derivative financial instruments is shown above table.

Securitisation positions:

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

VII. Explanations Related to Liquidity Risk (Continued)

Credit Risk Mitigation Techniques:

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

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

- b) Applications regarding valuation and management of collaterals,

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

- c) Types of collaterals received,

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

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

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

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

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

VII. Explanations Related to Liquidity Risk (Continued)

Credit Risk Mitigation Techniques:

f) Collaterals in terms of Risk Categories:

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

Risk management objectives and policies

a) Strategies and practices on risk management,

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

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

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

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

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

VII. Explanations Related to Liquidity Risk (Continued)

Risk management objectives and policies

b) Structure and organization of Risk management system,

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

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

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

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

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

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

i) Credit Risk

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

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

VII. Explanations Related to Liquidity Risk (Continued)

Risk management objectives and policies (Continued)

ii) Market Risk

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

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

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

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

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

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

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

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

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

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

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

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

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VII. Explanations Related to Liquidity Risk (Continued)

Risk management objectives and policies (Continued)

ii) Market Risk (Continued)

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

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

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

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

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

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

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

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

Current period investment securities are comprised of interest-bearing assets held-to-maturity and interest-bearing assets available-for-sale. The fair value of the held to maturity assets is determined by market prices or quoted market prices of other marketable securities which are subject to redemption with same characteristics in terms of interest, maturity and other similar conditions when market prices cannot be determined.

The book value of demand deposits, money market placements with floating interest rate and overnight deposits represents their fair values due to their short-term nature. The estimated fair value of deposits and funds provided from other financial institutions with fixed interest rate is calculated by determining their cash flows discounted by the current interest rates used for other liabilities with similar characteristics and maturity structure. The fair value of loans is calculated by determining the cash flows discounted by the current interest rates used for receivables with similar characteristics and maturity structure. The book value of the sundry creditors reflects their fair values since they are short-term.

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INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

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

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

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

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

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

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

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

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

The Bank does not deal with fiduciary transactions.

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SECTION FIVE

**EXPLANATIONS AND DISCLOSURES ON
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. Explanations and Disclosures Related to the Assets

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

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

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

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

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

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

a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: TL None (31 December 2011: TL22,033).

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

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

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

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

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

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

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

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

3. a) Information on banks :

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

b) Information on foreign banks :

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

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	307,756	-	581,461	162,371
Other	-	-	-	-
Total	307,756	-	581,461	162,371

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

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

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

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

b) Information on financial assets available for sale portfolio:

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

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

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

5. Information on loans:

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

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

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(Continued)**

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

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

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

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

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

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

5. Information on loans (Continued):

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

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

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

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

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

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(Continued)**

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

5. Information on loans: (Continued)

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

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

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

(**) Loans granted via branches abroad.

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(Continued)**

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

5. Information on loans: (Continued)

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

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

f) Allocation of loans by customers:

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

g) Domestic and foreign loans:

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

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	-	337
Indirect loans granted to subsidiaries and associates	-	-
Total	-	337

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(Continued)**

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

5. Information on loans: (Continued)

i) Specific provisions provided against loans:

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

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

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

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

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

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

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

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

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(Continued)**

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

5. Information on loans: (Continued)

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

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

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

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

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

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

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

k) Main principles of liquidating non-performing loans and receivables:

According to the “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published on Official Gazette No. 26333 dated 1 November 2006; loans and other receivables for which the collection is believed to be impossible are classified as nonperforming loans by complying with the requirements of the Tax Procedural Law in accordance with the decision of the upper management of the Bank.

l) Explanations on write-off policy:

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

m) Other explanations and disclosures:

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

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

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

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

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

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

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

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

m) Other explanations and disclosures: (continued)

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

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

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

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

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

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

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

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

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

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

m) Other explanations and disclosures: (continued)

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

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

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

6. Information on held-to-maturity investments:

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

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

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

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

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

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

	Current Period	Prior Period
Government bonds	-	-
Treasury bills	-	-
Other public sector debt securities	-	-
Total	-	-

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

a.4) Information on held to maturity investments:

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

b) Movement of investments held-to-maturity:

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

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

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

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

7. Information on associates (Net):

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

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

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

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

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

8. Information on subsidiaries (Net):

a) Information on shareholders' equity of significant subsidiaries:

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

There is no assessment of subsidiaries' internal capital adequacy

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

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

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

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

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

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

d) Information on consolidated subsidiaries:

d.1) Information on the consolidated subsidiaries:

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

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

Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (**)	Fair Value
1,658,173	226,171	8,873	76,165	3,470	(11,558)	19,701	-
786,430	46,846	1,628	90,112	-	15,925	10,247	-
113,560	78,588	914	10,122	-	6,366	6,054	-
19,194	17,017	760	1,761	155	3,406	3,218	-

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

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

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

d.2) Information on consolidated subsidiaries:

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

d.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	34,037
Other Financial Subsidiaries/TEB Yatırım Men.Değ. A.Ş.	70,512	70,512
TEB Portföy Yönetimi A.Ş.	2,058	2,058
Total	167,861	167,861

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

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

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

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

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

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

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

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

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

11. Information on derivative financial assets for hedging purposes:

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

12. Information on tangible assets :

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

- a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.
- b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

13. Information on intangible assets:

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

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

- a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition : None.
- d) The book value of intangible fixed assets that are pledged or restricted for use: None.
- f) Amount of purchase commitments for intangible fixed assets: None
- g) Information on revalued intangible assets according to their types: None..
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis: Not applicable for the unconsolidated financial statements
- i) Information on Goodwill:

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

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

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

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

i) Information on Goodwill (Continued):

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

	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.

j) Movements on goodwill in the current period :

	Current Period	Prior Period
Beginning Balance	421,124	-
Foreign Exchange differences	-	-
Additions	-	421,124
Ending balance	421,124	421,124

14. Information on investment properties: None (31 December 2011: None).

15. Explanations on deferred tax assets:

- As of 31 December 2012, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL 124,686 (31 December 2011: TL 66,748). There are no tax exemptions or deductions over which deferred tax asset is computed.
- Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- Allowance for deferred tax and deferred tax assets from reversal of allowance: None.

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

15 Explanations on deferred tax assets (Continued):

d) Movement of deferred tax:

	Current Period	Prior Period
At January 1,	66,748	13,093
Other (*)	-	56,694
Deferred tax / benefit (charge)	84,599	(48,791)
Deferred tax accounted for under equity	(26,661)	45,752
Deferred Tax Asset	124,686	66,748

(*) Deferred tax asset transferred from Fortis Bank A.Ş. is presented in “Other” column..

16. Information on assets held for sale and discontinued operations:

	Current Period	Previous Period
Beginning of Period Cost	69,037	34,352
Beginning of Period Accumulated Depreciation	1,988	370
Net Book Value	67,049	33,982
Opening Balance	67,049	33,982
Acquired	34,686	58,820
Disposed(-), net	36,611	23,863
Impairment (-)	1,858	743
Depreciation Value (-)	1,676	1,147
Period End Cost	64,091	69,037
Period End Accumulated Depreciation (-)	2,501	1,988
Closing Net Book Value	61,590	67,049

17. Information on other assets:

Other Assets item of the balance sheet amounting to TL 1,056,387 (31 December 2011: TL 650,836) does not exceed 10% of the total amount of balance sheet except for off-balance sheet commitments.

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

II. Explanations and Disclosures Related to the Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 6 Month- Months 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	561,663	-	2,520,561	5,484,070	2,065,011	210,296	29,899	- 10,871,500
Foreign currency deposits	1,470,476	-	712,933	4,343,852	210,964	107,084	101,887	- 6,947,196
Residents in Turkey	1,379,111	-	712,933	4,005,023	194,861	56,510	101,511	- 6,449,949
Residents abroad	91,365	-	-	338,829	16,103	50,574	376	- 497,247
Public sector deposits	204,251	-	12,498	231,118	1,983	1,465	-	- 451,315
Commercial deposits	1,451,498	-	1,175,750	3,310,122	1,009,102	115,071	5,084	- 7,066,627
Other institutions deposits	30,226	-	32,306	871,266	805,831	29,076	23	- 1,768,728
Precious metals deposits	427,348	-	19,982	286,271	30,751	33,659	-	- 798,011
Interbank deposits	193,836	-	546,098	60,608	18,417	-	4,229	- 823,188
Central Bank of Turkey	-	-	-	-	-	-	-	- -
Domestic Banks	4	-	170,028	24,407	-	-	4,229	- 198,668
Foreign Banks	30,497	-	376,070	36,201	18,417	-	-	- 461,185
Special finance houses	163,335	-	-	-	-	-	-	- 163,335
Other	-	-	-	-	-	-	-	- -
Total	4,339,298	-	5,020,128	14,587,307	4,142,059	496,651	141,122	- 28,726,565

a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 6 Month- Months 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	677,566	-	608,764	5,631,960	169,620	63,647	46,739	- 7,198,296
Foreign currency deposits	1,235,245	-	1,918,641	3,976,757	90,209	71,772	10,360	- 7,302,984
Residents in Turkey	1,159,672	-	1,836,429	3,864,739	80,750	47,641	2,626	- 6,991,857
Residents abroad	75,573	-	82,212	112,018	9,459	24,131	7,734	- 311,127
Public sector deposits	58,356	-	13,547	545,826	113	-	97	- 617,939
Commercial deposits	1,400,902	-	1,318,121	2,214,703	84,385	45,656	112	- 5,063,879
Other institutions deposits	22,167	-	91,553	954,176	1,719	45,545	529	- 1,115,689
Precious metals deposits	438,959	-	90,677	97,962	22,062	10,656	-	- 660,316
Interbank deposits	192,895	-	723,075	7,403	-	2,068	2,068	- 927,509
Central Bank of Turkey	-	-	-	-	-	-	-	- -
Domestic Banks	12	-	196,111	-	-	-	2,068	- 198,191
Foreign Banks	43,974	-	526,964	7,403	-	2,068	-	- 580,409
Special finance houses	148,909	-	-	-	-	-	-	- 148,909
Other	-	-	-	-	-	-	-	- -
Total	4,026,090	-	4,764,378	13,428,787	368,108	239,344	59,905	- 22,886,612

b) Information on saving deposits under the guarantee of saving deposit insurance:

b.1) Saving deposits exceeding the limit of insurance:

i) Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

Saving Deposits	Under the Guarantee of Insurance(*)		Exceeding the limit of Insurance(*)	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	3,757,130	2,651,608	6,951,578	4,438,751
Foreign currency saving deposits	689,586	610,562	3,208,096	2,442,750
Other deposits in the form of saving deposits	206,322	243,165	522,832	356,186
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	4,653,038	3,505,335	10,682,506	7,237,687

(*) 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 Liabilities (Continued)

ii) Deposits of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Deposits and accounts in branches abroad	145,967	130,879
Deposits of ultimate shareholders and their close families	229,879	163,139
Deposits of chairman and members of the Board of Directors and their close families	23,176	15,913
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated 26 September 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

2. Information on derivative financial liabilities:

a) Negative differences table related to derivative financial liabilities held-for-trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	11,810	26,424	10,756	13,860
Swap Transactions	115,815	12,646	84,742	50,581
Futures Transactions	-	-	-	-
Options	48,198	18,306	62,210	27,808
Other	-	-	-	-
Total	175,823	57,376	157,708	92,249

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	99,424	197,910	95,380	147,259
From Foreign Banks, Institutions and Funds	174,184	4,707,264	2,299,424	4,037,136
Total	273,608	4,905,174	2,394,804	4,184,395

As of 31 December 2012, the Bank has borrowings from its related parties amounting to TL2,606,616 (31 December 2011: TL5,027,873).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	96,784	4,032,945	1,824,078	2,360,602
Medium and long-term	176,824	872,229	570,726	1,823,793
Total	273,608	4,905,174	2,394,804	4,184,395

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

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

The Bank diversifies its funding sources through customer deposit and borrowings from abroad. As of 31 December 2012 foreign borrowings of the Bank includes syndication loan obtained with the agreement dated 24 August 2012 and 23 August 2013 maturity amounting to EUR 250,000,000 and USD 122,000,000.

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

- d) Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic transactions	40,916	-	1,104,748	-
Financial institutions and organizations	40,916	-	1,102,228	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	2,520	-
From foreign transactions	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	40,916	-	1,104,748	-

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

e) Information on debt securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank bonds	333,689	-	249,107	-
Treasury bills	160,548	-	-	-
Total	494,237	-	249,107	-

The bonds issued in 2011 with notional value of 300,000 TL, maturity of 178 days, issue date of 19 July 2011, simple interest rate of 8.72877%, annual compounding rate of 8.92408% started trading in IMKB Quote Administration on 21 July 2011 with ISIN code of ‘TRQTEBK11215’ and matured on 13 January 2012.

The bond issued by the Bank on 2 May 2012 with a nominal value of TL150,000, maturity of 378 days, with due date of 15 May 2013, with an interest rate of 10.47127% and with an annual compound rate of 10.45244% has started to be publicly traded in bonds and bills markets under the ISIN code “TRSTEBK51316”.

The bond issued by the Bank on 20 July 2012 with a nominal value of TL384,586, maturity of 175 days, with due date of 14 January 2013, with an interest rate of 8.83824% and with an annual compound rate of 9.04179% has started to be publicly traded in bonds and bills markets with the ISIN code “TRQTEBK11314”.

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

Bond issued by the Bank on 5 December 2012 with a nominal value of TL100,000, maturity of 365 days, with due date of 4 December 2013, with an interest rate of 6.89500% and with an annual compound rate of 6.89500% has started to be publicly traded in bonds and bill market with the ISIN code “TRSTEBKA1319”

4. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:
None (31 December 2011: None).

5. Explanations on financial lease obligations (Net):

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

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

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

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

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

c) Explanation on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	-	-	1	-
Between 1-4 Years	-	-	-	-
More than 4 Years	-	-	-	-
Total	-	-	1	-

d) Explanations regarding operational leases:

For the period ended 31 December 2012, operational lease expenses amounting to 141,644 TL (31 December 2011: 137,760 TL) have been recorded in the profit and loss accounts. The lease periods vary between 1 and 10 years and lease agreements are cancelable subject to a certain period of notice.

e) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

6. Negative differences table of derivative financial liabilities for hedging purposes:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge	47,695	1	23,398	-
Cash flow hedge	120,811	-	27,049	-
Hedge of net investment in foreign operations	-	-	-	-
Total	168,506	1	50,447	-

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	315,620	216,997
Additional Provision for Loans and Receivables with Extended Maturities	22,203	-
Provisions for Second Group Loans and Receivables	26,553	22,287
Additional Provision for Loans and Receivables with Extended Maturities	1,926	-
Provisions for Non-Cash Loans	29,734	18,269
Other	9,269	6,561
Total	405,305	264,114

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses on the foreign currency indexed loans amounting to TL 91,324 (31 December 2011: TL42,495) is offset from the loans on the balance sheet.

c) The specific provisions provided for unindemnified non cash loans amount to TL 22,512 (31 December 2011: TL 32,652).

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

7. Information on provisions: (continued)

d) Liabilities on unused vacation, bonus and employee termination benefits:

As of 31 December 2012 TL26,458 (31 December 2011: TL26,745) unused vacation provision, TL 89,898 (31 December 2011: TL57,957) employee termination benefit provision and TL 60,069 (31 December 2011: TL34,245) bonus for the employee are presented under “Reserve for Employee Benefit” in financial statements.

d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	57,957	24,178
Increase due to merger	-	23,653
Service cost	8,338	6,871
Interest cost	5,385	4,327
Settlement cost	5,807	-
Actuarial loss	23,693	14,794
Benefits paid	(11,282)	(15,866)
Total	89,898	57,957

(i) Retirement Benefits:

The employees who have joined the Bank as a consequence of the merger of TEB and Fortis Bank are members of the “Pension Fund Foundation” established in accordance with the Social Security Law No.506, Article No.20.

The liabilities described in the Retirement Fund Section 3 No. XV “Explanations on Liabilities related to Rights of Employees” which may arise during the transfer have been calculated by the actuary based on the principles of the related regulation, whereas the liabilities in connection with other social rights and benefits which will not be undertaken by the SSI after the transfer have been calculated by the actuary based on IAS 19 principles. The Bank is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2012 and 31 December 2011. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

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

7. Information on provisions: (continued)

Based on the determined assumptions,

Transferrable Retirement and Health Liabilities:	31 December 2012	31 December 2011
Net Present Value of Transferrable Retirement Liabilities	(823,577)	(763,025)
Net Present Value of Transferrable Retirement and Health Contributions	534,823	635,342
General Administration Expenses	(8,235)	(7,630)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(296,989)	(135,313)
Fair Value of Plan Assets (2)	1,179,000	1,056,160
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	882,011	920,847
Non-Transferable Benefits (4)	(183,383)	(172,455)
Asset Surplus over Total Benefits ((3)-(4))	698,628	748,392

Distribution of total assets of the Retirement Fund as of 31 December 2012 and 31 December 2011 is presented below:

	31 December 2012	31 December 2011
Bank placements	1,060,309	901,672
Government Bonds and Treasury Bill, Fund and Accrual Interest		
Income	43,563	79,084
Tangible assets	66,840	60,692
Other	8,288	14,712
Total	1,179,000	1,056,160

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

	31 December 2012	31 December 2011
Discount Rate	%7.00	%9.15
Expected Inflation Rate	%4.61	%5.00

Medical inflation is expected more than 40% for two periods. In order to represent the expected mortality rates before and after the retirement, CSO 2001 (31 December 2011: CSO 1980) Female/Male mortality table is used.

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

7. Information on provisions (Continued):

e) Information on other provisions:

e.1) Provisions for possible losses: None (31 December 2011: None).

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

	Current Period	Prior Period
Provision for legal cases	45,171	43,577
Provision for unindemnified non-cash loans	22,512	32,652
Provision for promotions of credit cards and banking services	12,093	11,926
Other	13,138	14,292
Total	92,914	102,447

8. Explanations on taxes payable:

a) Information on current tax liability:

	Current Period	Prior Period
Provision for corporate taxes	63,524	25,021
Taxation on Securities	23,176	20,826
Property Tax	1,637	1,658
Banking Insurance Transaction Tax (BITT)	24,915	23,071
Foreign Exchange Transaction Tax	10	14
Value Added Tax Payable	3,287	1,575
Other (*)	13,024	14,096
Total	129,573	86,261

(*) Others include income taxes deducted from wages amounting to TL10,618 (31 December 2011: TL12,185) and stamp taxes payable amounting to TL931 (31 December 2011: TL994).

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	3,478	6,057
Social Security Premiums-Employer	3,868	6,861
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	342	652
Unemployment Insurance-Employer	489	853
Other	-	-
Total	8,177	14,423

c) Explanations on deferred tax liabilities, if any: None (31 December 2011: None).

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

9. Information on liabilities regarding assets held for sale and discontinued operations:

None (31 December 2011: None).

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

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

The Bank has obtained a primary subordinated loan by issuing a bond amounting to USD 100 million as of 31 July 2007. The investor of the bond is IFC. The maturity of the borrowing is indefinite with semi-annually interest payment. The interest rate is defined as LIBOR+3.5% until 31 July 2017. In case the borrowed amount is not repaid at that date, the interest rate will be revised as LIBOR + 5.25%. Notes are issued as perpetual.

The Bank has obtained secondary subordinated loans by issuing a bond amounting to EUR 75 million as of 4 November 2011 and a bond amounting to EUR 100 million as of 21 December 2011. The bond issue on 21 December 2011 amounting to EUR 100 million is added up with the first issue of EUR 75 million and together will be followed as EUR 175 million. Since the coupon rate of the issue amounting to EUR 100 million is semi-annual Euribor + 5.25% and two issues stated above will be merged and the merged issue will carry the coupon rate of the first issue (Euribor + 4.75% on an annual basis), the price of EUR 100 million issue has been determined as 96.026% (the price determined as the 12-year interest difference between two issues discounted by new issues semi-annual coupon rate of Euribor + 5.25%). As interest payment periods of the new issue will be same with the first one, 47-day interest accrual amounting to EUR 852,527.78 related to the period between 4 November 2011 and 21 December 2011 was paid to the Bank by the investor purchasing the second issue. On 21 December 2011, total net amount of EUR 96,878,527.78 is transferred to the bank accounts.

The Bank, during its Board of Directors’ meeting dated 8 May 2012 has resolved to issue a debt instrument as Secondary Subordinated debt instrument with a value of USD 65 million on 14 May 2012. The semi annually interest rate of the issuance is determined as USD Libor + %5.75. The due date of the debt instrument is determined as 14 May 2024 and for the first seven years there is no option to repay before its due date. The debt instrument can be amortized on 14 May 2019 with the decision of the Board of Directors and upon the approval of Banking Regulation and Supervision Agency.

The Bank has resolved to issue a Secondary Subordinated Debt in the amount of EURO 100 million on 20 July 2012. The interest rate of the issuance has been determined as semi-annually EURIBOR + 4.75%. The due date of the debt instrument is 20 July 2024 and there is no option to repay within the first seven years. The debt instrument can be amortized on 20 July 2019 with the resolution of the BoD and upon the approval of the BRSA

The above mentioned five subordinated loans are utilized in-line with the “loan capital” definition of BRSA and will positively affect the capital adequacy ratio of the Bank as well as utilizing long term funding

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

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

a) Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	1,037,480	-	712,346
Total	-	1,037,480	-	712,346

11. Information on Shareholders' Equity:

a) Presentation of Paid-in Capital:

	Current Period	Prior Period
Common stock	2,204,390	2,204,390
Preferred stock	-	-

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank if so amount of registered share capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered Capital System	2,204,390	-

c) Information on share capital increases and their sources; other information on increased capital shares in current period: None.

d) Information on share capital increases from revaluation funds: None.

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.

f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

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

g) Information on preferred shares:

7% of the Bank's remaining net income after tax subsequent to deducting legal reserves and first dividends, corresponding to the Bank's 0,06 shares of TL30 (in full TL) is distributed to the founder shares.

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

11. Information on Shareholders’ Equity (Continued):

h) Information on marketable securities valuation differences:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	57,529	4,016	(87,265)	(12,005)
Foreign Exchange Difference	-	-	-	-
Total	57,529	4,016	(87,265)	(12,005)

12. Information on minority shares: None (31 December 2011:None)

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

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card expenditure limits	2,933,697	2,661,586
Loan granting commitments	2,942,424	2,284,218
Payment commitment for checks	1,879,298	1,455,318
Forward asset purchase commitments	1,309,306	1,619,012
Forward deposit purchase commitments	614,094	-
Tax and fund liabilities from export commitments	11,709	10,380
Commitments for promotions related with credit cards and banking activities	5,978	7,608
Share capital commitment to associates and subsidiaries	-	4,000
Other irrevocable commitments	147,132	85,410
Total	9,843,638	8,127,532

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

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

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

	Current Period	Prior Period
Letters of Credit	1,388,201	1,319,224
Bank Acceptances	903,219	342,297
Other Commitments	1,032,189	756,605
Other Contingencies	292,651	85,162
Total	3,616,260	2,503,288

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

	Current Period	Prior Period
Guarantee Letters	4,519,954	3,995,191
Advance Guarantee Letters	921,924	608,580
Temporary Guarantee Letters	462,831	492,886
Guarantee Letters Given for Customs	317,546	249,834
Other Guarantee Letters	464,704	213,003
Total	6,686,959	5,559,494

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

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

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	887,465	517,531
With maturity of 1 year or less than 1 year	210,284	116,345
With maturity of more than 1 year	677,181	401,186
Other non-cash loans	9,415,754	7,545,251
Total	10,303,219	8,062,782

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	57,744	1.43	114,344	1.82	56,900	1.65	75,514	1.63
Farming and raising livestock	43,248	1.07	112,166	1.79	43,627	1.26	74,530	1.61
Forestry, Wood and Paper	13,531	0.34	2,081	0.03	12,644	0.37	644	0.01
Fishery	965	0.02	97	0.00	629	0.02	340	0.01
Manufacturing	1,897,967	47.14	3,675,770	58.55	1,619,045	47.01	2,776,865	60.12
Mining and Quarry	122,124	3.03	123,292	1.96	101,475	2.95	74,724	1.62
Production	1,696,182	42.13	3,517,196	56.03	1,463,029	42.48	2,608,420	56.47
Electricity, Gas and Water	79,661	1.98	35,282	0.56	54,541	1.58	93,721	2.03
Construction	969,447	24.08	1,217,275	19.39	848,015	24.63	549,706	11.90
Services	1,021,259	25.37	539,858	8.60	837,762	24.33	421,183	9.12
Wholesale and Retail Trade	460,398	11.44	66,873	1.07	378,271	10.99	56,324	1.22
Hotel, Tourism, Food and Beverage Services	37,753	0.94	23,662	0.38	34,211	0.99	18,006	0.39
Transportation and Communication	217,069	5.39	258,234	4.11	181,676	5.28	174,204	3.77
Financial Institutions	79,383	1.97	65,557	1.04	49,960	1.45	59,635	1.29
Real Estate and Renting	91,587	2.27	64,885	1.03	73,056	2.12	48,736	1.06
Self-employment Services	71,903	1.79	31,128	0.50	59,110	1.72	35,935	0.78
Education Services	2,863	0.07	1,361	0.02	2,134	0.06	873	0.02
Health and Social Services	60,303	1.50	28,158	0.45	59,344	1.72	27,470	0.59
Other	79,764	1.98	729,791	11.64	81,993	2.38	795,799	17.23
Total	4,026,181	100.00	6,277,038	100.00	3,443,715	100.00	4,619,067	100.00

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

Non-cash loans	I st Group		II st Group	
	TL	FC	TL	FC
Letters of guarantee	3,349,270	3,246,627	55,093	35,969
Bank acceptances	-	903,219	-	-
Letters of credit	4,666	1,381,555	-	1,980
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	613,756	707,613	3,396	75
Total	3,967,692	6,239,014	58,489	38,024

The Bank provided a reserve of TL 46,581 (31 December 2011: TL 44,019) for non-cash loans not indemnified yet amounting to TL 22,512 (31 December 2011: TL 32,652).

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

2. Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I):	34,526,021	28,866,929	-	-
Forward transactions	6,265,980	4,619,076	-	-
Swap transactions	11,448,558	9,637,740	-	-
Futures transactions	-	-	-	-
Option transactions	16,811,483	14,610,113	-	-
Interest related derivative transactions (II):	2,256,150	1,562,582	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	1,945,502	1,163,468	-	-
Interest option transactions	310,648	399,114	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	-	-	-	-
Other trading derivative transactions (IV)	-	-	-	-
A. Total trading derivative transactions (I+II+III+IV)	36,782,171	30,429,511	-	-
Types of hedging transactions				
Fair value hedges	-	-	1,441,536	161,558
Cash flow hedges	-	-	3,153,677	1,918,710
Net investment hedges	-	-	-	-
B. Total hedging related derivatives	-	-	4,595,213	2,080,268
Total Derivative Transactions (A+B)	36,782,171	30,429,511	4,595,213	2,080,268

Related to agreements of forward transactions and options; the information based on the type of forward and options transactions are disclosed separately, specified with related amounts, type of agreement, purpose of transaction, nature of risk, strategy of risk management, hedging relationship, possible effects on the Bank’s financial position, timing of cash flows, reasons of unrealized transactions which previously projected to be realized, income and expenses that could not be linked to income statement in the current period because of the agreements:

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

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

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

i) Derivative instruments for fair value hedging purposes:

As of 1 July 2008, the Bank has started to apply fair value hedge accounting in order to avoid the effects of interest rate fluctuations in the market by matching its swap portfolio with its loan portfolio. As of 31 December 2012, nominal value of derivative instruments for hedging purposes is TL 1,441,536 (31 December 2011: TL 161,558) and net fair value is TL 32,389 liability (31 December 2011: TL 13,861) while fair value of the hedged item loans is TL 16,309 (31 December 2011: TL 11,554). The Bank accounts TL 22,865 (31 December 2011: TL 18,797 income) expense for derivative instruments for hedging purposes and TL 4,755 (31 December 2011: TL 22,094 expense) income from hedged item loans in the financial statements.

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Asset	Liability		Asset	Liability
Interest Rate Swaps	-	-	-	60,000	1,526	4,281
Cross Currency Swaps	1,441,536	5,064	47,696	101,558	8,011	19,117
	1,441,536	5,064	47,696	161,558	9,537	23,398

ii) Derivative instruments for cash flow hedge purposes:

The Bank has adopted cash flow hedge accounting by matching its swap portfolio having total buy-sell nominal amounting to TL 2,083,677 since 2011, and TL 1.100.000 since 2012 with the deposit portfolio having maturity of 28-32 days. Effective portion of TL 62,082 accounted for under equity is presented after deduction of its deferred tax effect of TL 12,416 in the financial statements. In 2012, the ineffective portion of TL 3,455 is accounted as expense in the income statement. There is no cash flow hedge ceased in 2012.

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Asset	Liability		Asset	Liability
Interest Rate Swaps	3,153,677	11,819	120,811	1,918,710	13,263	27,049

3. Credit derivatives and risk exposures on credit derivatives: None.

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

4. Explanations on contingent liabilities and assets:

- a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in entities under common control (joint ventures): None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
- b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes: As of 31 December 2012, there are no contingent assets that need to be explained (31 December 2011: None).
- b.2) A provision is made for contingent liabilities, if realization is probable and the amount can be reliably determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes:

Following a resolution in favor of the Bank in 2003 for the case related to deduct accumulated losses from the corporate tax base for 2002 and for subsequent periods in accordance with Corporate Tax Law article 14/7; the Ministry of Finance appealed against the decision, however, the case was again concluded in favor of the Bank by Tax Supreme Court. In this context, the Bank acquired the right to deduct accumulated losses amounting to TL 364,501 thousand from the corporate tax base. Related accumulated losses have been deducted from tax base by the Bank between the years 2003 and 2006.

On the other hand, the Tax Office has not taken into consideration the deduction amount of TL 144,824 which is included in the 2003/4 temporary tax declaration based on the resolution of the Tax Supreme Court, and recalculated a temporary corporate tax liability of TL 15,510 and levied a fine of TL 16,131 to the Bank based on the declaration as of 20 April 2004. In that respect, the Bank has filed a counter case against the Tax Office, and 1st Tax Office decided in favor of the Bank with resolution no: K:2006/974 based on its decision related with 2002/I period explained above .

The Tax Office filed an appeal against the ruling; however, the 4th Administration of Council of State resolution no: K:2007/4747 ruled that the defendant's claim on the Management's double loss deduction should be initially reviewed and a new ruling should be made accordingly. Therefore the tax office's resolution is overruled by the Council of State.

Although the 1st Tax Office of İstanbul had reviewed the related issues upon the Council of State's overruling and conducted the litigation in favor of the Bank upon its resolution no: K:2010/2377, TL 48,557 of loss amount is considered as undeductible in the basis of the resolution. Therefore, the Bank has filed an appeal on 4 October 2010 for the overruling of the related resolution basis and the outcome of the appeal is still in process. As the Bank management foresees no significant risk in relation to the related lawsuits, no provision is provided in the financial statements. The Bank has increased the tax base by TL 2,863 in regards to the related lawsuit in accordance with the requirements of the Communiqué No:6111 “Restructuring of Specific Receivables and Social Insurance and General Health Insurance Law and Amendments to Some Other Laws and Requirements”.

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

5. Custodian and intermediary services:

The Bank provides trading and safe keeping services in the name and account of third parties, which are presented in the statement of contingencies and commitments.

Investment fund participation certificates held in custody which belong to the customers and the portfolio are accounted for with their nominal values. As of 31 December 2012 the total nominal value and number of certificates are TL 2,673,619 and 267,361,941 thousand (31 December 2011: TL 2,064,582 and 206,458,233 thousand) and the total fair value is TL 9,894,934 (31 December 2011: TL 8,601,613).

6. The information on the Bank’s rating by the international rating introductions (*):

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

Moody’s Investor Services: July 2012

View	Negative
Bank Financial Strength	D+
Foreign Currency Deposits	Ba2/NP

Fitch Ratings: November 2012

Foreign Currency Commitments	
Long term	BBB
Short term	F3
View	Stable
Turkish Lira Commitments	
Long term	BBB+
Short term	F2
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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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
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IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	1,831,807	140,924	1,205,057	124,452
Medium and long term loans	1,312,162	155,861	975,888	104,288
Interest on non-performing loans	29,471	-	36,356	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	3,173,440	296,785	2,217,301	228,740

(*) Includes fees and commissions obtained from cash loans amounting to 106,335 TL (31 December 2011: 102,079 TL)

b) Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	5,382	165	4,321	113
Foreign banks	2,663	1,432	2,617	2,730
Branches and head office abroad	-	-	-	-
Total	8,045	1,597	6,938	2,843

c) Information on interest received from securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets held for Trading	52,902	8,329	56,038	52,358
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	332,795	7,539	321,791	21,806
Investments Held-to-Maturity	-	-	2,469	-
Total	385,697	15,868	380,298	74,164

d) Interest received from Subsidiaries and Associates:

	Current Period	Prior Period
Interest received from Subsidiaries and Associates	4,222	4,120

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
The Central Bank of Turkey	-	-	-	-
Domestic banks	7,884	5,910	5,939	3,089
Foreign banks	128,631	107,658	197,265	87,330
Branches and head office abroad	-	-	-	-
Other financial institutions	-	14,425	-	32,119
Total	136,515	127,993	203,204	122,538

(*) Includes fees and commission expenses of cash loans amounting to 4,805 TL (31 December 2011: TL 12,391).

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IV. Explanations and Disclosures Related to the Statement of Income (Continued)

b) Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest expenses to associates and subsidiaries	1,502	1,539

c) Information on interest expenses on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on securities issued	37,311		10,089	-
Total	37,311	-	10,089	-

d) Distribution of interest expenses on deposits based on maturity of deposits:

Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Bank deposits	-	7,778	512	177	64	342	-	8,873
Saving deposits	-	153,809	675,038	23,162	6,028	2,326	-	860,363
Public sector deposits	1	6,410	29,364	24	2	-	-	35,801
Commercial deposits	1	97,849	323,894	14,667	9,926	1	-	446,338
Other deposits	-	5,332	127,126	11,575	3,768	35	-	147,836
7 days call accounts	-	-	-	-	-	-	-	-
Total	2	271,178	1,155,934	49,605	19,788	2,704	-	1,499,211
FC								
Foreign currency deposits	4	64,034	146,265	11,484	4,704	2,527	-	229,018
Bank deposits	4	412	675	-	-	-	-	1,091
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	1,758	2,338	261	466	-	-	4,823
Total	8	66,204	149,278	11,745	5,170	2,527	-	234,932
Grand Total	10	337,382	1,305,212	61,350	24,958	5,231	-	1,734,143

3. Information on dividend income:

	Current Period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	874	432
Other	17,189	17,802
Total	18,063	18,234

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IV. Explanations and Disclosures Related to the Statement of Income (Continued)

4. Information on net trading income:

	Current Period	Prior Period
Income	5,144,767	7,514,039
Gains on capital market operations	64,702	200,081
Gains on derivative financial instruments (*)	1,527,692	1,820,389
Foreign exchange gains (**)	3,552,373	5,493,569
Losses (-)	5,226,230	7,538,347
Losses on capital market operations	34,451	190,147
Losses on derivative financial instruments (*)	2,007,565	1,772,163
Foreign exchange losses (**)	3,184,214	5,576,037

(*) Foreign exchange gains on hedging transactions are TL 1,410 (31 December 2011: TL 7,999), while foreign exchange losses on hedging transactions are TL 15,229 (31 December 2011: TL 4,167).

(**) Foreign exchange gains on derivative financial transactions are TL37,244 (31 December 2011: TL 173,594 foreign exchange gains).

5. Information on other operating income:

There is no issue that includes new developments and can influence the Bank's income significantly.

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IV. Explanations and Disclosures Related to the Statement of Income (Continued)

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	132,061	46,788
III. Group Loans and Receivables	43,943	17,937
IV. Group Loans and Receivables	50,046	19,003
V. Group Loans and Receivables	38,072	9,848
General provision expenses	141,191	85,242
Provision expenses for possible losses	-	-
Marketable securities impairment losses	-	5,131
Financial assets at fair value through profit and loss	-	5,131
Investment securities available for sale	-	-
Impairment provision expense	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investments held to maturity	-	-
Other	650	(9,210)
Total	273,902	127,951

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses (*)	634,396	590,745
Reserve for employee termination benefits (**)	43,223	38,135
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets (***)	70,682	81,313
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	11,874	10,559
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1,858	743
Depreciation expenses of assets to be disposed	1,676	1,147
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	519,392	491,906
Rent expenses (****)	141,644	140,777
Maintenance expenses	17,359	14,137
Advertisement expenses(*****)	66,778	59,685
Other expenses	293,611	277,307
Loss on sales of assets	3,364	1,150
Other (*****)	209,066	163,443
Total	1,495,531	1,379,141

(*) Includes restructuring expenses amounting to TL 11,602 (31 December 2011: TL 11,613).

(**) Includes TL7,646 restructuring charges (31 December 2011: TL12,143).

(***) Includes TL 4,978 restructuring charges in 31 December 2011 (31 December 2012: TL None).

(****) Includes TL1,382 restructuring charges (31 December 2011: TL 3,017).

(*****) Includes TL 295 restructuring charges. (31 December 2011: TL 15,923).

(*****) Included TL26,496 (31 December 2011: TL 17,814) in other premiums paid to the Saving Deposit Insurance Fund, TL72,997 (31 December 2011: TL 71,575) is other taxes and duties paid and TL11,492 (31 December 2011: TL20,117) is merger and restructuring costs.

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

Profit before tax of the Bank consists of net interest income and net fees and commission income amounting to TL 1,844,714 (31 December 2011: TL 1,375,002) and TL 536,890 (31 December 2011: TL 335,848), respectively; while operating expenses are TL 1,495,531 (31 December 2011: TL 1,379,141).

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
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IV. Explanations and Disclosures Related to the Statement of Income (Continued)

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

- a) As of 31 December 2012, the current tax charge is TL239,694 (31 December 2011: TL 27,871), and deferred tax asset is TL84,599 (31 December 2011: TL 48,791 deferred tax liability). There is no current and deferred tax income due to calculated discontinued operations.
- b) Deferred tax benefit on temporary differences resulted from continued operations is TL84,599 (31 December 2011: TL 48,791 deferred tax liability).
- c) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	640,722	283,337
Additions	158,120	132,003
Nonallowable expenses	17,167	40,165
General loan loss provision	140,953	91,838
Deductions	(23,366)	(32,030)
Dividend income	(17,929)	(18,120)
Other	(5,437)	(13,910)
Taxable Profit / (Loss)	775,476	383,310
Corporate tax rate	20%	20%
Tax calculated	155,095	76,662

10. Information on net profit/(loss) from continued and discontinued operations:

The Bank's net profit from continued operations for the year ended 31December 2012 is TL 485,627 (31 December 2011: TL 206,675).

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

- a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None (31 December 2011: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2011: None).
- c) Profit or loss attributable to minority shares: None (31 December 2011: None).

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
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IV. Explanations and Disclosures Related to the Statement of Income (Continued)

12. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items:

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Card fee and commissions	441,309	284,867
Intelligence fee and commissions	45,753	14,198
Insurance commissions	40,233	27,295
Transfer commissions	29,134	20,158
Fund management fees	18,492	28,901
Settlement expense provision, eft, swift, agency commissions	17,653	13,673
Commissions and fees earned from correspondent banks	14,880	12,124
Other	173,246	107,682
Total	780,700	508,898
<u>Other fees and commissions paid</u>		
Credit cards commissions and fees	258,824	172,721
Settlement expense provision, eft, swift, agency commissions	8,279	4,596
Commissions and fees paid to correspondent banks	6,019	8,647
Other	53,622	41,472
Total	326,744	227,436

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

- a) Increasing resulting from revaluation of financial assets available for sale is TL 201,018 (31 December 2011: TL 243,092 decreased) and change effect to deferred tax is TL 40,203 (31 December 2011: TL 46,878)

Gain or loss arising from measurement of financial assets available-for-sale included in shareholders' equity in the current period, excluding those related to hedging amounting TL 204,478 income (31 December 2011: TL 175,385 income).

The amount recycled from equity to net income/loss account if the loss or gain related with measurement at fair value is recorded to equity for the financial assets available-for-sale (excluding the assets related to hedging): TL 3,460 income (31 December 2011: TL 65,707 income).

- b) Increase in cash flow risk hedging items:
The Bank hedges itself against cash flow risk from Turkish Lira short term time deposits through its interest rate swaps. In this context, the effective portion is accounted for under equity in "Hedging Funds" account. The related amount in year 2012 is TL 67,713 (31 December 2011: TL 5,631 increased) and and change effect to deferred tax is TL 13,543 (31 December 2011: TL 1,126)
- c) The reconciliation related with foreign exchange amounts in the beginning and end of the period: None.
- d) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.
- e) Dividends per share proposed subsequent to the balance sheet date: Profit appropriation will be resolved in the General Assembly meeting which has not been conducted as of the date of the accompanying financial statements are authorized for issue.
- f) Proposals to General Assembly for the payment dates of dividends and if it will not be appropriated the reasons for this: The Board of Directors has not decided for profit appropriation as of the date of the financial statements are authorized for issue.
- g) Amounts transferred to legal reserves: Amount transferred to legal reserves is TL 10,334 in 2012 (31 December 2011: TL 15,015).
- h) Information on shares issued:

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

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VI. Explanations and Disclosures Related to Statement of Cash Flows

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

“Other items” amounting to TL 1,733,960 (31 December 2011: TL 1,309,611) in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid and other expenses except for leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

“Net increase/decrease in other liabilities” amounting to TL 229,184 (31 December 2011: TL 95,869) in “Changes in operating assets and liabilities” consists of changes in sundry creditors, other liabilities and interbank money market borrowings. “Net increase/decrease in other assets” with a total amount of TL 2,051,946 (31 December 2011: TL 79,551) consists of changes in sundry debtors, blocked reserved deposits and other assets.

Other items” amounting to TL 16,939 (31 December 2011: TL 9,480) in “Net cash provided from investing activities” consists of cash paid for purchases of intangible assets.

Effect of change in foreign exchange rate on cash and cash equivalents includes the foreign exchange effect resulting from the translation of cash and cash equivalents in foreign currency by using the foreign exchange rates at the beginning and at the end of the period, and it is TL 16,322 for the year 2012 (31 December 2011: TL 166,409).

2. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

Beginning of the period	Current Period	Prior Period
Cash	2,429,724	1,616,646
Cash in TL/Foreign Currency	487,808	287,730
Central Bank – Unrestricted amount	1,616,648	1,301,246
Other	325,268	27,670
Cash equivalents	817,678	703,336
Banks	307,678	703,336
Money market placements	510,000	-
Total cash and cash equivalents	3,247,402	2,319,982

End of the period	Current Period	Prior Period
Cash	1,088,529	2,429,724
Cash in TL/Foreign Currency	591,035	487,808
Central Bank – Unrestricted amount	447,146	1,616,648
Other	50,348	325,268
Nakde Eşdeğer Varlıklar	2,378,675	817,678
Banks	678,675	307,678
Money market placements	1,700,000	510,000
Total cash and cash equivalents	3,467,204	3,247,402

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
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VII. Explanations on the Risk Group of the Bank

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

Balance sheet items, income/expense items of previous periods are presented as of 31 December 2011.

a) Current Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	404	3,126	76,412	4	127,364	231,970
Balance at end of period	64	8,368	2,815	4	35,486	396,822
Interest and commission income	4,222	113	3,684	23	16,163	95

Subsidiaries, associates and entities under common control balance above includes TL 64, direct and indirect shareholders of the Bank balance above includes TL 2,118 and other entities included in the risk group balance above includes TL 152 placement in foreign banks.

b) Prior Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect Shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	331	735	38,643	40,782	142,406	114,606
Balance at end of period	404	3,126	76,412	4	127,364	231,970
Interest and commission income received	4,120	41	2,911	20	8,143	333

Subsidiaries, associates and entities under common control balance above includes TL 67, direct and indirect shareholders of the Bank balance above includes TL 1,913 and other entities included in the risk group balance above includes TL 12,744 placement in foreign banks

c.1) Information on related party deposits balances:

Related parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current period	Prior period	Current period	Prior Period
Deposits						
Balance at beginning of period	46,466	73,452	430,246	1,024,799	372,913	336,262
Balance at end of period	44,929	46,466	471,343	430,246	236,958	372,913
Interest on deposits	1,502	1,539	14,033	18,505	23,496	7,646

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

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

c.2) Information on forward and option agreements and other similar agreements made with related parties:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current period	Prior period	Current period	Prior Period
Financial Assets at Fair Value Through Profit and Loss						
Beginning of period	-	-	9,020,778	2,958,850	178,125	887,840
End of period	-	-	8,489,076	9,020,778	3,628	178,125
Total income/loss	-	-	12,945	(22,025)	792	10,671
Hedging transactions purposes						
Beginning of period	-	-	522,500	201,151	-	-
End of period	-	-	830,956	522,500	-	-
Total income/loss	-	-	(16,405)	(5,836)	-	-

d) As of 31 December 2012, the total amount of remuneration and benefits provided for the senior management of the Bank is TL 26,259 (31 December 2011: TL 24,561).

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

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

	Numbers	Employees		Total Assests	Capital
Domestic branches	504	9,239			
Rep-offices abroad	-	-	Country		
Branches abroad	4	46	Cyprus	359,997	20,000
Off-shore branches	1	3	Bahrain	991,055	-

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

In the year 2012, Bank opened 6 branches , closed 4 branches .

IX. Explanations on significant events and matters arising subsequent to balance sheet date:

i) Bond issued by The Parent Bank on 14 January 2013 with a nominal value of TL 364,702, maturity of 174 days with due date of 8 July 2013, with an interest rate of 6,71386%, and with an annual compound rate of 6,83192% has started to be publicly traded in bonds and bills market with ISIN code of “TRQTEBK71318”

ii) It is declared that merger operation of Fortis Faktoring A.Ş. and the Parent Bank’s subsidiary TEB Faktoring A.Ş. is started and share purchase agreement regarding share transfer before merger dated 31 January 2013 is signed Teb Faktoring A.Ş., subsidiary of Fortis Faktoring A.Ş. and the Parent Bank, According to share purchase agreement, TL 14,499.996 of TL 14,500 nominal value of Fortis Faktoring A.Ş.’s share is to be bought by TEB Faktoring A.Ş.. As a consequence of the share transfer, the Bank would be 100% shareholder indirectly. The Bank After the declared share transfer, TEB Faktoring A.Ş. and Fortis Faktoring A.Ş. are planned to be merged under TEB Faktoring A.Ş.

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SECTION SIX

OTHER EXPLANATIONS

I) Other Explanations on the Operations of the Bank

None

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SECTION SEVEN

INDEPENDENT AUDITOR’S REPORT

I. Explanations on the Independent Auditor’s Report

The unconsolidated financial statements of the Bank were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the independent auditor’s report dated 14 February 2013 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by the Independent Auditors

None.

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SECTION 4 - CONSOLIDATED FINANCIAL STATEMENTS

TÜRK EKONOMİ BANKASI ANONİM ŞİRKET AND ITS FINANCIAL SUBSIDIARIES INDEPENDENT AUDITOR'S REPORT, CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

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

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

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

Independent Auditor's Opinion:

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Türk Ekonomi Bankası A.Ş. and its consolidated subsidiaries at 31 December 2012 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Other Matter:

The consolidated financial statements of Türk Ekonomi Bankası A.Ş. and its consolidated subsidiaries as at and for the year ended 31 December 2011 were audited by another auditor whose report dated 15 February 2012 expressed an unqualified opinion.

Additional Paragraph for Convenience Translation:

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Zeynep Uras, SMMM
Partner

Istanbul, 14 February 2013

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

Address : Saray Mahallesi Sokullu Caddesi No:7/A – 7/B
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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 Kazancılar
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	Financial Reporting

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

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

Tel No : (0216) 635 24 63
Fax No : (0216) 636 36 36

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

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

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

SECTION 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 (“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. The process regarding the procedure has been summarized below.

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%.

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

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

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

II. Explanation on the 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 2012 and 31 December 2011 the shareholders’ structure and their respective ownerships are summarized as follows:

Name of shareholders	As of 31 December 2012		As of 31 December 2011	
	Paid in capital	%	Paid in capital	%
TEB Holding A.Ş.	1,212,414	55.00	1,212,414	55.00
BNPP Yatırımlar Holding A.Ş.	514,616	23.34	514,616	23.34
BNP Paribas Fortis Yatırımlar Holding A.Ş.	376,584	17.08	376,584	17.08
Publicly Traded	99,556	4.52	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 31 December 2012, Parent Bank’s paid-in-capital consists of 2,204,390,000 shares of TL 1.00 (full TL) nominal each.

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

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

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

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

<u>Name</u>	<u>Title</u>
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
Sabri Davaz	Member of the Board of Directors
Alain Georges Auguste Fonteneau	Member of the Board of Directors
Yvan L.A.M De Cock(*)	Member of the Board of Directors
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 Council 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
Kubilay Güler	Banking Operations & Facility Services Ass. General Manager
Group Heads	
Didier Albert Nicole Van Hecke(***)	Chief Risk Officer
Birol Deper(****)	Head of Compliance Group and Internal Control Group
Inspection Committee and Statutory Auditors;	
Hakan Tıraşın(*****)	Chairman of the Inspection Committee
Esra Peri Aydoğan	Statutory Auditor
Cihat Madanoğlu	Statutory Auditor

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

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

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

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

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

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

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

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

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

IV. Information About the Persons and Institutions That Have Qualified Shares 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., TEB Portföy Yönetim A.Ş., Zurich Sigorta A.Ş., Cardif Hayat Sigorta A.Ş. As of 31 Decemeber 2012, the Parent Bank has 504 local branches and 5 foreign branches (31 December 2011: 503 local branches, 4 foreign branches).

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

None.

SECTION TWO

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

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

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

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

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

	Section 5 Note Ref.	Audited Current Period 31.12.2012			Audited Prior Period 31.12.2011		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(I-1)	768,858	3,680,542	4,449,400	1,500,361	2,517,896	4,018,257
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(I-2)	544,118	94,887	639,005	860,882	415,909	1,276,791
2.1 Financial assets held for trading		544,118	94,887	639,005	860,882	415,909	1,276,791
2.1.1 Public sector debt securities		445,796	26,499	472,295	596,824	357,553	954,377
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		98,322	68,388	166,710	264,058	58,356	322,414
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	(I-3)	444,461	563,855	1,008,316	152,232	453,606	605,838
IV. MONEY MARKET PLACEMENTS		1,700,525	-	1,700,525	523,574	-	523,574
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		1,700,525	-	1,700,525	510,975	-	510,975
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(I-4)	4,247,116	61,716	4,308,832	4,103,629	594,316	4,697,945
5.1 Share certificates		17,829	5,602	23,431	19,619	4,318	23,937
5.2 Public sector debt securities		4,228,115	56,114	4,284,229	4,082,934	582,630	4,665,564
5.3 Other marketable securities		1,172	-	1,172	1,076	7,368	8,444
VI. LOANS AND RECEIVABLES	(I-5)	24,505,325	6,490,263	30,995,588	20,511,045	6,452,442	26,963,487
6.1 Loans and receivables		24,247,866	6,480,325	30,728,191	20,302,264	6,446,621	26,748,885
6.1.1 Loans to Risk Group of the Bank		31,276	11,888	43,164	113,800	75,319	189,119
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		24,216,590	6,468,437	30,685,027	20,188,464	6,371,302	26,559,766
6.2 Non-performing loans		643,226	71,671	714,897	726,299	29,379	755,678
6.3 Specific provisions (-)		385,767	61,733	447,500	517,518	23,558	541,076
VII. FACTORING RECEIVABLES		521,099	233,668	754,767	516,926	302,085	819,011
VIII. HELD TO MATURITY INVESTMENTS (Net)	(I-6)	-	20,416	20,416	-	21,224	21,224
8.1 Public sector debt securities		-	20,416	20,416	-	21,224	21,224
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(I-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)	(I-8)	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(I-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	(I-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	(I-11)	16,726	157	16,883	22,787	13	22,800
13.1 Fair value hedge		4,907	157	5,064	9,524	13	9,537
13.2 Cash flow hedge		11,819	-	11,819	13,263	-	13,263
13.3 Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(I-12)	248,208	8,065	256,273	255,711	8,600	264,311
XV. INTANGIBLE ASSETS (Net)	(I-13)	445,328	808	446,136	440,358	899	441,257
15.1 Goodwill		421,124	-	421,124	421,124	-	421,124
15.2 Other		24,204	808	25,012	19,234	899	20,133
XVI. INVESTMENT PROPERTIES (Net)	(I-14)	-	-	-	-	-	-
XVII. TAX ASSET		131,297	6,985	138,282	71,555	2,581	74,136
17.1 Current tax asset		1,522	4,882	6,404	561	-	561
17.2 Deferred tax asset	(I-15)	129,775	2,103	131,878	70,994	2,581	73,575
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(I-16)	61,590	-	61,590	67,049	-	67,049
18.1 Held for sale		61,590	-	61,590	67,049	-	67,049
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(I-17)	862,516	203,566	1,066,082	559,786	98,976	658,762
TOTAL ASSETS		34,497,172	11,364,928	45,862,100	29,585,900	10,868,547	40,454,447

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

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

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

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

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

	Section 5 Note Ref.	Audited Current Period 31.12.2012			Audited Prior Period 31.12.2011		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(II-1)	21,042,270	8,917,664	29,959,934	14,799,179	9,298,271	24,097,450
1.1 Deposits from Risk Group of the Bank		516,211	262,262	778,473	569,023	264,370	833,393
1.2 Other		20,526,059	8,655,402	29,181,461	14,230,156	9,033,901	23,264,057
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(II-2)	176,413	58,402	234,815	157,708	116,091	273,799
III. FUNDS BORROWED	(II-3)	702,410	5,307,605	6,010,015	2,853,408	4,596,346	7,449,754
IV. MONEY MARKET BALANCES		65,120	-	65,120	1,104,748	-	1,104,748
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		24,204	-	24,204	-	-	-
4.3 Funds provided under repurchase agreements		40,916	-	40,916	1,104,748	-	1,104,748
V. MARKETABLE SECURITIES ISSUED (Net)	(II-3)	494,237	-	494,237	249,107	-	249,107
5.1 Bills		333,689	-	333,689	249,107	-	249,107
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		160,548	-	160,548	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. SUNDRY CREDITORS		858,955	29,384	888,339	774,717	66,939	841,656
VIII. OTHER LIABILITIES	(II-4)	1,154,042	2,286	1,156,328	622,004	2,884	624,888
IX. FACTORING PAYABLES		623	3,365	3,988	4,259	2,251	6,510
X. FINANCE LEASE PAYABLES	(II-5)	-	-	-	-	8	8
10.1 Finance lease payables		-	-	-	-	9	9
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	-	-	-	1	1
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(II-6)	168,506	1	168,507	50,447	-	50,447
11.1 Fair value hedge		47,695	1	47,696	23,398	-	23,398
11.2 Cash flow hedge		120,811	-	120,811	27,049	-	27,049
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(II-7)	688,370	13,541	701,911	496,852	10,256	507,108
12.1 General loan loss provisions		407,150	12,286	419,436	266,177	7,232	273,409
12.2 Restructuring reserve		516	-	516	2,663	-	2,663
12.3 Reserve for employee benefits		187,133	736	187,869	125,025	2,278	127,303
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		93,571	519	94,090	102,987	746	103,733
XIII. TAX LIABILITY	(II-8)	141,205	457	141,662	104,811	1,037	105,848
13.1 Current tax liability		141,205	457	141,662	104,811	1,037	105,848
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(II-9)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(II-10)	-	1,037,480	1,037,480	-	712,346	712,346
XVI. SHAREHOLDERS' EQUITY	(II-11)	4,823,154	176,610	4,999,764	4,314,992	115,786	4,430,778
16.1 Paid-in capital		2,204,390	-	2,204,390	2,204,390	-	2,204,390
16.2 Supplementary capital		775,766	4,959	780,725	684,228	(11,466)	672,762
16.2.1 Share premium		2,565	-	2,565	2,565	-	2,565
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities valuation differences		50,780	4,959	55,739	(94,021)	(11,466)	(105,487)
16.2.4 Tangible assets revaluation differences		101,391	-	101,391	100,483	-	100,483
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment properties revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		527	-	527	527	-	527
16.2.8 Hedging funds (Effective portion)		(49,666)	-	(49,666)	4,505	-	4,505
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		670,169	-	670,169	670,169	-	670,169
16.3 Profit reserves		1,349,369	171,651	1,521,020	1,179,294	127,252	1,306,546
16.3.1 Legal reserves		143,555	-	143,555	130,033	-	130,033
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		1,111,376	171,651	1,283,027	945,641	127,252	1,072,893
16.3.4 Other profit reserves		94,438	-	94,438	103,620	-	103,620
16.4 Profit or loss		485,927	-	485,927	234,061	-	234,061
16.4.1 Prior years' income/ (loss)		9,497	-	9,497	9,497	-	9,497
16.4.2 Current year income/ (loss)		476,430	-	476,430	224,564	-	224,564
16.5 Minority shares	(II-12)	7,702	-	7,702	13,019	-	13,019
TOTAL LIABILITIES AND EQUITY		30,315,305	15,546,795	45,862,100	25,532,232	14,922,215	40,454,447

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

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

**TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED OFF-BALANCE SHEET COMMITMENT AT 30 SEPTEMBER 2012**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

	Section 5 Note Ref	Audited Current Period 31.12.2012			Audited Prior Period 31.12.2011		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I-II+III)		28,803,888	34,194,648	62,998,536	23,399,719	27,196,827	50,596,546
I. GUARANTEES	(III-1)	4,032,796	6,457,642	10,490,438	3,443,715	4,928,178	8,371,893
1.1 Letters of guarantee		3,410,978	3,319,084	6,730,062	2,994,478	2,615,011	5,609,489
1.1.1 Guarantees subject to State Tender Law		126,475	45,223	171,698	149,521	47,724	197,245
1.1.2 Guarantees given for foreign trade operations		297,750	128,726	426,476	231,520	98,260	329,780
1.1.3 Other letters of guarantee		2,986,753	3,145,135	6,131,888	2,613,437	2,469,027	5,082,464
1.2 Bank loans		-	903,219	903,219	-	342,297	342,297
1.2.1 Import letter of acceptance		-	901,081	901,081	-	148,980	148,980
1.2.2 Other bank acceptances		-	2,138	2,138	-	193,317	193,317
1.3 Letters of credit		4,666	1,527,651	1,532,317	-	1,578,340	1,578,340
1.3.1 Documentary letters of credit		4,666	856,453	861,119	-	1,077,679	1,077,679
1.3.2 Other letters of credit		-	671,198	671,198	-	500,661	500,661
1.4 Prefinancing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		615,588	416,601	1,032,189	447,251	309,354	756,605
1.9 Other collaterals		1,564	291,087	292,651	1,986	83,176	85,162
II. COMMITMENTS	(III-1)	8,180,716	1,734,157	9,914,873	6,645,551	1,563,069	8,208,620
2.1 Irrevocable commitments		8,180,716	1,734,157	9,914,873	6,645,551	1,563,069	8,208,620
2.1.1 Forward asset purchase commitments		223,497	1,085,809	1,309,306	157,738	1,461,274	1,619,012
2.1.2 Forward deposit purchase and sales commitments		-	614,094	614,094	-	-	-
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	4,000	-	4,000
2.1.4 Loan granting commitments		2,942,347	77	2,942,424	2,284,108	110	2,284,218
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		1,879,298	-	1,879,298	1,455,318	-	1,455,318
2.1.8 Tax and fund liabilities from export commitments		11,709	-	11,709	10,380	-	10,380
2.1.9 Commitments for credit card expenditure limits		2,933,697	-	2,933,697	2,661,586	-	2,661,586
2.1.10 Commitments for promotions related with credit cards and banking activities		5,978	-	5,978	7,608	-	7,608
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		184,190	34,177	218,367	64,813	101,685	166,498
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(III-2)	16,590,376	26,002,849	42,593,225	13,310,453	20,705,580	34,016,033
3.1 Derivative financial instruments for hedging purposes		3,877,112	718,101	4,595,213	2,025,490	54,778	2,080,268
3.1.1 Fair value hedge		723,435	718,101	1,441,536	106,780	54,778	161,558
3.1.2 Cash flow hedge		3,153,677	-	3,153,677	1,918,710	-	1,918,710
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		12,713,264	25,284,748	37,998,012	11,284,963	20,650,802	31,935,765
3.2.1 Forward foreign currency buy/sell transactions		1,957,068	4,328,080	6,285,148	1,583,321	3,063,986	4,647,307
3.2.1.1 Forward foreign currency transactions-buy		889,152	2,249,254	3,138,406	480,076	1,836,452	2,316,528
3.2.1.2 Forward foreign currency transactions-sell		1,067,916	2,078,826	3,146,742	1,103,245	1,227,534	2,330,779
3.2.2 Swap transactions related to f.c. and interest rates		4,396,774	10,190,525	14,587,299	3,896,066	8,380,897	12,276,963
3.2.2.1 Foreign currency swap-buy		1,828,627	4,288,557	6,117,184	1,582,082	3,759,774	5,341,856
3.2.2.2 Foreign currency swap-sell		2,268,147	3,876,628	6,144,775	1,913,984	3,401,573	5,315,557
3.2.2.3 Interest rate swaps-buy		150,000	1,012,670	1,162,670	200,000	609,775	809,775
3.2.2.4 Interest rate swaps-sell		150,000	1,012,670	1,162,670	200,000	609,775	809,775
3.2.3 Foreign currency, interest rate and securities options		6,359,422	10,766,143	17,125,565	5,805,576	9,205,919	15,011,495
3.2.3.1 Foreign currency options-buy		2,484,511	5,889,778	8,374,289	2,227,449	5,121,384	7,348,833
3.2.3.2 Foreign currency options-sell		3,674,911	4,765,717	8,440,628	3,368,127	3,895,421	7,263,548
3.2.3.3 Interest rate options-buy		100,000	55,324	155,324	110,000	94,557	204,557
3.2.3.4 Interest rate options-sell		100,000	55,324	155,324	100,000	94,557	194,557
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		98,288,929	20,674,207	118,963,136	86,276,517	22,413,492	108,690,009
IV. ITEMS HELD IN CUSTODY		18,697,638	1,991,111	20,688,749	16,402,569	1,447,233	17,849,802
4.1 Assets under management		2,673,631	115	2,673,746	2,064,803	419	2,065,222
4.2 Investment securities held in custody		7,853,214	285,880	8,139,094	7,021,897	321,785	7,343,682
4.3 Checks received for collection		7,825,901	710,421	8,536,322	6,991,767	738,754	7,730,521
4.4 Commercial notes received for collection		343,722	79,899	423,621	323,682	132,614	456,296
4.5 Other assets received for collection		1,071	914,796	915,867	321	253,661	253,982
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		99	-	99	99	-	99
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		79,456,986	18,648,921	98,105,907	69,742,283	20,935,121	90,677,404
5.1 Marketable securities		1,119,384	37,339	1,156,723	2,358,907	44,266	2,403,173
5.2 Guarantee notes		42,590,560	11,553,285	54,143,845	37,625,367	13,099,850	50,725,217
5.3 Commodity		26,992	350,093	377,085	11,732	342,758	354,490
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		30,867,446	5,629,882	36,497,328	25,335,727	6,590,324	31,926,051
5.6 Other pledged items		4,852,604	1,078,322	5,930,926	4,410,550	857,923	5,268,473
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		134,305	34,175	168,480	131,665	31,138	162,803
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		127,092,817	54,868,855	181,961,672	109,676,236	49,610,319	159,286,555

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

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

**TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD
FROM 1 JANUARY TO 30 SEPTEMBER 2012**

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

III. CONSOLIDATED STATEMENT OF INCOME

	Section 5 Note Ref.	Audited Current Period 01.01-31.12.2012	Audited Prior Period 01.01-31.12.2011
I. INTEREST INCOME	(IV-1)	4,113,040	3,060,933
1.1 Interest on loans		3,550,107	2,520,299
1.2 Interest received from reserve deposits		-	-
1.3 Interest received from banks		10,976	13,421
1.4 Interest received from money market placements		49,504	1,811
1.5 Interest received from marketable securities portfolio		405,190	458,503
1.5.1 Held-for-trading financial assets		62,927	109,573
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		341,154	345,388
1.5.4 Investments held-to-maturity		1,109	3,542
1.6 Finance lease Income		-	-
1.7 Other interest income		97,263	66,899
II. INTEREST EXPENSE	(IV-2)	2,172,965	1,605,768
2.1 Interest on deposits		1,767,110	1,093,976
2.2 Interest on funds borrowed		310,489	363,048
2.3 Interest on money market borrowings		42,599	108,875
2.4 Interest on securities issued		37,311	10,089
2.5 Other interest expense		15,456	29,780
III. NET INTEREST INCOME/EXPENSE (I - II)		1,940,075	1,455,165
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		581,553	384,777
4.1 Fees and commissions received		915,733	620,065
4.1.1 Non-cash loans		95,456	68,348
4.1.2 Other	(IV-12)	820,277	551,717
4.2 Fees and commissions paid		334,180	235,288
4.2.1 Non-cash loans		1,317	1,133
4.2.2 Other	(IV-12)	332,863	234,155
V. DIVIDEND INCOME	(IV-3)	909	454
VI. NET TRADING GAIN/(LOSS)	(IV-4)	(82,789)	(24,524)
6.1 Securities trading gains/ (losses)		31,880	9,986
6.2 Gains/ (losses) from derivative financial instruments		(484,061)	24,285
6.3 Foreign exchange gains/ (losses)		369,392	(58,795)
VII. OTHER OPERATING INCOME	(IV-5)	90,550	82,879
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		2,530,298	1,898,751
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(IV-6)	325,529	141,887
X. OTHER OPERATING EXPENSES (-)	(IV-7)	1,566,149	1,443,424
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		638,620	313,440
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)	(IV-8)	638,620	313,440
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (-)	(IV-9)	160,648	87,420
16.1 Current income tax (charge)/benefit		245,857	41,478
16.2 Deferred tax (charge)/benefit		(85,209)	45,942
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(IV-10)	477,972	226,020
XVIII. INCOME ON DISCONTINUED OPERATIONS		-	-
18.1 Income on assets held for sale		-	-
18.2 Income on sale of associates, subsidiaries and entities under common control (Joint vent.)		-	-
18.3 Income on other discontinued operations		-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
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		-	-
XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	(IV-8)	-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(IV-9)	-	-
21.1 Current income tax (charge)/benefit		-	-
21.2 Deferred tax (charge)/benefit		-	-
XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(IV-10)	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(IV-11)	477,972	226,020
23.1 Group's profit/loss		476,430	224,564
23.2 Minority shares		1,542	1,456
Earnings per share		0.2161	0.1086

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

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

**TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED
FOR UNDER EQUITY FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2012**

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

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

	Audited Current Period 01.01-31.12.2012	Audited Prior Period 01.01-31.12.2011
I.		
Additions to marketable securities revaluation differences for available for sale financial assets	205,132	(169,355)
II.		
Tangible assets revaluation differences	-	-
III.		
Intangible assets revaluation differences	-	-
IV.		
Foreign exchange differences for foreign currency transactions	(9,182)	36,835
V.		
Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	(67,713)	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	(26,799)	45,271
X.		
Total Net Profit/Loss accounted under equity (I+II+...+IX)	101,438	(81,618)
XI.		
Profit/Loss	(3,565)	(64,246)
11.1		
Change in fair value of marketable securities (Transfer to Profit/Loss)	(3,565)	(64,246)
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)	97,873	(145,864)

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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**TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD
FROM 1 JANUARY TO 30 SEPTEMBER 2012**

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

VI. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note Ref	Audited Current Period 01.01-31.12.2012	Audited Prior Period 01.01-31.12.2011
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		1,400,341	250,322
1.1.1 Interest received		4,139,183	3,050,250
1.1.2 Interest paid		(2,107,531)	(1,543,193)
1.1.3 Dividend received		909	454
1.1.4 Fees and commissions received		1,071,150	627,397
1.1.5 Other income		596,867	91,365
1.1.6 Collections from previously written off loans		333,650	68,503
1.1.7 Payments to personnel and service suppliers		(674,717)	(617,972)
1.1.8 Taxes paid		(204,697)	(95,619)
1.1.9 Others	(VI-1)	(1,754,473)	(1,330,863)
1.2 Changes in operating assets and liabilities		(1,978,004)	(690,071)
1.2.1 Net (increase) decrease in financial assets held for trading		485,521	(315,258)
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		(169,950)	56,665
1.2.4 Net (increase) decrease in loans		(3,926,071)	(6,027,214)
1.2.5 Net (increase) decrease in other assets	(VI-1)	(1,996,572)	(295,334)
1.2.6 Net increase (decrease) in bank deposits		(1,238,764)	(216,831)
1.2.7 Net increase (decrease) in other deposits		6,045,141	5,790,667
1.2.8 Net increase (decrease) in funds borrowed		(1,386,635)	216,242
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(VI-1)	209,326	100,992
I. Net cash provided from / (used in) banking operations		(577,663)	(439,749)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from / (used in) investing activities		435,054	(311,869)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries		-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(74,618)	(69,232)
2.4 Fixed assets sales		28,289	6,064
2.5 Cash paid for purchase of financial assets available for sale		(1,871,048)	(3,889,046)
2.6 Cash obtained from sale of financial assets available for sale		2,370,097	3,545,824
2.7 Cash paid for purchase of investment securities		-	(1,243)
2.8 Cash obtained from sale of investment securities		-	106,227
2.9 Others	(VI-1)	(17,666)	(10,463)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from / (used in) financing activities		236,634	484,677
3.1 Cash obtained from funds borrowed and securities issued		485,756	719,999
3.2 Cash used for repayment of funds borrowed and securities issued		(249,107)	(235,287)
3.3 Capital increase		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(15)	(35)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		(24,885)	199,750
V. Net increase / (decrease) in cash and cash equivalents	(VI-1)	69,140	(67,191)
VI. Cash and cash equivalents at beginning of the period	(VI-2)	3,512,634	3,579,825
VII. Cash and cash equivalents at end of the period	(VI-2)	3,581,774	3,512,634

(*) 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.

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

**TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD
FROM 1 JANUARY TO 30 SEPTEMBER 2012**

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

VII. PROFIT DISTRIBUTION TABLE

	(*)Current Audited Period 31.12.2012	Prior Audited Period 31.12.2011
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. YEDEKLERDEN DAĞITIM		
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 (%)	-	-

(*) Consiladated firms can not distribute profit due to related regulation

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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**TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM
1 JANUARY TO 31 DECEMBER 2012**

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

SECTION 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.

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

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

ACCOUNTING PRINCIPLES (Continued)

III. Information about the Parent Bank and its Consolidated Subsidiaries

The Bank, with no difference between TAS and IFRS, uses line-by-line consolidation method. 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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM
1 JANUARY TO 31 DECEMBER 2012**

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

ACCOUNTING PRINCIPLES (Continued)

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

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 31 December 2012 and 31 December 2011.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM
1 JANUARY TO 31 DECEMBER 2012**

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

ACCOUNTING PRINCIPLES (Continued)

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

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 and USD exchange rates used for translating foreign currency transactions into Turkish Lira and reflecting these to consolidated financial statements as of 31 December 2012 are 2.3548 full TL per EUR and 1.7823 full TL per USD, respectively (31 December 2011: TL 2.4438 ,in full TL, while the USD exchange rate is TL 1.8889, 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 the year end average exchange rate for their income statement items. The currency translation gain arising from the consolidated subsidiaries’ inflation and devaluation differences amounting to TL 8,767 (31 December 2011: TL 38,811) currency translation gain has been recorded in “Other Profit Reserves” under shareholders’ equity.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM
1 JANUARY TO 31 DECEMBER 2012**

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

ACCOUNTING PRINCIPLES (Continued)

IV. Explanations on Forward and Option Contracts and Derivative Instruments

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

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

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

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

The valuation of CDS transactions are based on 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 Bank documents relations between hedging instrument and hedged item on transaction date, in conjunction with strategies on objectives of the Bank's risk management and hedging transactions for hedging purposed transactions. Besides, the Bank that effectively values fair value changes of hedged items that are balanced by derivative transactions for hedging purposes documented regularly. In case, hedging transactions do not to meet the hedging accounting conditions, adjustments to fair value of hedged item, which are rediscounted within days to maturity, are reflected in Income Statement.

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

While the 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.

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ACCOUNTING PRINCIPLES (Continued)

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.

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”.

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ACCOUNTING PRINCIPLES (Continued)

VII. Explanations on Financial Assets (Continued)

Held to Maturity Investments and Financial Assets Available for Sale

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability other than loans and receivables.

Available for sale financial assets include all securities other than loans and receivables, securities held to maturity and securities held for trading.

Marketable securities are initially recognized at cost including the transaction costs.

After the initial recognition, available for sale securities are measured at fair value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in “Marketable Securities Valuation Differences” under the equity. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices. In the absence of prices formed in an active market, fair value of these securities is determined using the prices declared in the Official Gazette or other valuation methods stated in TAS.

After initial recognition, held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

The interests received from held to maturity investments are recorded as interest income.

Following the merger with Fortis Bank A.Ş. on 14 February 2011, 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.

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ACCOUNTING PRINCIPLES (Continued)

VII. Explanations on Financial Assets (Continued)

Loans and Provisions for Impairment (Continued)

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

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.

VIII. Explanations on Impairment of Financial Assets

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

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ACCOUNTING PRINCIPLES (Continued)

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 2012, the Group has reverse repo amounting to TL 1,700,525 (31 December 2011: TL 510,975).

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

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ACCOUNTING PRINCIPLES (Continued)

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

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

As of 31 December 2012, assets held for sale of the Group are TL 61,590 (31 December 2011: TL 67,049). As per the appraisals performed for the real estates held for sale included “Assets Held for Sale” in the financial statements, TL 1,291 (31 December 2011: TL 3,261) has been reserved as provision for impairment losses

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

XII. Explanations on Goodwill and Other Intangible Assets

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

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

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.

Within the framework of TFRS 3 “Business Combination”, identifiable assets and liabilities acquired at the merger date are measured at their acquisition date fair value. The resulting difference of TL 48,783 is shown in related assets and liability section, the equity impact is shown under other shareholder's equity section. The amount of TL 421,124, which is the difference between the fair value of identifiable net asset value of TL2,385,482 and the liability of TL1,964,358 is accounted as goodwill in the financial statements of the Bank.

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ACCOUNTING PRINCIPLES (Continued)

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.

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ACCOUNTING PRINCIPLES (Continued)

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. Provisions and contingent liabilities, excluding Specific and general provisions for loans and other receivables, are recognized in accordance with the Turkish Accounting Standards ("TAS 37") regarding "Provisions, Contingent Liabilities and Contingent Assets".

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

XVI. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

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

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

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Parent Bank uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually. The carrying value of provision for employee termination benefits as of 31 December 2012 is TL93,125 (31 December 2011: TL 60,277).

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ACCOUNTING PRINCIPLES (Continued)

XVI. Explanations on Liabilities Regarding Employee Benefits (Continued)

	31 December 2012	31 December 2011
Discount Rate (%)	6.91	9.55
Expected Inflation Rate (%)	4.78	5.13

Employees transferred to the Bank following the business combination defined in “General Information” of the 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 2012, the Pension Fund has 2,571 employees and 873 pensioners (31 December 2011: 3,203 employees and 828 pensioners).

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

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

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

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

Since the 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 Bank.

Defined Contribution Plans

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

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ACCOUNTING PRINCIPLES (Continued)

XVII. Explanations on Taxation

Corporate tax

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

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

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

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

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

Deferred Tax Liability / Asset

The 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 2012 and 31 December 2011, in accordance with TAS No: 12 “Turkish Accounting Standard on Income Taxes” and the changes in the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated 8 December 2004, the 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 TL85,209 (31 December 2011: TL45,942 deferred tax charge) is stated under the tax provision in the income statement. The deferred tax of TL26,799 debit (31 December 2011: TL 45,271 charged) debited 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, hedge funds and profit-tax transfers amounting to TL41,026 debited (31 December 2011: TL33,871 credit), TL 13,543 charged (31 December 2011: TL 1,126 debit), and TL 684 (31 December 2011: TL 12,526 charged) 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.

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ACCOUNTING PRINCIPLES (Continued)

XVIII. Additional Explanations on Borrowings

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

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

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

The Parent Bank has not issued convertible bonds.

XIX. Explanations on Issued Share Certificates

Following announcement of the Banking Regulation and Supervision Agency approval dated 10 February 2011 at the Official Gazette dated 12 February 2011 and numbered 27844, merger of two bank by means of transfer of all rights, receivables, liabilities and obligations to the 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.

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

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

ACCOUNTING PRINCIPLES (Continued)

XXII. Explanations on Reporting According to Segmentation

The Group mainly operates in retail and corporate banking segments.

Current Period	Retail	Corporate	SME(*)	Treasury/ Head Office	Elimination	Total
Net interest income	266,534	303,512	777,574	592,456	(1)	1,940,075
Net fees and commissions income and other operating income	164,111	150,228	206,616	152,801	(1,653)	672,103
Trading profit / loss	(2,579)	672	(2,563)	(78,337)	18	(82,789)
Dividend income	-	-	202	22,518	(21,811)	909
Impairment provision for loans and other receivables (-)	(84,451)	(80,420)	(118,937)	(41,721)	-	(325,529)
Other operating expenses (-)	(226,090)	(68,904)	(403,885)	(868,923)	1,653	(1,566,149)
Profit before taxes	117,525	305,088	459,007	(221,206)	(21,794)	638,620
Tax provision (-)	-	-	(5,553)	(155,095)	-	(160,648)
Net profit for the period	117,525	305,088	453,454	(376,301)	(21,794)	477,972

Current Period	Retail	Corporate	SME(*)	Treasury/ Head Office	Elimination	Total
Segment assets	7,224,169	9,164,479	13,364,946	16,181,299	(72,798)	45,862,095
Investments in associates, subsidiaries and jointly controlled entities	-	2,430	4,502	167,866	(174,793)	5
Total Assets	7,224,169	9,166,909	13,369,448	16,349,165	(247,591)	45,862,100
Segment liabilities	15,885,453	9,780,913	5,169,332	10,099,790	(73,152)	40,862,336
Shareholders' equity	-	46,846	321,772	4,805,585	(174,439)	4,999,764
Total Liabilities	15,885,453	9,827,759	5,491,104	14,905,375	(247,591)	45,862,100

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

Prior Period	Retail	Corporate	SME(*)	Treasury/ Head Office	Elimination	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	261,873	(3,336)	467,656
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	(22,270)	-	141,887
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

Prior Period	Retail	Corporate	SME(*)	Treasury/ Head Office	Elimination	Total
Segment assets	6,130,484	19,953,069		14,430,066	(59,177)	40,454,442
Investments in associates, subsidiaries and jointly controlled entities	-	-		173,593	(173,588)	5
Total Assets	6,130,484	19,953,069		14,603,659	(232,765)	40,454,447
Segment liabilities	11,967,493	13,038,473		11,076,011	(58,308)	36,023,669
Shareholders' equity	-	28,765		4,576,470	(174,457)	4,430,778
Total Liabilities	11,967,493	13,067,238		15,652,481	(232,765)	40,454,447

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ACCOUNTING PRINCIPLES (Continued)

XXIII. Explanations on Other Matters

- i) It has been unanimously resolved in the General Ordinary Assembly dated 26 March 2012, whole balance of the profit shall be transferred to the extraordinary reserves after setting aside, in accordance with the proposal in the resolution dated 1 March 2011 and numbered 4655/18 of the Board of Directors, primary legal reserves of TL 10,334 the profit distributed to the holders of the founder jouissance certificates of full TL 0.17, the second legal reserves of full TL 0.02 and the amount of TL 908 which corresponds to the 75% of the profit from the sale of the subsidiary as per article 5.1/e of the Corporate Tax Law, as special reserves from the total profit amount of TL 206,675 of 2011 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 "Communiqué on Measurement and Assessment of Capital Adequacy of Banks ", "Communiqué on Credit Risk Mitigation Techniques", "Communiqué on Calculation of Risk Weighted Amounts for Securitisations" published in the Official Gazette dated 28 June 2012 numbered 28337 and the "Communiqué on Equities of Banks" published on 1 November 2006 in the Official Gazette numbered 26333. The Group's consolidated capital adequacy ratio is calculated as 14.84% in accordance with the related Communiqué as of 31 December 2012. As of 31 December 2011, consolidated capital adequacy ratio is calculated as 13.98% accordance with "Communiqué on Equities of Banks" published on 1 November 2006 Official Gazette numbered 26333

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

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

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

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

According to the Clause 2 of the " Communiqué on Measurement and Assessment of Capital Adequacy of Banks" presented in the article 5 of the regulation, "counterparty credit risk" is calculated for repurchase transactions, marketable securities and commodity market transactions.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

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

Information related to the capital adequacy ratio:

	Risk Weight									
	Consolidated									
	%0	%10	%20	%50	%75	%100	%150	%200	%1250	
Value at Credit Risk Exposure Categories										
Conditional and unconditional receivables from central governments or central bank	8,218,842	-	-	-	-	76,530	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	150,383	-	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	13,291	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	1,472,341	966,230	-	680,011	14,485	-	-	-
Conditional and unconditional receivables from corporate	-	-	-	-	-	14,847,115	-	-	-	-
Conditional and unconditional retail Receivables	-	-	-	-	13,875,602	-	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	4,443,784	248,643	152,208	-	-	-	-
Past due receivables	-	-	-	-	-	257,656	14,270	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	26,379	858,747	1,252,069	-	-
Securities collateralised by mortgages	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
Other receivables	641,382	-	-	-	-	1,660,040	-	-	-	-
Total Value at Risk	8,860,224	-	1,622,724	5,410,014	14,124,245	17,713,230	887,502	1,252,069	-	-
Total Risk Weighted Assets	-	-	324,545	2,705,007	10,593,184	17,713,230	1,331,253	2,504,138	-	-

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

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

Summary information related to the consolidated capital adequacy ratio:

	Consolidated	Parent Bank
	Current Period	Current Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	2,813,709	2,652,601
Capital Requirement for Market Risk (CRMR)	52,213	37,474
Capital Requirement for Operational Risk CROR (*)	291,482	274,451
Shareholders' Equity	5,856,092	5,647,740
Shareholders' Equity /((CRCR+CRMR+CROR)*12.5*100)	14.84	15.24

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

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	2,204,390	2,204,390	2,204,390
Nominal Capital	2,204,390	2,204,390	2,204,390	2,204,390
Capital Commitments (-)	-	-	-	-
Inflation Adjustments to Paid-in Capital	200,262	200,262	200,262	200,262
Share Premium	2,565	2,565	2,565	2,565
Share Cancellation Profits	-	-	-	-
Reserves	1,942,144	1,727,670	1,740,661	1,534,894
Inflation Adjustments to Reserves	-	-	-	-
Profit	485,927	234,061	495,124	216,172
Current Period's Profit	476,430	224,564	485,627	206,675
Prior Period's Profit	9,497	9,497	9,497	9,497
Provision for Possible Losses (upto 25% of Core Capital)	-	-	-	-
Income on Sale of Equity Shares and Real Estates	101,391	100,483	101,391	100,483
Primary Subordinated Debts	178,230	188,890	178,230	188,890
Minority Shares	-	13,024	-	-
Loss (in excess of Reserves) (-)	-	-	-	-
Current Period's Losses	-	-	-	-
Prior Period's Losses	-	-	-	-
Leasehold Improvements on Operational Leases (-)	54,571	59,153	54,151	58,647
Intangible Assets (-)	25,012	20,133	443,401	438,346
Deferred Tax Asset in excess of 10% of Core Capital (-)	-	-	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-	-	-
Goodwill (net) (-)	421,124	421,124	-	-
Total Core Capital	4,614,202	4,170,935	4,425,071	3,950,663
SUPPLEMENTARY CAPITAL				
General Provisions	419,436	273,409	405,305	264,114
45% of Revaluation Surplus on Movables	-	-	-	-
45% of Revaluation Surplus on Immovables	-	-	-	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	527	527	527	527
Primary Subordinated Debts excluding the portion included in Core Capital	-	-	-	-
Secondary Subordinated Debts	791,715	476,704	791,715	476,704
45% of Securities Value Increase Fund	25,083	(105,789)	27,695	(99,270)
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit/Loss (excluding inflation adjustment of reserves)	-	-	-	-
Minority Shares	7,702	(5)	-	-
Total Supplementary Capital	1,244,463	644,846	1,225,242	642,075
CAPITAL	5,858,665	4,815,781	5,650,313	4,592,738
DEDUCTIONS FROM CAPITAL	2,573	1,362	2,573	1,362
Unconsolidated Investments in Entities Operating in Banking and Financial Sectors	-	-	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments Purchased from Such Parties Qualified as Primary or Secondary Subordinated Debts	-	-	-	-
Investment in Banks and Financial Institutions that are not Consolidated but Accounted under Equity Accounting	-	-	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	1,324	305	1,324	305
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years	1,162	1,057	1,162	1,057
Securitization Positions to be Deducted from Equity	-	-	-	-
Other	87	-	87	-
Total Shareholder's Equity	5,856,092	4,814,419	5,647,740	4,591,376

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

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

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

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

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

II. Explanations Related to the Consolidated Credit Risk

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

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

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

As prescribed in the Communiqué on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Most of the statements of accounts for the loans are derived from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

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

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

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

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

Exposure classifications	Current Period Risk Amount	Average Risk Amount
Conditional and unconditional receivables from central governments or central banks	8,295,372	8,523,851
Conditional and unconditional receivables from regional or local governments	151,469	140,254
Conditional and unconditional receivables from administrative units and non-commercial enterprises	13,291	13,447
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	3,169,866	2,962,336
Conditional and unconditional corporate receivables	15,615,157	15,398,339
Conditional and unconditional retail receivables	14,187,873	12,757,406
Conditional and unconditional secured mortgage receivables	4,844,635	6,139,288
Past due receivables	271,926	267,422
Receivables in high risk category defined by BRSA	2,137,640	1,946,208
Securities collateralised by mortgages	-	-
Securitisation positions	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-
Investments of natured collective investment enterprise	-	-
Other receivables	2,313,540	2,284,589

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

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

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

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

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

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

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

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

As of 31 December 2012, the receivables of the Bank from its top 100 and top 200 cash loan customers amount to TL3,794,140 and TL5,188,326 with a share of 12.34% and 16.87% respectively in the total cash loans.

As of 31 December 2012, the receivables of the Bank from its top 100 ve top 200 non-cash loan customers amount to TL3,963,574 and TL5,062,896 with a share of 37.78% and 48.26% respectively in the total non-cash loans.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

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

As of 31 December 2012, the share of cash and non-cash receivables of the Bank from its top 100 ve top 200 loan customers in total balance sheet and off-balance sheet assets is 5.66% and 7.78% respectively.

As of 31 December 2012, the general loan loss provision related with the credit risk taken by the Bank is TL420,029 (31 December 2011: TL273,409).

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

	Current Period	Prior Period
Central Bank of Turkey	3,808,017	3,205,179
Due from banks	992,607	605,838
Other money markets	1,700,295	523,574
Trading financial assets	472,295	954,377
Derivative financial instruments held for trading	166,710	322,414
Derivative financial instruments for hedging purposes	16,883	22,800
Financial assets available-for-sale	4,308,832	4,697,945
Held-to-maturity investments	20,416	21,224
Loans	31,691,330	27,782,498
Total	43,177,385	38,135,849
Contingent liabilities	10,490,438	8,371,893
Commitments	9,837,623	8,208,620
Total	20,328,061	16,580,513
Total credit risk exposure	63,505,446	54,716,362

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

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and receivables			
Commercial loans	20,110,717	924,202	21,034,919
Consumer loans	7,616,269	387,217	8,003,486
Credit cards	1,591,411	277,534	1,868,945
Other loans	88,238	-	88,238
Total	29,406,635	1,588,953	30,995,588
Prior 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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

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

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

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

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 2012, consumer loans and business loans are excluded from the internal rating system of the Parent Bank and those loans are 37% 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	The borrower has a very strong financial structure	35.52
2nd Category	The borrower has a good financial structure	24.93
3rd Category	The borrower has an intermediate level of financial structure	32.92
4th Category	The financial structure of the borrower has to be closely monitored in the medium term	6.63
Total		100.00

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

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

Profile of significant exposures in major regions:

	Exposure Categories														Others	
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Items in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates		Exposures in the form of collective investment undertakings
Current Period																
Domestic	339	29,902	7,775	-	-	826,027	10,147,660	8,985,816	2,491,666	275,866	3,792,259	-	-	-	-	1,486,153
European Union (EU)																
Countries	50,901	-	-	-	-	165,258	236,633	3,630	103	427	-	-	-	-	-	23,332
OECD Countries*	10,711	-	-	-	-	2,997	157,272	-	-	-	-	-	-	-	-	-
Off-Shore Banking Regions	4,874	-	-	-	-	93,589	35,581	43,104	11,873	1,541	-	-	-	-	-	-
USD, Canada	-	-	-	-	-	75,390	2,832	2	-	303	-	-	-	-	-	-
Other Countries	9,704	-	-	-	-	67,798	168,696	5,828	2,257	925	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated																
Assets/Liabilities**	-	392	5,515	-	-	269,523	4,866,484	1,602,525	54,683	-	26,824	-	-	-	-	162,674
Total	76,529	30,294	13,290	-	-	1,500,582	15,615,158	10,640,905	2,560,582	279,062	3,819,083	-	-	-	-	1,672,159

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

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

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

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

Risk profile by Sectors or Counterparties:

	Exposure Categories																	Total	
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due items	Items in regulatory high-risk categories	Exposures in the form of bonds secured by mortgages	Securitization Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Others	TL (*)		FC
Agriculture	-	-	-	-	-	-	525,927	749,020	74,854	9,437	277	-	-	-	-	-	1,172,148	187,367	1,359,515
Farming and Stockbreeding	-	-	-	-	-	-	463,177	689,401	69,355	8,824	175	-	-	-	-	-	1,066,633	164,299	1,230,932
Forestry	-	-	-	-	-	-	56,744	50,650	4,171	571	83	-	-	-	-	-	90,136	22,083	112,219
Fishery	-	-	-	-	-	-	6,006	8,969	1,328	42	19	-	-	-	-	-	15,379	985	16,364
Manufacturing	-	70	-	-	-	-	9,579,276	3,512,412	463,581	108,990	10,620	-	-	-	-	-	7,538,823	6,136,126	13,674,949
Mining and Quarrying	-	-	-	-	-	-	246,161	198,992	21,642	3,673	270	-	-	-	-	-	324,341	146,397	470,738
Production	-	70	-	-	-	-	9,188,281	3,296,254	440,358	105,080	10,327	-	-	-	-	-	7,121,595	5,918,775	13,040,370
Electricity, Gas and Water	-	-	-	-	-	-	144,834	17,166	1,581	237	23	-	-	-	-	-	92,887	70,954	163,841
Construction	-	-	-	-	-	-	1,753,280	563,478	160,740	24,020	5,206	-	-	-	-	-	1,473,920	1,032,804	2,506,724
Services	76,529	30,224	13,290	-	-	1,500,582	3,318,012	1,906,943	400,924	92,674	9,140	-	-	-	-	236,426	4,672,940	2,911,804	7,584,744
Wholesale and Retail Trade	-	1,845	-	-	-	-	1,202,399	767,667	137,460	21,296	1,901	-	-	-	-	2,769	1,682,864	452,473	2,135,337
Accommodation and Dining	-	-	-	-	-	-	347,922	143,785	58,077	3,131	284	-	-	-	-	-	329,191	224,008	553,199
Transportation and Telecom.	-	-	-	-	-	-	796,230	485,749	50,073	26,305	579	-	-	-	-	-	890,908	468,028	1,358,936
Financial Institutions	76,529	-	-	-	-	1,500,582	301,328	11,552	1,171	27,956	5,409	-	-	-	-	231,182	833,008	1,322,701	2,155,709
Real Estate and Rental	-	-	-	-	-	-	384,627	274,681	117,044	6,307	390	-	-	-	-	-	393,066	389,983	783,049
Services	-	-	13,290	-	-	-	117,458	110,210	16,032	5,082	413	-	-	-	308	223,917	38,876	262,793	
Self-Employment Services	-	-	-	-	-	-	5,137	21,554	2,933	534	36	-	-	-	-	1,946	31,534	607	32,141
Educational Services	-	1	-	-	-	-	162,911	91,745	18,134	2,063	128	-	-	-	221	288,452	15,128	303,580	
Health and Social Services	-	28,378	-	-	-	-	438,663	3,909,052	1,460,483	43,941	3,793,840	-	-	-	-	1,435,733	10,805,592	276,120	11,081,712
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	76,529	30,294	13,290	-	-	1,500,582	15,615,158	10,640,905	2,560,582	279,062	3,819,083	-	-	-	-	1,672,159	25,663,423	10,544,221	36,207,644

(*) Foreign Currency oriented credits are shown in TL column

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

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

Analysis of maturity-bearing exposures according to remaining maturities:

Exposure Categories	Term To Maturity				
	Up to 1Month	1-3 Month	3-6 Month	6-12 Month	Over 1 year
Conditional and unconditional exposures to central governments or central banks	1,246	-	25,290	-	49,994
Conditional and unconditional exposures to regional governments or local authorities	161	335	303	795	28,308
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	7,775	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	484,520	59,853	289,790	162,653	66,658
Conditional and unconditional exposures to corporates	5,056,862	900,864	1,130,162	1,258,772	2,529,352
Conditional and unconditional retail exposures	4,210,944	348,825	412,364	653,218	3,405,587
Conditional and unconditional exposures secured by real estate property	467,421	28,686	60,514	83,749	1,865,315
Past due receivables	-	-	-	-	-
Items in regulatory high-risk category defined by BRSA	-	-	-	214,000	3,578,259
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporate	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Others	728,013	719	177	-	6
Total	10,956,942	1,339,282	1,918,600	2,373,187	11,523,479

Information about the risk exposure categories;

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

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

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

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

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

Exposures by risk weights:

Risk Weights	%0	%10	%20	%50	%75	%100	%150	%200	%1250	Deductions from Equity
Exposures before Credit Risk										
Mitigation	8,860,224	-	1,627,238	5,435,599	14,436,516	18,501,620	887,501	1,252,069	-	503,280
Exposures after Credit Risk										
Mitigation	8,860,224	-	1,622,724	5,410,014	14,124,245	17,713,230	887,502	1,252,069	-	503,280

Informations in terms of major sectors and type of counterparties:

Major Sectors / Counterparties	Credits		Value Adjustments	Provisions
	Impaired Credits	Past Due Credits		
Agriculture	21,378	86,719	1,587	12,121
Farming and Stockbreeding	-	-	-	-
Forestry	21,146	85,378	1,562	11,937
Fishery	232	1,341	25	184
Manufacturing	297,839	356,163	6,513	204,366
Mining and Quarrying	70,927	1,710	31	70,433
Production	223,683	349,234	6,387	132,394
Electricity, Gas and Water	3,229	5,219	95	1,539
Construction	58,688	72,493	1,326	39,129
Services	146,721	297,269	5,395	83,790
Wholesale and Retail Trade	48,863	81,970	1,499	28,235
Accommodation and Dining	5,949	22,415	410	2,707
Transportation and Telecom.	57,115	69,810	1,235	32,720
Financial Institutions	1,216	21,283	389	868
Real Estate and Rental Services	12,153	27,721	507	6,040
Professional Services	-	-	-	-
Educational Services	954	4,647	85	529
Health and Social Services	20,471	69,423	1,270	12,691
Other	190,271	508,912	9,308	108,094
Total	714,897	1,321,556	24,129	447,500

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

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

Information about Value Adjustment and Change in Provisions

	31.12.2011 Balance	Provision for Period	Provision Reversals	Other Adjustments*	31.12.2012 Balance
Specific Provisions	541,076	307,601	(94,380)	(306,797)	447,500
General Provisions	273,409	219,221	(73,034)	(160)	419,436

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

III. Explanations Related to the Consolidated Market Risk

The Bank’s risk management activities are managed under the responsibility of the Board of Directors in compliance with the “Communiqué on Banks’ Internal Control and Risk Management Systems” and “Communiqué on Measurement and Assessment of Capital Adequacy Ratios of Banks”.

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.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

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

a) i) Information Related to Market Risk

	Consolidated	Parent Bank
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	13,429	12,998
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	2,151	1,889
Capital requirement against Specific Risks of Securitisation Positions– Standard Method	-	-
(III) Capital Requirement to be Employed For Currency Risk – Standard Method	22,712	9,009
(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	523	523
(VII) Capital requirement against Counterparty Credit Risks - Standard Method	13,398	13,055
(VIII) Total Capital Requirement to be Employed For Market Risk	-	-
(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)	52,213	37,474
(X) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x IX)	652,663	468,425

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

	Current Period		
	Average	Maximum	Minimum
Interest Rate Risk	23,037	33,106	14,463
Common Stock Risk	1,942	3,899	-
Currency Risk	20,813	22,812	18,594
Commodity Risk	-	-	-
Exchange Risk	-	-	-
Counterparty Credit Risk	307	671	2
Option Risk	15,986	18,574	13,398
Total Value Subject to Risk (*)	583,063	829,300	328,400

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

III. Explanations Related to the Consolidated Market Risk

b) Information on Counterparty Credit Risk,

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

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III. Explanations Related to the Consolidated Market Risk (Continued)

b) Information on Counterparty Credit Risk, (Continued)

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

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

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

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

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

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

Quantitative Information on Counterparty Risk:

	Trading Book	Banking Book	Total
Agreement Based on Interest Rate	4,132	4,922	9,054
Agreement Based on Foreign Exchange Currency	81,550	23,403	104,953
Agreement Based on Commodity	-	-	-
Agreement Based on Equity Agreement	-	-	-
Hisse Senedine Dayalı Sözleşmeler	-	-	-
Other	-	-	-
Gross Positive Fair Value	86,608	1,442	88,050
Benefits of Netting	-	-	-
Current Net Risk Amount	-	-	-
Reserved Guarantee	-	-	-
Net Position of Derivatives	172,290	29,767	202,057

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IV. Explanations Related to the Consolidated Operational Risk

- a) Operational risk has been calculated using the basic indicator approach. Market risk measurements are performed monthly.
- b) In case of application of the standart method:

	31.12.2009	31.12.2010	31.12.2011	Total/Positive Year	Rate (%)	Total
GROSS Income	1,952,490	2,071,801	1,805,354	1,943,215	15	291,482
Amount subject to Operational Risk (Total*12,5)						3,643,525

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

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 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 2012, the Group’s net long position is TL2,059,808 (31 December 2011: TL1,597,508 net long) resulting from short position on the balance sheet amounting to TL2,647,608 (31 December 2011: TL 2,285,944 short) and long position on the off-balance sheet amounting to TL 587,800 (31 December 2011: TL 688,436 long).

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

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

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

	Monthly Average Foreign Exchange Rate
USD	1.7837
JPY	0.0213
EURO	2.3392

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

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

Foreign currency sensitivity:

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

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

Change in currency rate in %		Effect on profit or loss		Effect on equity (*)	
		31 December 2012	31 December 2011	31 December 2012	31 December 2011
USD	10 increase	18,779	3,336	401	12
USD	10 decrease	(18,779)	(3,336)	(401)	(12)
EURO	10 increase	39,794	65,980	223	(1,212)
EURO	10 decrease	(39,794)	(65,980)	(223)	1,212

(*) 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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V. Explanations Related to the Consolidated Currency Risk (Continued)

Information on the foreign currency risk of the Group:

Current Period	EUR	USD	OTHER	TOTAL
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,479,318	1,440,153	761,071	3,680,542
Banks	252,737	178,552	132,566	563,855
Financial Assets at Fair Value Through Profit and Loss (***)	10,033	29,080	613	39,726
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	51,119	6,964	3,633	61,716
Loans (**)	3,305,754	4,316,821	775,615	8,398,190
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Held-To-Maturity Investments	9,704	10,712	-	20,416
Derivative Financial Assets for Hedging Purposes	-	157	-	157
Tangible Assets	8,065	-	-	8,065
Intangible Assets	808	-	-	808
Other Assets (***)	251,108	211,057	9,313	471,478
Total Assets	5,368,646	6,193,496	1,682,811	13,244,953
Liabilities				
Bank Deposits	75,658	27,857	39,432	142,947
Foreign Currency Deposits (*)	2,901,926	4,847,389	1,025,402	8,774,717
Money Market Borrowings	-	-	-	-
Funds Provided From Other Financial Institutions (***)	3,888,985	1,921,956	534,144	6,345,085
Marketable Securities Issued	-	-	-	-
Sundry Creditors	15,893	12,005	1,486	29,384
Derivative Financial Liabilities for Hedging Purposes	-	1	-	1
Other Liabilities (***)	6,789	4,349	1,489	12,627
Total Liabilities	6,889,251	6,813,557	1,601,953	15,304,761
Net Balance Sheet Position	(1,520,605)	(620,061)	80,858	(2,059,808)
Net Off-Balance Sheet Position	1,928,082	782,648	(63,122)	2,647,608
Financial Derivative Assets (****)	5,079,363	8,921,226	867,544	14,868,133
Financial Derivative Liabilities (****)	3,151,281	8,138,578	930,666	12,220,525
Non-Cash Loans (*****)	3,018,025	3,275,566	164,051	6,457,642
Prior Period				
Total Assets	4,897,771	7,012,383	1,204,872	13,115,026
Total Liabilities	5,897,154	7,855,601	959,779	14,712,534
Net Balance Sheet Position	(999,383)	(843,218)	245,093	(1,597,508)
Net Off-Balance Sheet Position	1,647,059	876,693	(237,808)	2,285,944
Financial Derivative Assets	4,703,557	6,281,280	874,992	11,859,829
Financial Derivative Liabilities	3,056,498	5,404,587	1,112,800	9,573,885
Non-Cash Loans (*****)	1,963,272	2,817,188	147,718	4,928,178

(*) Precious metal accounts amounting to TL 798,011 (31 December 2011: TL 660,316) are included in the foreign currency deposits.

(**) Foreign currency indexed loans amounting to TL 1,907,927 (31 December 2011: TL 2,278,177) are included in the loan portfolio.

(***) TL27,259 (31 December 2011: TL16,175) foreign currency indexed factoring receivables is included in other assets, while TL53,288 (31 December 2011: TL87,149) expense accruals from derivative financial instruments, and TL12,286 (31 December 2011: TL7,232) provision for general loan losses are deducted from other liabilities. TL 150 (31 December 2011: TL 124) foreign currency indexed factoring payables is included in the other liabilities. Foreign currency indexed liabilities are included in funds provided from other financial institutions.

(****) Forward asset and marketable securities purchase-sale commitments of TL654,449 (31 December 2011: TL 383,109) are added to derivative financial assets and TL431,360 (31 December 2011: TL 345,025) has been added to derivative financial liabilities.

(*****) TL55,161 (31 December 2011: TL 47,873) 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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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

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 repricing 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	-	-	-	-	-	4,449,400	4,449,400
Banks	786,614	2,003	-	-	-	219,699	1,008,316
Financial Assets at Fair Value Through Profit and Loss	10,609	73,402	323,414	57,296	26,945	147,339	639,005
Money Market Placements	1,700,525	-	-	-	-	-	1,700,525
Available-For-Sale Financial Assets	658,492	592,162	1,692,743	1,271,236	69,596	24,603	4,308,832
Loans and receivables (*)	11,141,620	1,996,166	5,282,608	9,263,495	2,957,548	354,151	30,995,588
Factoring Receivables	421,330	236,115	92,790	-	-	4,532	754,767
Financial Lease Receivables	-	-	-	-	-	-	-
Held-To-Maturity Investments	-	-	20,416	-	-	-	20,416
Other Assets	523	-	714	10,088	1,175	1,972,751	1,985,251
Total Assets	14,719,713	2,899,848	7,412,685	10,602,115	3,055,264	7,172,475	45,862,100
Liabilities							
Bank Deposits	668,839	27,165	7,073	35,622	-	193,087	931,786
Other Deposits	15,243,909	8,049,215	1,447,678	152,770	263	4,134,313	29,028,148
Money Market Borrowings	65,120	-	-	-	-	-	65,120
Sundry Creditors	-	-	-	-	-	888,339	888,339
Marketable Securities Issued	287,660	-	206,577	-	-	-	494,237
Funds Provided From Other Financial Institutions	1,244,340	3,650,455	1,420,074	160,479	572,147	-	7,047,495
Factoring Payables	-	-	-	-	-	3,988	3,988
Other Liabilities	1,398	133	5,894	163,461	18,460	7,213,641	7,402,987
Total Liabilities	17,511,266	11,726,968	3,087,296	512,332	590,870	12,433,368	45,862,100
Balance Sheet Long Position	-	-	4,325,389	10,089,783	2,464,394	-	16,879,566
Balance Sheet Short Position	(2,791,553)	(8,827,120)	-	-	-	(5,260,893)	(16,879,566)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	(13,079)	-	-	(13,079)
Total Position	(2,791,553)	(8,827,120)	4,325,389	10,076,704	2,464,394	(5,260,893)	(13,079)

(*) Loans with floating interest rates of the Parent Bank amounting to TL6,859,836 are included in “Up to 1 Month” while mark to market differences from hedged loans amounting to TL16,309 are included in “1-5 Years”.

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

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL256,273; intangible assets amounting to TL446,136, assets held for resale amounting to TL61,590, entities under common control (joint vent.) amounting to TL5, and the other liabilities line includes the shareholders’ equity of TL4,999,764.

	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	-	-	-	-	-	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	-	15,017,239
Balance Sheet Short Position	(6,653,126)	(4,070,308)	-	-	-	(4,293,805)	(15,017,239)
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 TL6,134,943 are included in “Up to 1 Month” while mark to market differences from hedged loans amounting to TL11,554 are included in “1-5 Years”.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL264,311, intangible assets amounting to TL441,257, assets held for resale amounting to TL67,049, entities under common control (joint vent.) amounting to TL5, and the other liabilities line includes the shareholders’ equity of TL4,430,778.

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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)

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	0.19	0.18	-	5.65
Financial Assets at Fair Value Through Profit and Loss	4.91	4.39	-	6.07
Money Market Placements	-	-	-	6.33
Available-For-Sale Financial Assets	1.34	2.81	-	5.87
Loans	4.38	5.31	4.64	12.59
Leasing Receivables	-	-	-	-
Factoring Receivables	3.48	2.84	-	12.45
Held-To-Maturity Investments	6.21	5.28	-	-
Liabilities				
Bank Deposits	1.01	0.72	-	5.33
Other Deposits	2.71	2.60	0.51	8.35
Money Market Borrowings	-	-	-	5.25
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	7.02
Funds Provided From Other Financial Institutions	1.59	2.91	2.44	9.69
Prior 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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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

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

Interest rate risk on banking accounts:

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

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

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

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

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

Equity share position risk in banking accounts

The Parent Bank’s equity securities which are not publicly traded are booked as their fair value, or otherwise booked as their cost value if calculation of fair value is not determined properly.

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

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.

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

	Current Year	Prior Year
	%	%
Average	23	25
Maximum	30	30
Minumun	17	20

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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	1,088,529	3,360,871	-	-	-	-	-	4,449,400
Banks	444,463	561,850	2,003	-	-	-	-	1,008,316
Financial Assets at Fair Value Through Profit and Loss	-	29,814	101,044	400,857	79,639	27,651	-	639,005
Money Market Placements	-	1,700,525	-	-	-	-	-	1,700,525
Available-For-Sale Financial Assets	24,603	144,922	284,166	1,473,679	1,944,119	437,343	-	4,308,832
Loans(**)	-	11,013,426	1,297,875	5,351,396	9,955,594	3,109,901	267,396	30,995,588
Factoring Receivables	-	421,330	236,115	92,790	-	-	4,532	754,767
Financial Lease Receivables	-	-	-	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	20,416	-	-	-	20,416
Other Assets	-	1,588	718	890	15,002	1,174	1,965,879	1,985,251
Total Assets	1,557,595	17,234,326	1,921,921	7,340,028	11,994,354	3,576,069	2,237,807	45,862,100
Liabilities								
Bank Deposits	193,156	668,770	27,165	7,073	35,622	-	-	931,786
Other Deposits	4,622,556	14,755,666	8,049,215	1,447,678	152,770	263	-	29,028,148
Funds Provided From Other Financial Institutions	-	880,955	2,404,421	2,235,060	596,719	930,340	-	7,047,495
Money Market Borrowings	-	65,120	-	-	-	-	-	65,120
Marketable Securities Issued	-	287,660	-	206,577	-	-	-	494,237
Sundry Creditors	-	888,204	112	20	3	-	-	888,339
Factoring Payables	-	3,988	-	-	-	-	-	3,988
Other Liabilities	-	1,350,225	52,471	101,075	184,538	18,460	5,696,218	7,402,987
Total Liabilities	4,815,712	18,900,588	10,533,384	3,997,483	969,652	949,063	5,696,218	45,862,100
Liquidity Gap	(3,258,117)	(1,666,262)	(8,611,463)	3,342,545	11,024,702	2,627,006	(3,458,411)	-
Prior Period								
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
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)	-

(*) 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 TL6,859,836 (31 December 2011: TL 5,961,704) are included in “Up to 1 Month” while mark to market differences from hedged loans amounting to TL16,309 (31 December 2011: TL 11,554) 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	5 Years and Over	Adjustments	Total
As of 31 December 2012,								
Money Market Borrowings	-	65,120	-	-	-	-	-	65,120
Deposit	4,622,556	14,790,598	8,148,705	1,492,474	165,314	14	(191,513)	29,028,148
Bank Deposit	193,156	669,073	27,767	7,296	36,028	-	(1,534)	931,786
Funds provided from other financial institutions	-	580,425	915,085	4,016,500	954,822	1,210,239	(629,576)	7,047,495
Total	4,815,712	16,105,216	9,091,557	5,516,270	1,156,164	1,210,253	(822,623)	37,072,549
As of 31 December 2011,								
Money Market Borrowings	-	1,105,719	-	-	-	-	(971)	1,104,748
Deposit	4,286,199	14,834,731	3,423,247	418,239	110,527	-	(107,920)	22,965,023
Bank Deposit	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

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

	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Total
As of 31 December 2012,						
Derivative financial instruments for hedging purposes						
Fair value hedge	1,804	13,835	30,126	1,486,575	-	1,532,340
Cash flow hedge	18,992	21,014	98,328	158,780	2,228	299,342
Held for trading transactions						
Foreign exchange forward contracts-sell	1,011,976	1,007,121	1,071,242	56,403	-	3,146,742
Currency swaps-sell	2,140,278	1,194,078	2,617,801	220,795	-	6,172,952
Interest rate swaps-sell	5,790	1,031	6,260	22,170	692	35,943
Foreign currency futures-sell	-	-	-	-	-	-
Foreign currency options-sell	2,389,585	3,064,581	2,985,520	942	-	8,440,628
Total	5,568,425	5,301,660	6,809,277	1,945,665	2,920	19,627,946
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

Table above shows cash outflows of derivative instruments

Securitisation positions:

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

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INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP (Continued)

VII. Explanations Related to Consolidated Liquidity Risk (Continued)

Credit Risk Mitigation Techniques:

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

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

- b) Applications regarding valuation and management of collaterals,

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

- c) Types of collaterals received,

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

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

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

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

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

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VII. Explanations Related to Consolidated Liquidity Risk (Continued)

Credit Risk Mitigation Techniques: (Continued)

f) Collaterals in terms of Risk Categories:

Exposure classifications	Amount	Financial Collaterals	Other/Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	76,530	-	-	-
Conditional and unconditional receivables from regional or local governments	30,077	1,147	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	13,291	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	1,479,557	54,285	-	-
Conditional and unconditional corporate receivables	14,876,740	896,414	-	-
Conditional and unconditional retail receivables	10,406,701	378,919	-	-
Conditional and unconditional secured mortgage receivables	2,560,582	-	-	-
Non-performing loan	278,647	-	-	-
Receivables in high risk category defined by BRSA	3,818,638	1,523	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporate	-	-	-	-
Investments of natured collective investment enterprise	-	-	-	-
Other receivables	1,653,264	12,118	-	-
Total	35,194,027	1,344,406	-	-

Risk management objectives and policies

a) Strategies and practices on risk management:

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

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

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

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

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

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VII. Explanations Related to Consolidated Liquidity Risk (Continued)

Risk management objectives and policies: (Continued)

b) Risk management system’s structure and organization

Risk management operations consist of risk measurement, monitoring of risks, control of risks and reporting operations. Risk management operations are conducted by group risk management and personnel.

Group risk management head reports to the Board of Directors via Audit Committee.

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

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

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

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

i) Credit Risk

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

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VII. Explanations Related to Liquidity Risk (Continued)

Risk management objectives and policies (Continued)

ii) Market Risk

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

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

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

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

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

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

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

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

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

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

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

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

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VII. Explanations Related to Liquidity Risk (Continued)

Risk management objectives and policies (Continued)

ii) Market Risk (Continued)

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

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

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

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

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

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	38,788,444	32,799,469	38,967,937	33,256,597
Money Market Placements	1,700,525	510,975	1,700,525	523,574
Banks	1,008,316	605,838	1,008,316	605,838
Available-For-Sale Financial Assets	4,308,832	4,697,945	4,308,832	4,697,945
Held-To-Maturity Investments	20,416	21,224	20,528	21,713
Loans(**)	31,750,355	26,963,487	31,929,736	27,407,527
Financial Liabilities	38,455,125	38,173,493	38,464,480	34,297,407
Bank Deposit	931,786	1,132,427	932,076	1,132,167
Other Deposit	29,028,148	22,965,023	29,035,959	22,807,961
Funds Borrowed From Other Financial (*)	7,112,615	12,985,280	7,112,720	9,266,847
Marketable Securities Issued	494,237	249,107	495,386	248,776
Sundry Creditors	888,339	841,656	888,339	841,656

(*) Funds provided under repo transactions and subordinated loans are included in funds borrowed from other financial institutions.

(**) Factoring receivables are included in loans

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

Current period investment securities are comprised of interest-bearing assets held-to-maturity and interest-bearing assets available-for-sale. The fair value of the held to maturity assets is determined by market prices or quoted market prices of other marketable securities which are subject to redemption with same characteristics in terms of interest, maturity and other similar conditions when market prices cannot be determined.

The book value of demand deposits, money market placements with floating interest rate and overnight deposits represents their fair values due to their short-term nature. The estimated fair value of deposits and funds provided from other financial institutions with fixed interest rate is calculated by determining their cash flows discounted by the current interest rates used for other liabilities with similar characteristics and maturity structure. The fair value of loans is calculated by determining the cash flows discounted by the current interest rates used for receivables with similar characteristics and maturity structure. The book value of the sundry creditors reflects their fair values since they are short-term.

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

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

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

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

31 December 2012	Tier 1	Tier 2	Tier 3	Total
Financial Assets				
Financial assets at fair value through profit and loss	472,295	166,710	-	639,005
<i>Public sector debt securities</i>	472,295	-	-	472,295
<i>Derivative financial assets held for trading</i>	-	166,710	-	166,710
Derivative financial assets for hedging purposes	-	16,883	-	16,883
Available-for-sale financial assets	4,286,049	14,099	-	4,300,148
<i>Public sector debt securities</i>	4,279,355	4,874	-	4,284,229
<i>Other available-for-sale financial assets(*)</i>	6,694	9,225	-	15,919
Financial Liabilities				
Derivative financial liabilities held for trading	-	234,815	-	234,815
Derivative financial liabilities for hedging purposes	-	168,507	-	168,507
31 December 2011				
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

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

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

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

The 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	321,742	269,293	257,142	230,668
Balances with the Central Bank of Turkey	447,116	3,360,901	1,243,219	1,961,960
Other	-	50,348	-	325,268
Total	768,858	3,680,542	1,500,361	2,517,896

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

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

TL30 (31 December 2011: TL 373,429) foreign currency unrestricted deposit, TL3,360,871 (31 December 2011: TL 1,588,531) foreign currency restricted deposit and TL447,116 (31 December 2011: TL 1,243,219) TL unrestricted deposit balance comprises of reserve deposits. As of 31 December 2012, the Turkish lira required reserve ratios are determined to be within the range of 5%-11% depending on the maturity structure of deposits denominated in Turkish lira (31 December 2011: 5%-11% for all Turkish lira liabilities), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 6%- 11% (31 December 2011: 6%-11% for all foreign currency liabilities). According to the amendments dated 18 December 2012 and 22 January 2013, the Turkish Lira required reserve ratios are determined to be within the range of %5 and %11.25 depending on the maturity structure of deposits denominated in Turkish Lira , and the required reserve ratios for foreign currency deposits and other liabilities within the range of %6 and %12.

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

a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None (31 December 2011: TL 22,033).

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

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

Net book value of unrestricted financial assets at fair value through profit and loss is TL472,295 (31 December 2011: TL 655,455).

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	19,485	14,316	25,636	6,771
Swap Transactions	55,499	36,797	120,062	21,360
Futures Transactions	-	-	-	-
Options	23,338	17,275	118,360	28,302
Other	-	-	-	1,923
Total	98,322	68,388	264,058	58,356

3. a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	412,557	31,807	99,208	70,050
Foreign	31,904	532,048	53,024	383,556
Branches and head office abroad	-	-	-	-
Total	444,461	563,855	152,232	453,606

b) Information on foreign banks :

	Current Period		Prior Period	
	TL	FC	TL	FC
EU Countries	377,070	215,518	-	-
USA and Canada	92,649	105,656	-	-
OECD Countries(*)	2,000	31,560	-	-
Off-Shore Banking Regions	91,420	71,591	-	-
Other	813	12,255	-	-
Total	563,952	436,580	-	-

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	307,854	-	581,644	162,371
Other	-	-	-	-
Total	307,854	-	581,644	162,371

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	42,596	-	826,098	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	42,596	-	826,098	-

Net book value of debt securities and share certificates in unrestricted financial assets available-for-sale is TL3,958,382 (31 December 2011: TL 3,127,832).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	4,284,229	4,672,932
Quoted on a stock exchange	4,284,229	4,672,932
Not quoted	-	-
Share certificates	24,603	25,013
Quoted on a stock exchange (*)	6,694	5,365
Not quoted	17,909	19,648
Impairment provision(-)	-	-
Total	4,308,832	4,697,945

(*) Includes TL1,172 (31 December 2011: TL1,076) of investment fund participation certificate.

All unquoted available for sale equities of the Group are recorded at fair value except for the investment of TL8,684 which is recorded at cost since its fair value cannot be reliably estimated (31 December 2011: TL 10,499).

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	697	4	74,499	4
Corporate shareholders	245	-	74,132	-
Real person shareholders	452	4	367	4
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	50,797	-	43,989	-
Total	51,494	4	118,488	4

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	Other	Loans and Other Receivables	Restructured or Rescheduled	Other
Non-specialized loans	29,194,147	422,164	-	1,047,673	64,207	-
Working Capital Loans	-	-	-	-	-	-
Export loans	4,109,052	16,259	-	21,332	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	927,884	-	-	-	-	-
Consumer loans(**)	7,310,537	303,468	-	325,143	12,131	-
Credit cards	1,715,095	-	-	123,687	-	-
Other	15,131,579	102,437	-	577,511	52,076	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	29,194,147	422,164	-	1,047,673	64,207	-

(*) 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.

(**) TL16,309 income accrual resulting from the fair value difference of the hedged item loans is included in the loan balance.

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

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

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

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

c) Loans and other receivables 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	15,011,595	19,999	447,923	10,390
Non-specialized loans	15,011,595	19,999	447,923	10,390
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and long-term loans and other receivables	14,182,552	402,165	599,750	53,817
Non-specialized loans	14,182,552	402,165	599,750	53,817
Specialized loans	-	-	-	-
Other Receivables	-	-	-	-
Total	29,194,147	422,164	1,047,673	64,207

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I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

5. Information on loans: (Continued)

d) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

	Short Term	Medium and Long Term	Total
Consumer Loans-TL	164,048	7,355,345	7,519,393
Housing Loans	2,719	4,104,268	4,106,987
Vehicle Loans	11,797	669,683	681,480
General Purpose Loans	149,532	2,581,394	2,730,926
Other	-	-	-
Consumer Loans –Indexed to FC	-	126,073	126,073
Housing Loans	-	118,467	118,467
Vehicle Loans	-	614	614
General Purpose Loans	-	6,992	6,992
Other	-	-	-
Consumer Loans-FC (**)	8,597	22,132	30,729
Housing Loans	-	7,012	7,012
Vehicle Loans	-	11,860	11,860
General Purpose Loans	8,597	3,260	11,857
Other	-	-	-
Individual Credit Cards-TL	1,383,335	-	1,383,335
With Installments	618,176	-	618,176
Without Installments	765,159	-	765,159
Individual Credit Cards-FC	8,723	-	8,723
With Installments	739	-	739
Without Installments	7,984	-	7,984
Personnel Loans-TL	4,569	22,409	26,978
Housing Loans	-	126	126
Vehicle Loans	-	2	2
General Purpose Loans	4,569	22,281	26,850
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	21,508	-	21,508
With Installments	12,194	-	12,194
Without Installments	9,314	-	9,314
Personnel Credit Cards-FC	217	-	217
With Installments	-	-	-
Without Installments	217	-	217
Overdraft Accounts-TL(Real Persons) (*)	248,074	-	248,074
Overdraft Accounts-FC(Real Persons)	32	-	32
Total	1,839,103	7,525,959	9,365,062

(*) Overdraft accounts include personnel loans amounting to TL2,904

(**) 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	295,294	3,512,342	3,807,636
Business Loans	1,410	146,789	148,199
Vehicle Loans	22,296	744,323	766,619
General Purpose Loans	271,588	2,621,230	2,892,818
Other	-	-	-
Commercial loans with installment facility - Indexed to FC	29,349	422,738	452,087
Business Loans	-	21,238	21,238
Vehicle Loans	3,069	148,851	151,920
General Purpose Loans	26,280	252,649	278,929
Other	-	-	-
Commercial loans with installment facility –FC	37,989	-	37,989
Business Loans	-	-	-
Vehicle Loans	260	-	260
General Purpose Loans	37,729	-	37,729
Other	-	-	-
Corporate Credit Cards-TL	422,890	-	422,890
With Installments	173,282	-	173,282
Without Installments	249,608	-	249,608
Corporate Credit Cards-FC	2,109	-	2,109
With Installments	14	-	14
Without Installments	2,095	-	2,095
Overdraft Accounts-TL(Legal Entities)	426,174	-	426,174
Overdraft Accounts-FC(Legal Entities)	15,040	-	15,040
Total	1,228,845	3,935,080	5,163,925

f) Allocation of loans by customers:

	Current Period	Prior Period
Public sector	189,294	50,666
Private sector	30,538,897	26,698,219
Total	30,728,191	26,748,885

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	30,003,673	25,854,535
Foreign Loans	724,518	894,350
Total	30,728,191	26,748,885

h) Loans granted to subsidiaries and associates:

Eliminated in consolidated financial statements.

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectability	15,599	9,910
Loans and receivables with doubtful collectability	49,918	24,806
Uncollectible loans and receivables	381,983	506,360
Total	447,500	541,076

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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	Uncollectable loans and receivables
Current Period			
(Gross amount before specific provisions)			
Non-performing loans and receivables which are restructured	-	-	-
Non-performing loans and receivables which are rescheduled	8,647	3,811	5,307
Prior period			
(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	Uncollectable loans and receivables
Prior period end balance	64,106	69,345	622,227
Additions (+)	482,410	18,460	106,173
Transfers from other categories of non-performing loans (+)	-	327,250	202,431
Transfers to other categories of non-performing loans (-)	327,250	202,431	-
Collections (-)	123,787	86,943	122,920
Write-offs (-) (*)	51	356	313,767
Corporate and commercial loans	8	290	161,774
Retail loans	33	51	124,920
Credit cards	10	15	27,073
Other	-	-	-
Current period end balance	95,428	125,325	494,144
Specific provision (-)	15,599	49,918	381,983
Net Balances on Balance Sheet	79,829	75,407	112,161

(*) The part of the Parent Bank’s non-performing receivable portfolio amounting to TL 124,050 and to which a provision is set aside in the amount of TL 124,050 has been sold to Girişim Varlık Yönetimi A.Ş. for TL 16,878 and on 11 April 2012, following the fulfillment of the required procedures, the sale amount has been collected and has been removed from the non-performing receivable portfolio. Sales income has been netted off with “Provision for Loan Losses and Other Receivables” in the financials.

Amounting to TL188,710 past due receivable portfolio for which TL181,463 provision had been allocated, is sold to LBT Varlık Yönetimi A.Ş. for TL22,222, and after all the sales procedures were completed at 30 November 2012 with the completion of the necessary procedures, and the related non-performing loans have been written off from the accounts. Sales income has been netted off with “Provision for Loan Losses and Other Receivables” in the financials

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

5. Information on loans: (Continued)

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	Uncollectable loans and receivables
31 December 2012 :			
Current period end balance	1,438	1,379	58,627
Specific provision (-)	145	372	42,659
Net Balance on Balance Sheet	1,293	1,007	15,968
31 December 2011 :			
Prior period end balance	1,775	1,218	59,201
Specific provision (-)	358	325	43,885
Net Balance on Balance Sheet	1,417	893	15,316

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 collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	95,428	125,325	494,144
Specific provision (-)	15,599	49,918	381,983
Loans to Real Persons and Legal Entities (Net)	79,829	75,407	112,161
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior 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)	-	-	-

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

5. Information on loans: (Continued)

k) Main principles of liquidating non-performing loans and receivables:

According to the “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published on Official Gazette No. 26333 dated 1 November 2006; loans and other receivables for which the collection is believed to be impossible are classified as nonperforming loans by complying with the requirements of the Tax Procedural Law in accordance with the decision of the upper management of the Bank.

l) Explanations on write-off policy:

Unrecoverable non-performing loans can be written off with the decision of the Board of Directors.

m) Other explanations and disclosures:

Current Period	Commercial	Consumer	Credit Cards	Other	Total
Neither past due nor impaired	20,110,717	7,616,269	1,591,411	88,238	29,406,635
Past due not impaired	739,175	335,010	247,371	-	1,321,556
Individually impaired	502,171	110,837	101,889	-	714,897
Total	21,352,063	8,062,116	1,940,671	88,238	31,443,088
Specific Provision	317,144	58,630	71,726	-	447,500
Total	317,144	58,630	71,726	-	447,500
Total allowance for impairment	21,034,919	8,003,486	1,868,945	88,238	30,995,588
Prior 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	19,300,694	6,601,377	1,549,587	52,905	27,504,563
Specific Provision	296,302	86,849	157,925	-	541,076
Total	296,302	86,849	157,925	-	541,076
Total allowance for impairment	19,004,392	6,514,528	1,391,662	52,905	26,963,487

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

Based on classification, movement of allowance for loan losses and other receivables is presented as follows;

	Commercial	Consumer	Credit Cards	Total
1 January 2012	296,302	86,849	157,925	541,076
Change for the period	221,568	37,953	48,080	307,601
Recoveries	(60,966)	(16,067)	(17,347)	(94,380)
Amounts written-off (*)	(138,476)	(50,105)	(116,932)	(305,513)
Foreign Currency Differences	(1,284)	-	-	(1,284)
31 December 2012 Balance	317,144	58,630	71,726	447,500
	Commercial	Consumer	CreditCards	Total
1 January 2011	190,679	12,721	44,665	248,065
Change 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)
Foreign Currency Differences	2,861	-	-	2,861
31 December 2011 Balance	296,302	86,849	157,925	541,076

(*) TL 124,050 of the non-performing loans portfolio of the Bank with TL 124,050 provision has been sold to LBT Varlık Yönetim A.Ş. for TL 16,878 which has been collected as of 11 April 2012 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records.

TL 181,710 of the non-performing loans portfolio of the Bank with TL 181,463 provision has been sold to LBT Varlık Yönetim A.Ş. for TL 22,222 which has been collected as of 30 November 2012 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records

(**) Includes the provision amount of TL 285,101 transferred from Fortis Bank A.Ş.

(***) TL 55,484 of the non-performing loans portfolio of the Bank with TL 54,078 provision has been sold to LBT Varlık Yönetim A.Ş. for TL 4,250 which has been collected as of 12 January 2012 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records.

The fair value of collaterals, capped with the respective outstanding loan balance, that the Bank holds relating to loans individually determined to be impaired at 31 December 2012 is TL 210,582 (31 December 2011: TL 202,442).

The fair value of collaterals, capped with the respective outstanding loan balance relating to loans individually determined to be impaired:

	Current Period	Prior Period
Mortgage	172,046	161,744
Vehicle	31,756	25,151
Cash	151	5,270
Other	6,629	10,277
Total	210,582	202,442

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

As of 31 December 2012 and 31 December 2011, detail of commodities and properties held for sale related to loan receivables of the Bank is as follows:

31 December 2012	Commercial	Consumer	Total
Residential, commercial or industrial property	52,628	8,587	61,215
Other	375	-	375
Total	53,003	8,587	61,590

31 December 2011	Commercial	Consumer	Total
Residential, commercial or industrial property	57,498	8,685	66,183
Other	866	-	866
Total	58,364	8,685	67,049

Aging analysis of past due but not impaired loans per classes of financial statements is as follows:

31 December 2012	Less than 30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	424,859	181,511	132,805	739,175
Consumer Loans	72,792	180,147	82,071	335,010
Credit Cards	244,220	32	3,119	247,371
Total	741,871	361,690	217,995	1,321,556

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

m) Other explanations and disclosures: (continued)

Of the total aggregate amount of gross past due but not yet impaired loans and advances to customers, the fair value of collaterals, capped with the respective outstanding total loan balance of the customer, that the Group held as at 31 December 2012 is TL849,145 (31 December 2011: TL914,752).

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	613,921	659,862
Vehicle	126,438	118,348
Cash	12,788	23,438
Other	95,998	113,104
Total	849,145	914,752

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

6. Information on held-to-maturity investments:

a.1) Held-to-maturity investments subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	-	-	-	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

a.2) 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	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

a.3) Information on held to maturity debt securities:

	Current Period	Prior Period
Government bonds	20,416	21,224
Treasury bills	-	-
Other public sector debt securities	-	-
Total	20,416	21,224

a.4) Information on held to maturity investments:

	Current Period	Prior Period
Debt securities		
Quoted on a stock exchange	20,416	21,224
Unquoted	-	-
Impairment provision(-)	-	-
Total	20,416	21,224

Book value of the unrestricted financial assets held-to maturity is TL20,416 (31 December 2011: 21,224).

b) Movement of investments held-to-maturity:

	Current Period	Prior Period
Beginning balance	21,224	235,019
Foreign currency differences on monetary assets	(808)	3,809
Purchases during the year(*,**)	-	149,187
Disposals through sales and redemptions (***)	-	(366,791)
Impairment provision (-)	-	-
Change in amortized cost income	-	-
Closing Balance	20,416	21,224

(*) Accruals are included in purchases during the year.

(**) Prior period includes assets amounting to TL138,203 transferred from Fortis Bank A.Ş.

(***) As a result of reviewing the risk management politics following the merger of the Parent Bank with Fortis Bank A.Ş., hold-to-maturity investments of TL261,199 were reclassified to available-for-sale security under the TAS 39.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

7. Information on associates (Net):

- a.1) Information on unconsolidated associates according to Communiqué on Preparing Banks’ Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2011: None).
- a.2) Information on the unconsolidated associates: None (31 December 2011: None).
- a.3) Information on the consolidated associates: None (31 December 2011: None).
- a.4) Valuation of consolidated associates: None (31 December 2011: None).
- a.5) Consolidated associates which are quoted on the stock exchange: None (31 December 2011: None).

8. Information on subsidiaries (Net):

- a) Information on shareholders’ equity of significant subsidiaries:
There is no necessity of capital that arises from subsidiaries included in parent bank’s consolidated capital adequacy standard ratio.
- b) If there is any unconsolidated subsidiary, total equity amount that is lack of subjection to the reasonable justifications of non-consolidate and minimum capital requirements: None. (31 December : None)
- c) Information on the unconsolidated subsidiaries: None (31 December 2011: None).
- d) Information on the consolidated subsidiaries:
d.1) Information on the consolidated subsidiaries:

Description	Address (City/ Country)	Group’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	54.75	45.25

Information on the consolidated subsidiaries with the order as presented in the table above:

Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (**)	Fair Value
1,658,173	226,171	8,873	76,165	3,470	(11,558)	19,701	-
786,430	46,846	1,628	90,112	-	15,925	10,247	-
113,560	78,588	914	10,122	-	6,366	6,054	-
19,194	17,017	760	1,761	155	3,406	3,218	-

(*) Represents financial figures of foreign currency statutory financial statements translated at period end foreign exchange rates for balance sheet and twelve months’ average rates for profit and loss as of 31 December 2012. The Economy Bank NV has two consolidated subsidiaries named Stichting Effecten Dienstverlening and Kronenburg Vastgoed B.V.

(**) Financial Statement figures as of 31 Decemberr 2011

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I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

d.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	173,935	125,709
Movements during the period	(13)	48,226
Purchases	-	48,171
Bonus shares obtained	-	-
Share in current year income	-	-
Sales	-	-
Revaluation increase	-	-
Provision for impairment	(13)	55
Balance at the end of the period	173,922	173,935
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

d.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	34,037
Other Financial Subsidiaries	/ TEB Yatırım Menkul Değerler A.Ş.	72,941	72,941
	TEB Portföy Yönetimi A.Ş.	5,354	5,354
	Stichting Effecten Dienstverlening (*)	294	305
	Kronenburg Vastgoed B.V. (*)	42	44
Total		173,922	173,935

(*) Fully consolidated to the Economy Bank NV.

The carrying amounts of the subsidiaries above have been eliminated in the consolidated financial statements.

d.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2011: None).

9. Information on entities under common control (Joint Vent.):

a) Information on entities under common control (joint ventures):

Entities under common control (joint ventures)	Share of the Parent Bank (%)	Share of the Group (%)	Current Asset	Non-current asset	Long-term receivable	Profit	Loss
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	0.1	33.3	11,082	7,625	535	34,249	(32,104)

b) Accounting method of the reasonable justification of unconsolidated in Join Ventures that booked on the unconsolidated parent bank’s financial statements.

The Bank owns 0.1% but the Group owns 33.3% share of Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş, it is presented as joint venture in financial statements however, it is carried by cost value since necessary requirements for consolidation is not met.

10. Information on finance lease receivables (Net): None (31 December 2011: None).

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I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

11. Information on derivative financial assets for hedging purposes:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge	4,907	157	9,524	13
Cash flow hedge	11,819	-	13,263	-
Hedge of net investment in foreign operations	-	-	-	-
Total	16,726	157	22,787	13

12. Information on investment property:

	31 December 2011			31 December 2012		
	Balance	Additions	Disposals	Other	Balance	
Cost:						
Land and buildings	130,970	-	(13,641)	(361)	116,968	
Leased tangible assets	57,621	5	(2,316)	-	55,310	
Other	677,959	74,618	(23,169)	(130)	729,278	
Total Cost	866,550	74,623	(39,126)	(491)	901,556	
Accumulated Depreciation:						
Land and buildings	33,763	4,826	(4,555)	(61)	33,973	
Leased tangible assets	55,722	1,738	(2,306)	-	55,154	
Other	512,754	65,013	(21,498)	(113)	556,156	
Total Accumulated Depreciation	602,239	71,577	(28,359)	(174)	645,283	
Net Book Value	264,311				256,273	

- a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.
- b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

13. Information on intangible assets:

	31 December 2011	Period			31 December
	Balance	Charge	Disposals	Other	2012 Balance
Cost:					
Other intangible assets	111,502	17,666	(11)	(116)	129,041
Total Cost	111,502	17,666	(11)	(116)	129,041
Accumulated Depreciation:					
Other intangible assets	91,369	12,744	(1)	(83)	(104,029)
Total Accumulated Depreciation	91,369	12,744	(1)	(83)	(104,029)
Net Book Value	20,133				25,012

- a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.

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I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

13. Information on intangible assets: (Continued)

- 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.
- i) Begining and ending balance of the goodwill and movements on goodwill in the current period:

	Current Period	Prior Period
Gross value at the beginning of the period	421,124	1,685
Accumulated depreciation (-)	-	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 (-)	-	-
İptal Edilen Değer Düşüş Karşılığı (-)	-	-
Reversal of impairment provision (-)	-	-
Gross value at the end of the period	421,124	421,124
Accumulated depreciation (-)	-	-
Impairment provision (-)	-	-
Net book value at the end of the period	421,124	421,124

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. 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,

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

13. Information on intangible assets: (Continued)

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 tables are set as declared publicly by the Parent Bank as of 31 December 2012, and effects of merger are not reflected in prior period’s 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 Bank would have been realized as TL 226,085 and TL 1,545,312 respectively.

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 2011: None).

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I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

15. Information on held deferred tax:

- a) As of 31 December 2012, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL 131,878 (31 December 2011: TL 73,575). There are no tax exemptions or deductions over which deferred tax asset is computed.
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.
- d) Movement of deferred tax:

	Current Period	Prior Period
At January 1	73,575	17,633
Effect of change in foreign Exchange rates	(107)	41
Other	-	56,572
Deferred tax benefit / (charge)	85,209	(45,942)
Deferred tax accounted for under equity	(26,799)	45,271
Deferred Tax Asset	131,878	73,575

(*) Deferred tax asset transferred from Fortis Bank A.Ş. is presented in “Other” column..

16. Information on held for sale fixed assets and discontinued operations:

	Current Period	Previous Period
Beginning of Period Cost	69,037	34,352
Beginning of Period Accumulated Depreciation	1,988	370
Net Book Value	67,049	33,982
Opening Balance	67,049	33,982
Acquired	34,686	58,820
Disposed(-), net	36,611	23,863
Impairment (-)	1,858	743
Depreciation Value (-)	1,676	1,147
End of Period Cost	64,091	69,037
End of Period Accumulated Depreciation (-)	2,501	1,988
Closing Net Book Value	61,590	67,049

17. Information on other assets:

Other Assets item of the balance sheet amounting to TL 1,066,082 (31 December 2011: TL 658,762) 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 (*)	526,371	234,368	527,848	304,498
Medium and Long Term	-	-	-	-
Specific provisions	(5,272)	(700)	(10,922)	(2,413)
Total	521,099	233,668	516,926	302,085

(*) Amounting to TL10,502 (31 December 2011: TL14,499) impaired factoring receivable included.

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I. Explanations and Disclosures Related to the Consolidated Assets (Continued)

18. Information on factoring receivables of Group: (Continued)

b) Other explanations and disclosures:

Current Period	Commercial	Consumer	Total
Neither past due nor impaired	739,883	-	739,883
Past due not impaired	10,354	-	10,354
Individually impaired	10,502	-	10,502
Total	760,739	-	760,739
Specific Provision	5,972	-	5,972
Total allowance for impairment	5,972	-	5,972
Net credit balance on balance sheet	754,767	-	754,767
Prior 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	832,346	-	832,346
Specific Provision	13,335	-	13,335
Total allowance for impairment	13,335	-	13,335
Net credit balance on balance sheet	819,011	-	819,011

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	569,741	-	2,520,561	5,484,070	2,065,011	210,296	29,899	-	10,879,578
Foreign currency deposits	1,941,495	-	841,018	4,414,748	264,333	247,424	267,688	-	7,976,706
Residents in Turkey	1,407,939	-	744,582	4,036,397	234,059	73,731	116,449	-	6,613,157
Residents abroad	533,556	-	96,436	378,351	30,274	173,693	151,239	-	1,363,549
Public sector deposits	204,251	-	12,498	231,118	1,983	1,465	-	-	451,315
Commercial deposits	1,449,495	-	1,168,446	3,377,450	1,018,154	122,997	17,268	-	7,153,810
Other institutions deposits	30,226	-	32,306	871,266	805,831	29,076	23	-	1,768,728
Precious metals deposits	427,348	-	19,982	286,271	30,751	33,659	-	-	798,011
Interbank deposits	193,156	-	601,146	77,428	20,205	-	39,851	-	931,786
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	68	-	170,028	24,407	-	-	4,229	-	198,732
Foreign Banks	29,753	-	431,118	53,021	20,205	-	35,622	-	569,719
Special finance houses	163,335	-	-	-	-	-	-	-	163,335
Other	-	-	-	-	-	-	-	-	-
Total	4,815,712	-	5,195,957	14,742,351	4,206,268	644,917	354,729	-	29,959,934

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	687,865	-	608,764	5,631,960	169,620	63,647	46,739	-	7,208,595
Foreign currency deposits	1,678,420	-	1,916,654	4,117,873	201,242	155,029	168,835	-	8,238,053
Residents in Turkey	1,200,127	-	1,819,144	3,925,419	143,071	57,988	14,189	-	7,159,938
Residents abroad	478,293	-	97,510	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	-	1,306,045	2,277,630	92,915	45,684	1,725	-	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	-	922,495	9,293	3,783	2,068	2,072	-	1,132,427
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	79	-	224,438	-	-	-	2,068	-	226,585
Foreign Banks	43,728	-	698,057	9,293	3,783	2,068	4	-	756,933
Special finance houses	148,909	-	-	-	-	-	-	-	148,909
Other	-	-	-	-	-	-	-	-	-
Total	4,478,915	-	4,949,735	13,634,720	491,454	322,629	219,997	-	24,097,450

b) Information on saving deposits under the guarantee of saving deposit insurance:

b.1) Saving deposits exceeding the limit of insurance:

i) Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

Saving Deposits	Under the Guarantee of Insurance(*)		Exceeding the limit of Insurance(*)	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	3,757,130	2,651,608	6,951,578	4,438,751
Foreign currency saving deposits	689,586	610,562	3,208,096	2,442,750
Other deposits in the form of saving deposits	206,322	243,165	522,832	356,186
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	4,653,038	3,505,335	10,682,506	7,237,687

(*) 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)

i) Deposit of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Deposits and accounts in branches abroad	145,967	130,879
Deposits of ultimate shareholders and their close families	229,879	163,139
Deposits of chairman and members of the Board of Directors and their close families	23,176	15,913
Deposits obtained through illegal acts defined in the 282 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	11,810	26,428	10,756	14,377
Swap Transactions	116,405	13,666	84,742	73,906
Futures Transactions	-	-	-	-
Options	48,198	18,308	62,210	27,808
Other	-	-	-	-
Total	176,413	58,402	157,708	116,091

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	206,584	197,910	189,876	147,259
From Foreign Banks, Institutions and Funds	495,826	5,109,695	2,663,532	4,449,087
Total	702,410	5,307,605	2,853,408	4,596,346

As of 31 December 2012 the Group has borrowings from its related parties amounting to TL3,091,034 (31 December 2011: TL 5,522,376).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	525,586	4,435,376	2,282,682	2,772,553
Medium and long-term	176,824	872,229	570,726	1,823,793
Total	702,410	5,307,605	2,853,408	4,596,346

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II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

3. Maturity analysis of borrowings: (Continued)

c) Additional explanation related to the concentrations of the Parent Bank’s major liabilities:

The Parent Bank diversifies its funding sources through customer deposit and borrowings from abroad. As of 31 December 2012 foreign borrowings of the Bank includes syndication loan obtained with the agreement dated 24 August 2012 and 23 August 2013 maturity amounting to EUR 250,000,000 and USD 122,000,000.

The Parent Bank makes analysis of its customers that provide the maximum amount of funds within the branches and throughout the Bank, in consideration of profitability. Bank takes short and long term preventive measures to spread its customers on a wider spectrum on the basis of customer concentration in the branches.

d) Explanations on marketable securities issued :

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic transactions	40,916	-	1,104,748	-
Financial institutions and organizations	40,916	-	1,102,228	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	2,520	-
From foreign transactions	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	40,916	-	1,104,748	-

e) Explanations on debt securities issued :

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	333,689	-	249,107	-
Treasury Bills	160,548	-	-	-
Total	494,237	-	249,107	-

The bonds issued in 2011 with notional value of TL 300,000, maturity of 178 days, issue date of 19 July 2011, simple interest rate of 8.72877%, annual compounding rate of 8.92408% started trading in IMKB Quote Administration on 21 July 2011 with ISIN code of ‘TRQTEBK11215’ and matured on 13 January 2012.

The Parent Bank issued bonds on 2 May 2012 with a nominal value of TL 150,000, with a term of 378 days, with due date of 15 May 2013, with an interest rate of 10.47127% and with an annual compound rate of 10.45244% has started to be publicly traded in bonds and bills markets under the ISIN code “TRSTEBK51316”.

The bond issued by the Parent Bank on 20 July 2012 with a nominal value of TL384,586, maturity of 175 days, with due date of 14 January 2013, with an interest rate of 8.83824% and with an annual compound rate of 9.04179% has started to be publicly traded in bonds and bills markets with the ISIN code “TRQTEBK11314”.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

3. Maturity analysis of borrowings: (Continued)

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”.

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 bill market with the ISIN code “TRSTEBKA1319”

4. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total: None (31 December 2011: None).

5. Explanations on financial lease obligations (Net):

a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the 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.

c) Explanation on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	-	-	9	8
Between 1-4 Years	-	-	-	-
More than 4 Years	-	-	-	-
Total	-	-	9	8

d) Explanations regarding operational leases:

For the period ended 31 December 2012, operational lease expenses amounting to TL143,115 (31 December 2011: TL 139,567) 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	47,695	1	23,398	-
Cash flow hedge	120,811	-	27,049	-
Hedge of net investment in foreign operations	-	-	-	-
Total	168,506	1	50,447	-

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II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	329,377	226,292
- Additional Provision for Loans and Receivables with Extended Maturities	22,203	-
Provisions for Second Group Loans and Receivables	26,553	22,287
- Additional Provision for Loans and Receivables with Extended Maturities	1,926	-
Provisions for Non-Cash Loans	30,108	18,269
Other	9,269	6,561
Total	419,436	273,409

b) Foreign exchange losses on the foreign currency indexed loans amounting to TL91,324 (31 December 2011: TL 42,495) is offset from the loans on the balance sheet.

c) The specific provisions provided for unindemnified non cash loans amount to TL 22,512 (31 December 2011: TL 32,652).

d) Liabilities on unused vacation, bonus and employee termination benefits:

As of 31 December 2012 TL 28,114 (31 December 2011: TL 28,144) unused vacation provision, TL93,125 (31 December 2011: TL 60,277) employee termination benefit provision and TL 66,630 (31 December 2011: TL 38,882) bonus for the employee are presented under “Reserve for Employee Benefit” in financial statements.

d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	60,277	25,122
Increase due to merger	-	24,450
Service cost	8,594	7,064
Interest cost	5,590	4,471
Settlement cost	6,164	(534)
Actuarial loss	24,466	15,673
Benefits paid	(11,966)	(15,969)
Total	93,125	60,277

(i) Retirement Benefits:

The employees who have joined the Bank as a consequence of the merger of TEB and Fortis Bank are members of the “Pension Fund Foundation” established in accordance with the Social Security Law No.506, Article No.20.

The liabilities described in the Retirement Fund Section 3 No. XV “Explanations on Liabilities related to Rights of Employees” which may arise during the transfer have been calculated by the actuary based on the principles of the related regulation, whereas the liabilities in connection with other social rights and benefits which will not be undertaken by the SSI after the transfer have been calculated by the actuary based on IAS 19 principles. The Parent Bank is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared as of 31 December 2012 and 31 December 2011. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

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II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

Based on the determined assumptions,

	31 December 2012	31 December 2011
Transferrable Retirement and Health Liabilities:		
Net Present Value of Transferrable Retirement Liabilities	(823,577)	(763,025)
Net Present Value of Transferrable Retirement and Health Contributions	534,823	635,342
General Administration Expenses	(8,235)	(7,630)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(296,989)	(135,313)
Fair Value of Plan Assets (2)	1,179,000	1,056,160
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	882,011	920,847
Non-Transferable Benefits (4)	(183,383)	(172,455)
Asset Surplus over Total Benefits ((3)-(4))	698,628	748,392

Distribution of total assets of the Retirement Fund as of 31 December 2012 and 31 December 2011 is presented below:

	31 December 2012	31 December 2011
Bank placements	1,060,309	901,672
Government Bonds and Treasury Bill, Fund and Accrual Interest Income	43,563	79,084
Tangible assets	66,840	60,692
Other	8,288	14,712
Total	1,179,000	1,056,160

Actuarial assumptions used in valuation of liabilities except for transferrable liabilities based on IAS 19 are as follows:

	31 December 2012	31 December 2011
Discount Rate	7.00%	9.15%
Expected Inflation Rate	4.61%	5.00%

Medical inflation is expected more than 40% for two periods. In order to represent the expected mortality rates before and after the retirement, CSO 2001 (31 December 2011: CSO 1980) Female/Male mortality table is used.

e) Information on other provisions:

e.1) Provisions for possible losses: None (31 December 2011: None).

e.2) The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total of provisions:

	Current Period	Prior Period
Provision for legal cases	45,612	43,577
Provision for unindemnified non-cash loans	22,512	32,652
Provision for promotions of credit cards and banking services	12,093	11,926
Other	13,873	15,578
Total	94,090	103,733

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

8. Explanations on taxes payable:

a) Information on taxes payable:

	Current Period	Prior Period
Provision for Corporate Taxes	64,741	27,309
Taxation on Securities	23,567	21,264
Property Tax	1,637	1,658
Banking Insurance Transaction Tax (BITT)	25,543	23,736
Foreign Exchange Transaction Tax	10	14
Value Added Tax Payable	3,442	1,734
Other (*)	14,147	15,086
Total	133,087	90,801

(*) Others include income taxes deducted from wages amounting to TL11,232 (31 December 2011: TL 12,789) and stamp taxes payable amounting to TL1,033 (31 December 2011: TL 1,019).

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	3,656	6,278
Social Security Premiums-Employer	4,049	7,203
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	362	665
Unemployment Insurance-Employer	508	894
Other	-	7
Total	8,575	15,047

c) Explanations on deferred tax liabilities, if any: None (31 December 2011: None).

9. Information on liabilities regarding assets held for sale and discontinued operations:

None (31 December 2011: None).

10. Explanations on the number of subordinated loans the Parent Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:

The Parent Bank has signed an agreement with the International Finance Corporation (IFC) on 27 June 2005, for a subordinated loan. The facility is a USD 50 million subordinated loan, with a maturity of 15 July 2015 and with an interest rate of LIBOR+3.18%.

The 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

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

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

The Parent Bank, during its Board of Directors’ meeting dated 8 May 2012 has resolved to issue a debt instrument as Secondary Subordinated debt instrument with a value of USD 65 million on 14 May 2012. The semi annually interest rate of the issuance is determined as USD Libor + %5.75. The due date of the debt instrument is determined as 14 May 2024 and for the first seven years there is no option to repay before its due date. The debt instrument can be amortized on 14 May 2019 with the decision of the Board of Directors and upon the approval of Banking Regulation and Supervision Agency (BRSA).

The Parent Bank has resolved to issue a Secondary Subordinated Debt in the amount of EURO 100 million on 20 July 2012. The interest rate of the issuance has been determined as semi-annually EURIBOR + 4.75%. The due date of the debt instrument is 20 July 2024 and there is no option to repay within the first seven years. The debt instrument can be amortized on 20 July 2019 with the resolution of the BoD and upon the approval of the BRSA.

The above mentioned five subordinated loans are utilized in-line with the “loan capital” definition of BRSA) and will positively effect the capital adequacy ratio of the Parent Bank as well as utilizing long term fundings.

a) Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	1,037,480	-	712,346
Total	-	1,037,480	-	712,346

11. Information on Shareholders’ Equity:

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock	2,204,390	2,204,390
Preferred stock	-	-

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank if so amount of registered share capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered Capital System	2,204,390	-

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II. Explanations and Disclosures Related to the Consolidated Liabilities (Continued)

9. Information on Shareholders’ Equity: (Continued)

- c) Information on share capital increases and their sources; other information on increased capital shares in current period: None
- d) Information on share capital increases from revaluation funds: None.
- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.
- f) Indicators of the 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	50,780	4,959	(94,021)	(11,466)
Foreign Exchange Difference	-	-	-	-
Total	50,780	4,959	(94,021)	(11,466)

- 12. Information on minority shares:** As of 31 December 2012, part of the group equity that belongs to minority shares is TL7,702 (31 December 2011: 13,019 TL).

- 13. Information on factoring liabilities :** As of 31 December 2012 group has factoring debt of TL3,988 (31 December 2011: 6,510 TL).

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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:

	Current Period	Prior Period
Loan granting commitments	2,942,424	2,284,218
Commitments for credit card expenditure limits	2,933,697	2,661,586
Payment commitment for checks	1,879,298	1,455,318
Forward asset purchase commitments	1,309,306	1,619,012
Forward deposit purchase commitments	614,094	-
Tax and fund liabilities from export commitments	11,709	10,380
Commitments for promotions related with credit cards and banking activities	5,978	7,608
Share capital commitment to associates and subsidiaries	-	4,000
Other irrevocable commitments	218,367	166,498
Total	9,914,873	8,208,620

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	1,532,317	1,578,340
Bank Acceptances	1,032,189	756,605
Other Commitments	903,219	342,297
Other Contingencies	292,651	85,162
Total	3,760,376	2,762,404

b.2) Guarantees, surety ships, and similar transactions:

	Current Period	Prior Period
Guarantee Letters	4,519,954	3,995,191
Advance Guarantee Letters	921,924	608,580
Temporary Guarantee Letters	462,831	492,886
Guarantee Letters Given for Customs	317,546	249,834
Other Guarantee Letters	507,807	262,998
Total	6,730,062	5,609,489

c) c.1) Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	888,176	518,478
With maturity of 1 year or less than 1 year	210,995	117,292
With maturity of more than 1 year	677,181	401,186
Other non-cash loans	9,602,262	7,853,415
Total	10,490,438	8,371,893

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III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Contingencies and Commitments (Continued)

c.2) Information on sectoral risk breakdown of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	57,744	1.43	114,344	1.77	56,900	1.65	91,526	1.86
Farming and raising livestock	43,248	1.07	112,166	1.74	43,627	1.26	78,987	1.60
Forestry, Wood and Paper	13,531	0.34	2,081	0.03	12,644	0.37	12,199	0.25
Fishery	965	0.02	97	0.00	629	0.02	340	0.01
Manufacturing	1,897,967	47.06	3,752,317	58.11	1,619,045	47.01	2,926,881	59.39
Mining and Quarry	122,124	3.03	199,839	3.09	101,475	2.95	74,724	1.52
Production	1,696,182	42.06	3,517,196	54.47	1,463,029	42.48	2,758,436	55.97
Electricity, Gas and Water	79,661	1.98	35,282	0.55	54,541	1.58	93,721	1.90
Construction	969,447	24.04	1,217,275	18.85	848,015	24.63	561,925	11.40
Services	1,027,873	25.49	593,861	9.20	837,762	24.33	501,571	10.18
Wholesale and Retail Trade	460,398	11.42	89,222	1.38	378,271	10.99	58,230	1.18
Hotel, Tourism, Food and Beverage Services	37,753	0.94	23,750	0.37	34,211	0.99	18,006	0.37
Transportation and Communication	217,069	5.38	258,353	4.00	181,676	5.28	174,204	3.53
Financial Institutions	85,997	2.13	97,004	1.50	49,960	1.45	138,117	2.80
Real Estate and Renting	91,587	2.27	64,885	1.00	73,056	2.12	48,736	0.99
Self-employment Services	71,903	1.78	31,128	0.48	59,110	1.72	35,935	0.73
Education Services	2,863	0.07	1,361	0.02	2,134	0.06	873	0.02
Health and Social Services	60,303	1.50	28,158	0.44	59,344	1.72	27,470	0.56
Other	79,765	1.98	779,845	12.08	81,993	2.38	846,275	17.17
Total	4,032,796	100.00	6,457,642	100.00	3,443,715	100.00	4,928,178	100.00

c.3) Information on I st and II nd Group non-cash loans:

Non-cash loans	I st Group		II st Group	
	TL	FC	TL	FC
Letters of guarantee	3,355,885	3,283,115	55,093	35,969
Bank acceptances	-	903,219	-	-
Letters of credit	4,666	1,525,671	-	1,980
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	613,756	707,613	3,396	75
Total	3,974,307	6,419,618	58,489	38,024

The Group provided a reserve of TL 46,581 (31 December 2011: TL 44,019) for non-cash loans not indemnified yet amounting to TL 22,512 (31 December 2010: TL 32,652) and reflected that in financial statements.

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III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Contingencies and Commitments (Continued)

2. Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I):	35,362,024	29,917,101	-	-
Forward transactions	6,285,148	4,647,307	-	-
Swap transactions	12,261,959	10,657,413	-	-
Futures transactions	-	-	-	-
Option transactions	16,814,917	14,612,381	-	-
Interest related derivative transactions (II):	2,635,988	2,018,664	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	2,325,340	1,619,550	-	-
Interest option transactions	310,648	399,114	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	-	-	-	-
Other trading derivative transactions (IV)	-	-	-	-
A. Total trading derivative transactions (I+II+III+IV)	37,998,012	31,935,765	-	-
Types of hedging transactions				
Fair value hedges	-	-	1,441,536	161,558
Cash flow hedges	-	-	3,153,677	1,918,710
Net investment hedges	-	-	-	-
B. Total hedging related derivatives	-	-	4,595,213	2,080,268
Total Derivative Transactions (A+B)	37,998,012	31,935,765	4,595,213	2,080,268

Related to agreements of forward transactions and options; the information based on the type of forward and options transactions are disclosed separately, specified with related amounts, type of agreement, purpose of transaction, nature of risk, strategy of risk management, hedging relationship, possible effects on the Bank’s financial position, timing of cash flows, reasons of unrealized transactions which previously projected to be realized, income and expenses that could not be linked to income statement in the current period because of the agreements:

Forward foreign exchange and swap transactions are based on protection from interest and currency fluctuations. According to TAS, they do not qualify as hedging instruments and are remeasured at fair value by the Parent Bank.

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 2012, nominal value of derivative instruments for hedging purposes is TL 1,441,536 (31 December 2011: TL 161,558) and net fair value is TL 32,389 liability (31 December 2011: TL 13,861) while fair value of the hedged item loans is TL 16,309 (31 December 2011: TL 11,554). The Bank accounts TL 22,865 (31 December 2011: TL 18,797 income) expense for derivative instruments for hedging purposes and TL 4,755 (31 December 2011: TL 22,094 expense) income from hedged item loans in the financial statements. There is no fair value hedge ceased in 2012.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Contingencies and Commitments (Continued)

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Asset	Liability		Asset	Liability
Interest Rate Swaps	-	-	-	60,000	1,526	4,281
Cross Currency Swaps	1,441,536	5,064	47,696	101,558	8,011	19,117
	1,441,536	5,064	47,696	161,558	9,537	23,398

ii) Derivative instruments for cash flow hedge purposes:

The Bank has adopted cash flow hedge accounting by matching its swap portfolio having total buy-sell nominal amounting to TL 2,083,677 since 2011, and TL 1.100.000 since 2012 with the deposit portfolio having maturity of 28-32 days. Effective portion of TL 62,082 accounted for under equity is presented after deduction of its deferred tax effect of TL 12,416 in the financial statements. In 2011, the ineffective portion of TL 3,455 is accounted as expense in the income statement. There is no cash flow hedge ceased in 2012.

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Asset	Liability		Asset	Liability
Interest Rate Swaps	3,153,677	11,819	120,811	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 (joint ventures) together with other venturer: None.

a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.

a.3) The Group's contingent liabilities resulting from liabilities of other venturers in entities under common control (joint ventures): None.

b) Accounting and presentation of contingent assets and liabilities in the financial statements:

b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes: As of 31 December 2012, there are no contingent assets that need to be explained (31 December 2011: None).

b.2) A provision is made for contingent liabilities, if realization is probable and the amount can be reliably determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes:

Following a resolution in favor of the Bank in 2003 for the case related to deduct accumulated losses from the corporate tax base for 2002 and for subsequent periods in accordance with Corporate Tax Law article 14/7; the Ministry of Finance appealed against the decision, however, the case was again concluded in favor of the Bank by Tax Supreme Court. In this context, the Bank acquired the right to deduct accumulated losses amounting to TL 364,501 thousand from the corporate tax base. Related accumulated losses have been deducted from tax base by the Bank between the years 2003 and 2006.

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III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Contingencies and Commitments (Continued)

On the other hand, the Tax Office has not taken into consideration the deduction amount of TL 144,824 which is included in the 2003/4 temporary tax declaration based on the resolution of the Tax Supreme Court, and recalculated a temporary corporate tax liability of TL 15,510 and levied a fine of TL 16,131 to the Bank based on the declaration as of 20 April 2004. In that respect, the Bank has filed a counter case against the Tax Office, and 1st Tax Office decided in favor of the Bank with resolution no: K:2006/974 based on its decision related with 2002/I period explained above .

The Tax Office filed an appeal against the ruling; however, the 4th Administration of Council of State resolution no: K:2007/4747 ruled that the defendant’s claim on the Management’s double loss deduction should be initially reviewed and a new ruling should be made accordingly. Therefore the tax office’s resolution is overruled by the Council of State.

Although the 1st Tax Office of İstanbul had reviewed the related issues upon the Council of State’s overruling and conducted the litigation in favor of the Bank upon its resolution no: K:2010/2377, TL 48,557 of loss amount is considered as undeductible in the basis of the resolution. Therefore, the Bank has filed an appeal on 4 October 2010 for the overruling of the related resolution basis and the outcome of the appeal is still in process. As the Bank management foresees no significant risk in relation to the related lawsuits, no provision is provided in the financial statements. The Bank has increased the tax base by TL 2,863 in regards to the related lawsuit in accordance with the requirements of the Communiqué No:6111 “Restructuring of Specific Receivables and Social Insurance and General Health Insurance Law and Amendments to Some Other Laws and Requirements”.

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 2012 the total nominal value and number of certificates are TL 2,673,746 and 267,368,509 thousand (31 December 2011: TL 2,065,222 and 206,509,465 thousand) and the total fair value is TL 9,924,214 (31 December 2011: TL 8,620,803).

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 are shown below:

Moody’s Investor Services: July 2012

View	Negative
Bank Financial Strength	D+
Foreign Currency Deposits	Ba2/NP

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III. Explanations and Disclosures Related to the Consolidated Off-Balance Sheet Contingencies and Commitments (Continued)

**5. The information on the Bank’s rating by the international rating introductions (*):
(Devamı)**

Fitch Ratings: November 2012

Foreign Currency Commitments	
Long term	BBB
Short term	F3
View	Stable
Turkish Lira Commitments	
Long term	BBB+
Short term	F2
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.

IV. Explanations and Disclosures Related to the Consolidated Statement of Income

1. a) Information on interest on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	1,857,057	185,961	1,226,671	167,230
Medium and long term loans	1,312,272	165,346	975,967	114,075
Interest on non-performing loans	29,471	-	36,356	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	3,198,800	351,307	2,238,994	281,305

(*) Includes fees and commissions obtained from cash loans amounting to TL127,655 (31 December 2011: TL 111,302).

b) Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	5,949	198	3,773	141
Foreign banks	2,747	2,082	4,828	4,679
Branches and head office abroad	-	-	-	-
Total	8,696	2,280	8,601	4,820

c) Information on interest received from securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets held for Trading	54,534	8,393	57,108	52,465
Financial Assets Valued at Fair Value through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	332,950	8,204	322,110	23,278
Investments Held-to-Maturity	-	1,109	2,469	1,073
Total	387,484	17,706	381,687	76,816

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IV. Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)

d) Information on interest 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	15,072	5,910	14,677	3,089
Foreign banks	161,030	114,052	220,103	93,060
Branches and head office abroad	-	-	-	-
Other financial institutions	-	14,425	-	32,119
Total	176,102	134,387	234,780	128,268

(*) Includes fees and commission expenses of cash loans amounting to TL 4,805 (31 December 2011: TL 12,391).

b) Information on interest expenses to associates and subsidiaries:

Interest expenses to associates and subsidiaries are eliminated in the consolidated financial statements.

c) Information on interest expenses on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on securities issued	37,311	-	10,089	-
Total	37,311	-	10,089	-

d) Distribution of interest expense on deposits based on maturity of deposits:

Account Name	Time Deposits						Accumulated Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Bank deposits	2,209	8,438	569	177	64	342	-	11,799
Saving deposits	753	154,349	679,917	23,699	6,459	2,755	-	867,932
Public sector deposits	1	6,410	29,364	24	2	-	-	35,801
Commercial deposits	105	96,336	324,242	14,672	9,926	89	-	445,370
Other deposits	-	5,332	127,126	11,575	3,768	35	-	147,836
7 days call accounts	-	-	-	-	-	-	-	-
Total	3,068	270,865	1,161,218	50,147	20,219	3,221	-	1,508,738
FC								
Foreign currency deposits	513	65,271	155,152	14,108	7,709	9,180	-	251,933
Bank deposits	91	472	691	62	-	300	-	1,616
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	1,758	2,338	261	466	-	-	4,823
Total	604	67,501	158,181	14,431	8,175	9,480	-	258,372
Grand Total	3,672	338,366	1,319,399	64,578	28,394	12,701	-	1,767,110

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)

3. Information on dividend income:

	Current Period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	909	454
Other	-	-
Total	909	454

4. Information on net trading income:

	Current Period	Prior Period
Income	5,160,472	7,598,433
Gains on capital market operations	66,515	202,164
Gains on derivative financial instruments (*)	1,528,943	1,821,666
Foreign exchange gains (**)	3,565,014	5,574,603
Losses (-)	5,243,261	7,622,957
Losses on capital market operations	34,635	192,178
Loss on derivative financial instruments (*)	2,013,004	1,797,381
Foreign exchange losses (**)	3,195,622	5,633,398

(*) Foreign exchange gains on hedging transactions are TL1,410 (31 December 2011: TL 7,999), while foreign exchange losses on hedging transactions are TL15,229 (31 December 2011: TL 4,167).

(**) Foreign exchange gains on derivative financial transactions are TL37,244 (31 December 2011: TL 173,594 foreign exchange losses).

5. Information on other operating income:

There is no issue that includes new developments and can influence the Group’s income significantly.

6. Provision expenses of banks for loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	171,361	55,813
III. Group Loans and Receivables	43,943	17,937
IV. Group Loans and Receivables	50,046	19,003
V. Group Loans and Receivables	77,372	18,873
General provision expenses	146,187	86,006
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	7,981	(5,063)
Total	325,529	141,887

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IV. Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses(*)	674,717	630,745
Reserve for employee termination benefits (**)	44,814	38,817
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets (***)	71,577	82,200
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	12,744	11,436
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1,858	743
Depreciation expenses of assets to be disposed	1,676	1,147
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	539,454	510,734
Rent expenses (****)	143,115	142,584
Maintenance expenses	17,857	14,629
Advertisement expenses(*****)	67,573	60,375
Other expenses	310,909	293,146
Loss on sales of assets	3,364	1,150
Other(*****)	215,945	166,452
Total	1,566,149	1,443,424

(*) Includes restructuring expenses amounting to TL11,943 (31 December 2011: TL 12,773).

(**) Includes TL 7,646 restructuring charges (31 December 2011: TL 12,143).

(***) Includes TL 4,978 restructuring charges in 31 December 2011 (31 December 2011: None).

(****) Includes TL 1,382 restructuring charges (31 December 2011: 3,017).

(*****) Includes TL 295 restructuring charges. (31 December 2011: TL 15,923).

(*****) Included TL 26,469 (31 December 2011: TL 17,814) in other premiums paid to the Saving Deposit Insurance Fund, TL72,997 (31 December 2011: TL71,575) is other taxes and duties paid and TL11,579 (31 December 2011: TL29,406) is merger and restructuring costs.

8. Information on profit/(loss) from continued and discontinued operations before taxes:

Profit before tax of the Bank consists of net interest income and net fees and commission income amounting to TL 1,940,075 (31 December 2011: TL 1,455,165) and TL 581,553 (31 December 2011: TL 384,777), respectively; while operating expenses are TL 1,566,149 (31 December 2011: TL 1,443,424).

9. Information on tax provision for continued and discontinued operations:

- a) As of 31 December 2012, continuing operations' current tax charge is TL245,857 (31 December 2011: TL 41,478 tax charge) and deferred tax benefit is TL85,209 (31 December 2011: TL 45,942 deferred tax benefit), there is no current tax charge and deferred tax benefit in the current period from discontinued operations (31 December 2011: None).
- b) Deferred tax benefit on temporary differences resulted from discontinued operations is TL 85,209 (31 December 2011: TL 45,942 deferred tax benefit).

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IV. Explanations and Disclosures Related to the Consolidated Statement of Income (Continued)

c) Tax reconciliation:

	Current Period	Prior Period
Profit on continued and discontinued operations before taxes	638,620	313,440
Additions	171,963	141,452
Disallowables	17,745	41,747
General loan loss provision	156,361	93,132
Effect of different tax rate	(2,946)	6,573
Other	803	-
Deductions	(7,345)	(17,790)
Other	(7,345)	(17,790)
Taxable Profit / (Loss)	803,238	437,102
Corporate tax rate	20%	20%
Tax calculated for continued and discontinued operations	160,648	87,420

As of 31 December 2012, current tax charge is TL245,857 (31 December 2011: TL 41,478 current tax charge) and deferred tax charge on temporary differences is TL85,209 (31 December 2011: TL 45,942 deferred tax benefit). Net tax charge recognized in the financial statements is TL160,648 (31 December 2011: TL 87,420 net tax charge).

10. Information on net profit/(loss) from continued and discontinued operations:

The Group’s net profit from continued operations for the year ended 31December 2012 is TL 477,972 (31 December 2011: TL 226,020). The Group has not made net profit from discontinued operations (31 December 2011: None).

11. The explanations on net income / loss for the period:

- a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Parent Bank’s performance for the period: None (31 December 2011: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2011: None).
- c) Profit or loss attributable to minority shares:

	Current Period	Prior Period
Profit or loss attributable to minority shares	1,542	1,456

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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:

Other interest income	Current Period	Prior Period
Interest income from factoring receivables	89,765	66,032
Other	7,498	867
Total	97,263	66,899

Other fees and commissions received	Current Period	Prior Period
Credit cards commissions and fees	441,309	284,867
Intelligence fee and commissions	45,753	14,198
Insurance commissions received	40,233	27,295
Transfer commissions	30,533	21,456
Funds management fees	28,393	41,027
Brokerage commissions	25,140	26,972
Settlement expense provision, eft, swift, agency commissions	15,347	11,243
Commissions and fees earned from correspondent banks	14,880	12,124
Other	178,689	112,535
Total	820,277	551,717

Other fees and commissions given	Current Period	Prior Period
Credit cards commissions and fees	258,824	172,721
Commissions and fees paid to correspondent banks	16,315	14,490
Settlement and swift commissions	8,891	9,090
Other	48,833	37,854
Total	332,863	234,155

V. Explanations and Disclosures Related to Consolidated Statement of Changes in Shareholders' Equity

- a) Increase resulting from revaluation of financial assets available for sale is TL 201,567 (31 December 2011: TL 233,601 decrease) and deferred tax effect of this change is TL 40,340 (31 December 2011: TL 46,720).

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: TL 205,132 income (31 December 2011: TL 169,355).

The amount recycled from equity to net income/loss account if the loss or gain related with measurement at fair value is recorded to equity for the financial assets available-for-sale (excluding the assets related to hedging): TL 3,565 profit (31 December 2011: TL 64,246 profit).

- 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 2012 is TL 67,713 (31 December 2011: TL 5,631 increase) and deferred tax effect of this change is TL 13,543 (31 December 2011: TL 1,126).

- c) The reconciliation related with foreign exchange amounts in the beginning and end of the period: None.

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V. Explanations and Disclosures Related to Consolidated Statement of Changes in Shareholders' Equity (Continued)

- 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 13,522 in 2012 (31 December 2011: TL 16,905).
- h) Information on shares issued:

The Group has not recorded any shares issued in “Share Premium” account in the current period.

VI. Explanations and Disclosures Related to Statement of Consolidated 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 1,754,473 (31 December 2011: TL 1,330,863) 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 209,326 (31 December 2011: TL 100,992) 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 1,996,572 (31 December 2011: TL 295,334) consists of changes in sundry debtors and other assets.

“Other items” amounting to TL 17,666 (31 December 2011: TL 10,463) 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 24,885 for the year 2012 (31 December 2011: TL 199,750).

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VI. Explanations and Disclosures Related to Statement of Consolidated Cash Flows (Continued)

2. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

Beginning of the period	Current Period	Prior Period
Cash	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

End of the period	Current Period	Prior Period
Cash	1,088,529	2,429,726
Cash in TL/Foreign Currency	591,035	487,810
Central Bank – Unrestricted amount	447,146	1,616,648
Other	50,348	325,268
Nakde Eşdeğer Varlıklar	2,493,245	1,082,908
Banks	793,015	559,663
Money market placements	1,700,230	523,245
Total cash and cash equivalents	3,581,774	3,512,634

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:

Prior period balances for balance sheet items are presented as of 31 December 2011, for income/expenses items presented as of 31 December 2012.

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	-	-	76,412	4	130,321	231,970
Balance at end of period	-	-	2,815	4	54,057	396,822
Interest and commission income	-	-	3,684	23	16,163	95

Direct and indirect shareholders of the Bank balance above includes TL 2,118 and other entities included in the risk group balance above includes TL 11,590 placement in foreign banks.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM
1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations on the Risk Group of the Parent Bank (Continued)

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	-	-	38,643	40,782	208,651	117,172
Balance at end of period	-	-	76,412	4	130,321	231,970
Interest and commission income	-	-	2,911	20	8,143	333

Direct and indirect shareholders of the Bank balance above includes TL 1,913 and other entities included in the risk group balance above includes TL 15,701 placement in foreign banks.

c.1) Information on related party deposits balances:

Related parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current period	Prior period	Current Period	Prior Period
	Deposits					
Balance at beginning of period	-	-	430,246	1,024,799	403,147	391,344
Balance at end of period	-	-	471,343	430,246	307,130	403,147
Interest on deposits	-	-	32,042	28,992	26,415	12,259

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances: (Continued)

c.2) Information on forward and option agreements and other similar agreements made with related parties:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Financial Assets at Fair Value Through Profit and Loss					
Beginning of period	-	-	9,647,651	3,178,878	178,125	887,840
End of period	-	-	8,814,102	9,647,651	3,628	178,125
Total income/loss	-	-	12,945	(22,025)	792	10,671
Hedging transactions purposes						
Beginning of period	-	-	522,500	201,151	-	-
End of period	-	-	830,956	522,500	-	-
Total income/loss	-	-	(16,405)	(5,836)	-	-

d) As of 31 December 2012, the total amount of remuneration and fees provided for the senior management of the Group is TL 35,762 (31 December 2011: TL 31,400).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM
1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION SIX

OTHER EXPLANATIONS

I. Explanations on the Operations of the Parent Bank

None.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRK EKONOMİ BANKASI A.Ş.
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM
1 JANUARY TO 31 DECEMBER 2012**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION SEVEN

INDEPENDENT AUDITOR’S AUDIT REPORT

I. Explanations on the Independent Auditor’s Report

The consolidated financial statements of the Bank were audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the independent auditor’s report dated 14 February 2013 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors

None.

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TÜRK EKONOMİ BANKASI HEADQUARTERS

TEB Kampüs C ve D Blok
Saray Mah. Sokullu Cad. No:7A - 7B
Ümraniye 34768 / İSTANBUL

T 0216 635 35 35
E-mail info@teb.com.tr
Web www.teb.com.tr

BRANCHES

	NAME OF BRANCH	TELEPHONE	FAX
1	Ankara Branch	+90 312 448 15 00	+90 216 636 34 62
2	İstanbul Kurumsal Branch	+90 212 356 21 51	+90 216 636 34 83
3	Osmanbey Branch	+90 212 234 12 16	+90 216 636 34 84
4	Bakırköy Branch	+90 212 543 51 07	+90 216 636 34 85
5	Suadiye Branch	+90 216 463 58 40	+90 216 636 34 86
6	Etiler Branch	+90 212 257 78 00	+90 216 636 34 87
7	Bursa Branch	+90 224 224 41 61	+90 216 636 34 88
8	Kozyatağı Kurumsal Branch	+90 216 445 08 38	+90 216 636 34 89
9	Denizli Branch	+90 258 241 28 01	+90 216 636 34 90
10	İzmit Branch	+90 262 322 36 00	+90 216 636 34 91
11	Bayrampaşa Branch	+90 212 565 28 50	+90 216 636 34 92
12	Kayseri Branch	+90 352 222 11 23	+90 216 636 34 93
13	Antalya Branch	+90 242 248 48 01	+90 216 636 34 94
14	Adana Branch	+90 322 363 17 74	+90 216 636 34 95
15	Gaziantep Branch	+90 342 215 41 00	+90 216 636 34 96
16	Eminönü Branch	+90 212 514 11 51	+90 216 636 34 97
17	Konya Branch	+90 332 236 10 67	+90 216 636 34 98
18	Kahramanmaraş Branch	+90 344 231 20 81	+90 216 636 34 99
19	Merter Branch	+90 212 641 15 05	+90 216 636 35 00
20	Ulus Ankara Branch	+90 312 309 03 08	+90 216 636 35 01
21	Gebze Branch	+90 262 643 02 65	+90 216 636 35 02
22	Pendik E-5 Branch	+90 216 379 93 93	+90 216 636 35 03
23	Mersin Branch	+90 324 238 68 40	+90 216 636 34 66
24	Güneşli Branch	+90 212 630 91 10	+90 216 636 35 04
25	İzmir Branch	+90 232 489 10 60	+90 216 636 34 78
26	Eskişehir Branch	+90 222 220 24 24	+90 216 636 35 05
27	Kalamış Branch	+90 216 302 29 49	+90 216 636 35 06
28	Ümraniye Branch	+90 216 461 60 71	+90 216 636 34 77
29	Maçka Branch	+90 212 219 38 70	+90 216 636 35 07
30	Beylikdüzü Branch	+90 212 875 64 60	+90 216 636 34 64
31	Bebek Branch	+90 212 287 79 31	+90 216 636 35 08
32	Levent Sanayi Branch	+90 212 325 90 98	+90 216 636 35 09
33	Pınarbaşı Branch	+90 232 478 45 34	+90 216 636 33 04
34	Kemalpaşa Branch	+90 232 877 06 60	+90 216 636 35 10
35	Karabağlar Branch	+90 232 254 53 43	+90 216 636 35 11
36	Yeşilköy Branch	+90 212 662 45 99	+90 216 636 35 12

37	Trakya Kurumsal Branch	+90 212 474 03 04	+90 216 636 34 67
38	Kozyatağı Branch	+90 216 355 07 37	+90 216 636 35 13
39	Orta Anadolu Kurumsal Branch	+90 312 468 67 00	+90 216 636 35 14
40	Marmara Kurumsal Branch	+90 224 224 91 21	+90 216 636 35 15
41	Gazipaşa Bulvarı Branch	+90 322 457 14 12	+90 216 636 35 16
42	İkitelli Branch	+90 212 549 17 05	+90 216 636 35 17
43	İmes Sanayi Sitesi Branch	+90 216 527 12 01	+90 216 636 35 18
44	Mecidiyeköy Branch	+90 212 274 53 44	+90 216 636 35 19
45	Bursa Serbest Bölge Branch	+90 224 524 86 26	+90 216 636 34 59
46	Çarşı İzmir Branch	+90 232 449 18 38	+90 216 636 34 72
47	AOS/Çiğli Branch	+90 232 376 83 43	+90 216 636 35 20
48	Ege Kurumsal Branch	+90 232 483 55 55	+90 216 636 35 21
49	İzmir Gündoğdu Branch	+90 232 464 57 76	+90 216 636 35 22
50	Özel Bankacılık Merkezi Branch	+90 212 284 90 61	+90 216 636 33 00
51	Aksaray İstanbul Branch	+90 212 632 68 78	+90 216 636 35 23
52	Antakya Branch	+90 326 225 28 80	+90 216 636 35 24
53	Avcılar Branch	+90 212 690 21 90	+90 216 636 35 25
54	Aydın Branch	+90 256 213 67 80	+90 216 636 35 26
55	Bahçeşehir Branch	+90 212 669 23 00	+90 216 636 35 27
56	Balıkesir Branch	+90 266 244 01 30	+90 216 636 35 28
57	Beşiktaş Branch	+90 212 227 70 65	+90 216 636 35 29
58	Beşyüzevler Branch	+90 212 477 57 57	+90 216 636 35 30
59	İskenderun Branch	+90 326 614 19 19	+90 216 636 35 32
60	Karşıyaka İzmir Branch	+90 232 364 55 00	+90 216 636 35 33
61	Altıyol Branch	+90 216 414 85 84	+90 216 636 35 34
62	Karadeniz Ereğli Branch	+90 372 322 52 08	+90 216 636 35 35
63	Malatya Branch	+90 422 325 42 62	+90 216 636 35 36
64	Samsun Branch	+90 362 432 99 88	+90 216 636 35 37
65	Trabzon Branch	+90 462 323 08 70	+90 216 636 35 38
66	Uşak Branch	+90 276 224 51 64	+90 216 636 35 39
67	Zeytinburnu Branch	+90 212 679 20 75	+90 216 636 35 40
68	Altunizade Branch	+90 216 474 35 63	+90 216 636 34 63
69	Davutpaşa Branch	+90 212 501 82 14	+90 216 636 35 41
70	Şehitkamil Gaziantep Branch	+90 342 322 05 80	+90 216 636 35 42
71	Bayramyeri Branch	+90 258 264 94 64	+90 216 636 35 43
72	Bornova Branch	+90 232 343 84 85	+90 216 636 35 44
73	Gaziosmanpaşa Ankara Branch	+90 312 447 74 40	+90 216 636 35 45
74	Marmaris Branch	+90 252 413 40 01	+90 216 636 35 46
75	Nilüfer Branch	+90 224 249 96 01	+90 216 636 35 47
76	Taksim Branch	+90 212 361 60 00	+90 216 636 34 69
77	Meşrutiyet Caddesi Branch	+90 312 425 63 00	+90 216 636 35 48
78	Bodrum Branch	+90 252 316 89 38	+90 216 636 34 71
79	Manavgat Branch	+90 242 743 29 80	+90 216 636 35 49
80	Alanya Branch	+90 242 511 05 14	+90 216 636 35 50
81	Çorlu Branch	+90 282 673 62 00	+90 216 636 35 51
82	Caddebostan Branch	+90 216 359 47 06	+90 216 636 35 52
83	Kazasker Branch	+90 216 380 88 40	+90 216 636 34 76
84	Levent Çarşı Branch	+90 212 283 70 50	+90 216 636 35 53
85	Adapazarı Branch	+90 264 282 37 80	+90 216 636 35 54
86	Manisa Branch	+90 236 237 36 36	+90 216 636 35 55

87	Lara Branch	+90 242 312 11 51	+90 216 636 35 56
88	Afyon Branch	+90 272 214 34 00	+90 216 636 35 57
89	Atatürk Caddesi Adana Branch	+90 322 457 80 28	+90 216 636 35 58
90	Büsan Sanayi Branch	+90 332 345 35 00	+90 216 636 35 59
91	Hadımköy Branch	+90 212 886 67 77	+90 216 636 35 60
92	Beşevler Sanayi Branch	+90 224 443 40 44	+90 216 636 35 61
93	Maltepe İstanbul Branch	+90 216 457 56 76	+90 216 636 35 62
94	Sefaköy Branch	+90 212 599 34 24	+90 216 636 35 63
95	Beyazıt Branch	+90 212 526 28 38	+90 216 636 35 64
96	Ostim Branch	+90 312 385 85 91	+90 216 636 35 65
97	Ortaklar Caddesi Branch	+90 212 288 38 00	+90 216 636 35 66
98	Güneşli Tahsilat Veznesi Branch	+90 212 515 52 46	+90 216 636 35 67
99	Perpa Branch	+90 212 222 12 40	+90 216 636 35 68
100	Diyarbakır Branch	+90 412 251 30 10	+90 216 636 35 69
101	Maslak Branch	+90 212 345 10 80	+90 216 636 35 70
102	Ortaköy Branch	+90 212 236 30 10	+90 216 636 35 71
103	Pendik Branch	+90 216 483 63 33	+90 216 636 35 72
104	Üsküdar Branch	+90 216 334 35 64	+90 216 636 35 73
105	Fethiye Branch	+90 252 612 99 45	+90 216 636 35 74
106	Çiftelahuzlar Branch	+90 216 467 51 11	+90 216 636 35 75
107	Şanlıurfa Branch	+90 414 315 41 65	+90 216 636 35 76
108	Necatibey Branch	+90 312 229 01 00	+90 216 636 35 77
109	Kadıköy Rihtim Branch	+90 216 550 87 27	+90 216 636 35 78
110	Kızılay Branch	+90 312 419 72 00	+90 216 636 35 79
111	Karaköy Branch	+90 212 245 33 35	+90 216 636 35 80
112	Kartal Çarşı Branch	+90 216 517 17 67	+90 216 636 35 81
113	Siteler Branch	+90 312 351 08 38	+90 216 636 35 82
114	Bolu Branch	+90 374 217 54 00	+90 216 636 35 83
115	Çekmeköy Branch	+90 216 420 62 00	+90 216 636 35 84
116	Çorum Branch	+90 364 225 00 88	+90 216 636 35 85
117	Körfez Kurumsal Branch	+90 262 751 43 43	+90 216 636 35 86
118	Göztepe İstanbul Branch	+90 216 385 05 33	+90 216 636 35 87
119	Tahtakale Branch	+90 212 527 30 31	+90 216 636 35 88
120	Erzurum Branch	+90 442 235 55 92	+90 216 636 35 89
121	Üçkapılar Branch	+90 242 247 12 60	+90 216 636 35 90
122	Balgat Branch	+90 312 285 35 00	+90 216 636 35 91
123	Heykel Branch	+90 224 223 76 46	+90 216 636 35 92
124	İçerenköy Branch	+90 216 469 59 35	+90 216 636 34 65
125	Fatsa Branch	+90 452 423 92 10	+90 216 636 35 93
126	Didim Branch	+90 256 813 85 84	+90 216 636 35 94
127	Kavacık Branch	+90 216680 30 24	+90 216 636 35 95
128	Yüreğir Branch	+90 322 322 36 00	+90 216 636 35 96
129	Çağlayan Branch	+90 212 296 61 62	+90 216 636 35 97
130	Çarşamba Branch	+90 362 832 27 67	+90 216 636 35 98
131	Ataköy Branch	+90 212 560 46 86	+90 216 636 35 99
132	İzmir Göztepe Branch	+90 232 224 19 06	+90 216 636 36 00
133	Elazığ Branch	+90 424 212 83 00	+90 216 636 36 01
134	Gazlıca Branch	+90 224 220 04 35	+90 216 636 36 02
135	Yıldız Branch	+90 312 438 85 00	+90 216 636 36 03
136	Barkal Branch	+90 322 432 62 00	+90 216 636 36 04

137	Garajlar Branch	+90 224 250 27 07	+90 216 636 36 05
138	Niğde Branch	+90 388 233 81 11	+90 216 636 36 06
139	İvedik Branch	+90 312 395 46 60	+90 216 636 36 07
140	Fethiye İnönü Bulvarı Branch	+90 252 614 74 03	+90 216 636 36 08
141	Bodrum Çarşısı Branch	+90 252 313 35 40	+90 216 636 36 09
142	Kayseri Sanayi Branch	+90 352 336 00 01	+90 216 636 36 10
143	Konyaaltı Branch	+90 242 247 81 84	+90 216 636 34 68
144	Alanya Mahmutlar Branch	+90 242 528 74 70	+90 216 636 36 12
145	Kemer Branch	+90 242 814 75 25	+90 216 636 36 13
146	Gatem Branch	+90 342 238 42 72	+90 216 636 36 14
147	Bağcılar Branch	+90 212 433 19 33	+90 216 636 36 15
148	Akçaabat Branch	+90 462 228 14 11	+90 216 636 34 73
149	Topçular Branch	+90 212 493 47 24	+90 216 636 36 16
150	Des Sanayi Branch	+90 216 466 43 33	+90 216 636 36 17
151	Mega Center Branch	+90 212 437 35 85	+90 216 636 36 18
152	Samsun Sanayi Branch	+90 362 228 80 00	+90 216 636 36 19
153	Ordu Branch	+90 452 214 08 00	+90 216 636 36 20
154	Acıbadem Branch	+90 216 327 55 65	+90 216 636 36 21
155	Teksan Branch	+90 222 228 00 97	+90 216 636 36 22
156	Çanakkale Branch	+90 286 213 27 27	+90 216 636 36 23
157	Gaziosmanpaşa İstanbul Branch	+90 212 581 55 95	+90 216 636 36 24
158	Kurtköy Branch	+90 216 595 05 70	+90 216 636 36 25
159	Çallı Branch	+90 242 344 61 56	+90 216 636 36 26
160	Büyükçekmece Branch	+90 212 881 11 15	+90 216 636 36 27
161	Edremit Branch	+90 266 374 15 00	+90 216 636 36 28
162	Sincan Branch	+90 312 269 37 87	+90 216 636 36 29
163	Salihli Branch	+90 236 715 11 81	+90 216 636 36 30
164	Gemlik Branch	+90 224 514 22 22	+90 216 636 36 31
165	Sultanbeyli Branch	+90 216 419 46 16	+90 216 636 36 32
166	Rize Branch	+90 464 213 39 90	+90 216 636 36 33
167	Suburcu Branch	+90 342 232 01 60	+90 216 636 36 34
168	İstoç Branch	+90 212 659 92 45	+90 216 636 36 35
169	Samsun Çiftlik Branch	+90 362 432 60 78	+90 216 636 34 57
170	Çınar Branch	+90 258 264 98 68	+90 216 636 34 79
171	İzmir Çankaya Branch	+90 232 445 85 40	+90 216 636 36 37
172	Sarıyer Branch	+90 212 218 59 29	+90 216 636 36 38
173	Florya Branch	+90 212 662 12 48	+90 216 636 36 39
174	Manisa-KES Branch	+90 236 233 31 36	+90 216 636 36 40
175	Akdeniz Sanayi Branch	+90 242 221 66 76	+90 216 636 36 41
176	Lüleburgaz Branch	+90 288 412 56 56	+90 216 636 36 42
177	Saydam Caddesi Branch	+90 322 359 72 07	+90 216 636 36 43
178	İncirli Branch	+90 212 543 66 36	+90 216 636 36 44
179	İzmir 1. Sanayi Branch	+90 232 458 55 99	+90 216 636 36 45
180	Kurtuluş İstanbul Branch	+90 212 291 38 30	+90 216 636 36 46
181	Laleli Branch	+90 212 638 76 22	+90 216 636 36 47
182	Aliğa Branch	+90 232 616 43 44	+90 216 636 36 48
183	Bankalar Caddesi Branch	+90 212 293 22 42	+90 216 636 36 49
184	Edirne Branch	+90 284 214 93 23	+90 216 636 36 50
185	Gültepe Branch	+90 212 269 52 30	+90 216 636 36 51
186	Van Branch	+90 432 216 44 94	+90 216 636 36 52

187	Balçova Branch	+90 232 278 98 19	+90 216 636 34 70
188	Gölcük Branch	+90 262 414 71 51	+90 216 636 36 53
189	Tuzla OSB Branch	+90 216 593 27 07	+90 216 636 36 54
190	Valikonağı Branch	+90 212232 02 68	+90 216 636 36 55
191	İstanbul Ulus Branch	+90 212 269 52 80	+90 216 636 36 56
192	Demirciler Sitesi Branch	+90 212 665 26 76	+90 216 636 36 57
193	Avcılar Borusan Branch	+90 212 412 02 48	+90 216 636 36 58
194	Tümsan Sanayi Sitesi Branch	+90 212 485 48 80	+90 216 636 36 59
195	Tekirdağ Branch	+90 282 260 67 68	+90 216 636 36 60
196	Zafer Sanayi Branch	+90 332 249 72 72	+90 216 636 36 61
197	Ümitköy Branch	+90 312 236 35 30	+90 216 636 36 62
198	Sakarya Caddesi Branch	+90 222 220 10 63	+90 216 636 36 63
199	İmsan Branch	+90 212 472 53 10	+90 216 636 36 64
200	Menemen Branch	+90 232 831 00 50	+90 216 636 36 65
201	Gimat Branch	+90 312 397 23 53	+90 216 636 36 66
202	Bostanlı Branch	+90 232 330 66 63	+90 216 636 36 67
203	Maltepe Çarşı İstanbul Branch	+90 216459 50 67	+90 216 636 36 68
204	Şirinevler Branch	+90 212 503 43 00	+90 216 636 36 69
205	İstanbul Bahçelievler Branch	+90 212 556 39 29	+90 216 636 36 70
206	Cihangir Branch	+90 212 244 03 23	+90 216 636 36 71
207	Tuzla Branch	+90 216 493 63 23	+90 216 636 36 72
208	Tarsus Branch	+90 324 614 76 16	+90 216 636 36 73
209	Sivas Caddesi Branch	+90 352 235 53 40	+90 216 636 36 74
210	Şaşmaz Branch	+90 312 278 30 00	+90 216 636 36 75
211	Aksaz Branch	+90 252 421 06 26	+90 216 636 33 77
212	Avcılar Çarşı Branch	+90 212 591 95 99	+90 216 636 34 60
213	Değirmendere Trabzon Branch	+90 462 325 78 01	+90 216 636 36 77
214	Isparta Branch	+90 246 233 07 70	+90 216 636 36 78
215	Gebze E5 Branch	+90 262 643 88 60	+90 216 636 36 79
216	İnönü Caddesi Malatya Branch	+90 422 323 01 10	+90 216 636 36 80
217	Gül Sokak Branch	+90 232 463 00 02	+90 216 636 36 81
218	Sivas Branch	+90 346 222 16 06	+90 216 636 36 82
219	Çeşme Branch	+90 232 712 23 93	+90 216 636 36 83
220	Ödemiş Branch	+90 232 545 30 60	+90 216 636 36 84
221	Nizip Branch	+90 342 517 58 00	+90 216 636 36 85
222	Yeniköy Branch	+90 212 223 00 83	+90 216 636 34 74
223	Etimesgut Branch	+90 312 243 38 00	+90 216 636 36 86
224	Tire Branch	+90 232 512 56 46	+90 216 636 34 61
225	Nuruosmaniye Branch	+90 212 512 29 29	+90 216 636 36 87
226	Mezitli Branch	+90 324 357 58 63	+90 216 636 36 88
227	Güllük Branch	+90 242 243 83 10	+90 216 636 36 89
228	Mevlana Branch	+90 332 353 00 11	+90 216 636 36 90
229	Muğla Branch	+90 252 212 13 06	+90 216 636 36 91
230	Akhisar Branch	+90 236 414 80 79	+90 216 636 34 80
231	Konya Ereğli Branch	+90 332 713 40 30	+90 216 636 36 92
232	Silivri Branch	+90 212 727 88 11	+90 216 636 36 93
233	Viranşehir Branch	+90 414 511 99 19	+90 216 636 36 94
234	Lefkoşa Branch	+90 392 229 20 40	+90 392 229 07 62
235	Gazimağusa Branch	+90 392 365 59 20	+90 392 365 59 31
236	Girne Branch	+90 392 815 85 10	+90 392 815 48 14

237	İnegöl Branch	+90 224 713 73 79	+90 216 636 36 98
238	Altıntepe Branch	+90 216 417 06 51	+90 216 636 36 99
239	Kastamonu Branch	+90 366 214 06 67	+90 216 636 34 00
240	Adana Mobilyacılar Branch	+90 322 346 47 01	+90 216 636 34 01
241	Giresun Branch	+90 454 216 01 61	+90 216 636 34 02
242	Kuyumcukent Branch	+90 212 603 13 63	+90 216 636 34 03
243	Bursa Oto Sanayi Sitesi Branch	+90 224 346 05 05	+90 216 636 34 04
244	Burdur Branch	+90 248 234 41 40	+90 216 636 34 05
245	Uncalı Branch	+90 242 229 73 31	+90 216 636 34 07
246	Şirinyer Branch	+90 232 452 12 12	+90 216 636 34 08
247	Biga Branch	+90 286 317 47 73	+90 216 636 34 09
248	Kaynarca Branch	+90 216 396 77 69	+90 216 636 34 10
249	Gaziemir Branch	+90 232 251 82 66	+90 216 636 34 11
250	Yıldırım Branch	+90 224 364 50 79	+90 216 636 34 12
251	Adıyaman Branch	+90 416 216 00 74	+90 216 636 34 13
252	Aspendos Kurumsal Branch	+90 242 321 94 50	+90 216 636 34 14
253	Karabük Branch	+90 370 415 43 32	+90 216 636 34 15
254	Çerkezköy Branch	+90 282 726 52 01	+90 216 636 34 16
255	Ankara 4. Kolordu Branch	+90 312 351 10 33	+90 216 636 34 17
256	Akşehir Branch	+90 332 812 13 43	+90 216 636 34 18
257	Düzce Branch	+90 380 514 72 62	+90 216 636 34 19
258	Erenler Sanayi Branch	+90 264 241 96 88	+90 216 636 34 20
259	Çorlu Çarşısı Branch	+90 282 654 44 62	+90 216 636 34 21
260	Hopa Branch	+90 466 351 83 43	+90 216 636 34 22
261	Karacabey Branch	+90 224 676 47 57	+90 216 636 34 23
262	Turgutlu Branch	+90 236 312 17 87	+90 216 636 34 24
263	Fener Branch	+90 242 324 04 90	+90 216 636 34 25
264	Keşan Branch	+90 284 715 45 46	+90 216 636 34 26
265	Avrupa Koleji Kazlıçeşme Kampüsü Branch	+90 212 549 89 80	+90 216 636 32 41
266	Konak Branch	+90 232 483 34 05	+90 216 636 34 28
267	Hürriyet Branch	+90 224 2402142	+90 216 636 34 29
268	Demirtaş Branch	+90 224 211 07 77	+90 216 636 34 30
269	Vakfıkebir Branch	+90 462 841 48 60	+90 216 636 34 31
270	Kuyubaşı Branch	+90 216 330 64 74	+90 216 636 33 06
271	Ofis Branch	+90 412 229 27 27	+90 216 636 34 32
272	Anamur Branch	+90 324 814 33 10	+90 216 636 33 07
273	İzmit Sanayi Sitesi Branch	+90 262 335 15 45	+90 216 636 33 02
274	Çankaya Ankara Branch	+90 312 440 00 73	+90 216 636 33 03
275	Keçiören Branch	+90 312 360 00 77	+90 216 636 33 08
276	Kazım Karabekir Branch	+90 312 310 32 02	+90 216 636 33 09
277	Yalova Branch	+90 226 811 42 22	+90 216 636 33 10
278	Tunalı Hilmi Branch	+90 312 468 80 13	+90 216 636 33 11
279	Sarıçam Branch	+90 322 321 01 58	+90 216 636 33 12
280	Bekirpaşa Branch	+90 262 324 21 88	+90 216 636 33 13
281	Bodrum Gümbet Branch	+90 252 317 22 02	+90 216 636 33 14
282	Kestel Branch	+90 224 372 56 69	+90 216 636 33 15
283	Erzincan Branch	+90 446 212 04 31	+90 216 636 33 16
284	Borusan İstinye Branch	+90 212 359 30 30	+90 216 636 33 17
285	Antalya Toptancı Hali Branch	+90 242 338 39 89	+90 216 636 33 18
286	Toptancılar Çarşısı İzmir Branch	+90 232 469 73 10	+90 216 636 33 19

287	Tuzla Deniz Harp Okulu Branch	+90 216 447 48 94	+90 216 636 33 20
288	Nazilli Branch	+90 256 315 51 21	+90 216 636 33 21
289	Hatay İzmir Branch	+90 232 228 06 01	+90 216 636 33 22
290	Merzifon Branch	+90 358 513 74 94	+90 216 636 33 23
291	Binevler Gaziantep Branch	+90 342 336 34 06	+90 216 636 33 24
292	Körfez Branch	+90 262 527 66 66	+90 216 636 33 34
293	Mardin Branch	+90 482 213 13 03	+90 216 636 33 26
294	Batman Branch	+90 488 214 00 76	+90 216 636 33 27
295	Yenibosna Branch	+90 212 653 73 10	+90 216 636 33 29
296	Serik Branch	+90 242 722 10 77	+90 216 636 33 30
297	Kumluca Branch	+90 242 889 01 11	+90 216 636 33 31
298	Zafer Branch	+90 332 351 74 34	+90 216 636 33 32
299	Bafra Branch	+90 362 543 15 20	+90 216 636 33 33
300	Fatih Branch	+90 212 533 16 66	+90 216 636 33 35
301	Esenyurt Branch	+90 212 699 24 10	+90 216 636 33 36
302	Şirehanı Branch	+90 342 231 78 08	+90 216 636 33 37
303	Ankara Zırhlı Birlikler Branch	+90 312 249 13 44	+90 216 636 33 38
304	Kırklareli Branch	+90 288 212 82 83	+90 216 636 33 39
305	Soma Branch	+90 236 613 57 50	+90 216 636 33 40
306	Çengelköy Branch	+90 216 557 93 00	+90 216 636 33 41
307	Çetin Emeç Branch	+90 312 473 34 90	+90 216 636 33 42
308	Sarıgazi Branch	+90 216 622 74 04	+90 216 636 33 43
309	Mithatpaşa Branch	+90 312 435 48 10	+90 216 636 33 44
310	4. Sanayi Branch	+90 232 375 77 57	+90 216 636 33 45
311	İstinye Branch	+90 212 229 18 09	+90 216 636 33 46
312	Bucak Branch	+90 248 325 01 21	+90 216 636 33 47
313	Alemdar Branch	+90 262 331 00 43	+90 216 636 33 48
314	Tuzla Piyade Okulu Branch	+90 216 447 53 70	+90 216 636 33 50
315	Bandırma Branch	+90 266 718 07 44	+90 216 636 33 51
316	Metropol Mersin Branch	+90 324 337 50 05	+90 216 636 33 52
317	Yeniköy Antalya Branch	+90 242 421 44 52	+90 216 636 33 53
318	Aksaray Branch	+90 382 213 16 16	+90 216 636 33 54
319	Torbalı Branch	+90 232 856 71 01	+90 216 636 33 56
320	Güneydoğu Anadolu Kurumsal Branch	+90 342 323 88 60	+90 216 636 33 58
321	Çukurova Kurumsal Branch	+90 322 453 68 62	+90 216 636 33 59
322	Altıparmak Branch	+90 224 224 54 15	+90 216 636 33 63
323	Orhangazi Branch	+90 224 572 32 22	+90 216 636 33 69
324	Zekeriya köy Branch	+90 212 202 95 07	+90 216 636 33 70
325	Kenan Evren Adana Branch	+90 322 231 18 55	+90 216 636 33 74
326	Arkas Esentepe Tahsilat Veznesi Branch	+90 212 340 53 37	+90 216 636 33 75
327	MSC Gemi Zincirlikuyu Tahsilat Veznesi Branch	+90 212 318 83 00	+90 216 636 33 76
328	Fındıklı Branch	+90 212 252 74 00	+90 216 636 36 76
329	Kars Branch	+90 474 223 97 90	+90 216 636 33 78
330	Kırıkkale Branch	+90 318 218 08 68	+90 216 636 33 79
331	Harbiye Branch	+90 212 246 51 50 +90 212 246 51 55	+90 216 636 34 52
332	Montrö Branch	+90 232 441 49 00	+90 216 636 32 97
333	Başkent Çankaya Branch	+90 312 442 43 00	+90 216 636 32 27
334	Şişli Meydan Branch	+90 212 231 33 97	+90 216 636 33 83
335	Bursa Organize Sanayi Branch	+90 224 241 99 10	+90 216 636 32 99

336	Mersin Çamlıbel Branch	+90 324 239 04 62	+90 216 636 31 08
337	Antalya Muratpaşa Branch	+90 242 243 49 50	+90 216 636 32 98
338	Denizli Saraylar Branch	+90 258 264 88 05	+90 216 636 31 11
339	Erenköy Branch	+90 216 411 33 47	+90 216 636 31 78
340	Sirkeci Branch	+90 212 522 80 50	+90 216 636 33 91
341	Yıldız Posta Branch	+90 212 272 61 70	+90 216 636 33 92
342	Bakırköy Meydan Branch	+90 212 543 63 08	+90 216 636 33 95
343	Karşıyaka Branch	+90 232 368 77 84	+90 216 636 32 32
344	Bornova Çarşı Branch	+90 232 373 15 32	+90 216 636 31 12
345	Beykent Üniversitesi Branch	+90 212 332 03 30	+90 216 636 52 71
346	Santral Ümraniye Branch	+90 216 443 98 75	+90 216 636 31 88
347	Anadolu Adliyesi Branch	+90 216 510 51 41	+90 216 636 33 49
348	Güneşli Çarşı Branch	+90 212 630 19 19	+90 216 636 31 37
349	Kayseri Çarşı Branch	+90 352 232 80 20	+90 216 636 31 22
350	Maslak Sanayi Branch	+90 212 346 21 31	+90 216 636 33 87
351	Beylikdüzü E-5 Branch	+90 212 852 39 49	+90 216 636 31 66
352	Keresteciler Sitesi Branch	+90 212 637 01 85	+90 216 636 31 41
353	Gaziantep İncilipınar Branch	+90 342 215 25 86	+90 216 636 31 23
354	Demetevler Branch	+90 312 335 71 00	+90 216 636 52 74
355	Gebze Çarşı Branch	+90 262 643 19 75	+90 216 636 31 89
356	Nalçacı Konya Branch	+90 332 237 72 00	+90 216 636 31 24
357	Eskişehir İki Eylül Caddesi Branch	+90 222 230 22 37	+90 216 636 31 42
358	Trabzon Gazipaşa Branch	+90 462 322 49 70	+90 216 636 31 25
359	Çarşı İzmit Branch	+90 262 323 23 03	+90 216 636 31 13
360	Karabağlar Yeşillik Caddesi Branch	+90 232 265 36 36	+90 216 636 32 35
361	Sefaköy Halkalı Caddesi Branch	+90 212 425 08 90	+90 216 636 31 49
362	Karya Bodrum Branch	+90 252 313 67 80	+90 216 636 31 50
363	Şanlıurfa Sarayönü Caddesi Branch	+90 414 216 82 00	+90 216 636 31 52
364	4. Levent Branch	+90 212 325 08 17	+90 216 636 33 88
365	İskenderun Şehit Pamir Caddesi Branch	+90 326 613 42 18	+90 216 636 31 67
366	Yenişehir Branch	+90 312 425 75 30	+90 216 636 32 96
367	İstanbul Mecidiyeköy Branch	+90 212 213 64 20	+90 216 636 34 55
368	Batı Ataşehir Branch	+90 216 470 66 99	+90 216 636 33 55
369	İstanbul Fındıkzade Branch	+90 212 531 36 12	+90 216 636 33 96
370	Kozyatağı E-5 Branch	+90 216 410 09 70	+90 216 636 52 54
371	Boğaziçi Kurumsal Branch	+90 212 347 07 67	+90 216 636 34 37
372	Haznedar Bahçelievler Branch	+90 212 677 96 54	+90 216 636 31 38
373	İstanbul Ataşehir Branch	+90 216 455 70 92	+90 216 636 31 90
374	İstanbul Kapalıçarşı Branch	+90 212 519 31 32	+90 216 636 33 80
375	Maltepe İstasyon Yolu Branch	+90 216 399 10 99	+90 216 636 34 41
376	Mersin Çarşı Branch	+90 324 237 17 00	+90 216 636 31 43
377	Adana Çarşı Branch	+90 322 352 01 30	+90 216 636 32 95
378	Adana Toros Branch	+90 322 232 57 40	+90 216 636 31 91
379	İstanbul Mercan Branch	+90 212 513 37 02	+90 216 636 33 82
380	İstanbul Nişantaşı Branch	+90 212 219 84 73	+90 216 636 33 84
381	İstanbul Beyoğlu Branch	+90 212 292 89 92	+90 216 636 33 81
382	Kadıköy Çarşı Branch	+90 216 418 42 10	+90 216 636 31 68
383	Ankara Ostim Branch	+90 312 385 12 89	+90 216 636 31 14
384	Ankara Çetin Emeç Branch	+90 312 284 26 44	+90 216 636 31 15
385	İzmir Alsancak Branch	+90 232 464 29 34	+90 216 636 32 94

386	Başkent Kurumsal Branch	+90 312 440 16 80	+90 216 636 32 20
387	Demirtaş Organize Sanayi Branch	+90 224 261 18 93	+90 216 636 31 09
388	İkitelli Organize Sanayi Branch	+90 212 549 89 80	+90 216 636 31 44
389	Efes Kurumsal Branch	+90 232 441 22 91	+90 216 636 34 40
390	Antalya Lara Branch	+90 242 313 18 40	+90 216 636 32 31
391	Aksaray Ordu Caddesi Branch	+90 212 512 45 64	+90 216 636 31 21
392	Bursa Çekirge Branch	+90 224 222 26 00	+90 216 636 31 16
393	Tarsus Makam Branch	+90 324 614 51 90	+90 216 636 32 58
394	Dudullu İhlamurkuyu Branch	+90 216 611 03 22	+90 216 636 31 92
395	İstanbul Beyazıt Branch	+90 212 516 07 70	+90 216 636 33 97
396	İstanbul Atrium Branch	+90 212 661 91 70	+90 216 636 31 20
397	İkincisite Branch	+90 312 349 00 48	+90 216 636 32 36
398	İstanbul Kağıthane Branch	+90 212 321 20 62	+90 216 636 34 54
399	Kuşadası Branch	+90 256 612 42 46	+90 216 636 31 26
400	Manavgat Çarşı Branch	+90 242 743 04 74	+90 216 636 31 27
401	Diyarbakır Suriçi Branch	+90 412 223 08 40	+90 216 636 32 47
402	İstanbul Tuzla İçmeler Branch	+90 216 493 70 32	+90 216 636 32 83
403	Yeşilyurt Branch	+90 212 662 17 90	+90 216 636 31 39
404	Kahramanmaraş Çarşı Branch	+90 344 221 15 41	+90 216 636 32 59
405	İstanbul Şenesenevler Branch	+90 216 445 70 81	+90 216 636 31 69
406	Çorum İnönü Caddesi Branch	+90 364 225 40 60	+90 216 636 32 49
407	İstanbul Kızıltoprak Branch	+90 216 414 46 89	+90 216 636 31 70
408	Antakya Sanayi Branch	+90 326 225 26 80	+90 216 636 32 48
409	Samsun Mecidiye Branch	+90 362 435 89 03	+90 216 636 31 28
410	Fethiye Likya Branch	+90 252 612 15 99	+90 216 636 32 74
411	Ankara Köroğlu Branch	+90 312 447 74 40	+90 216 636 35 45
412	Balıkesir Çarşı Branch	+90 266 239 03 03	+90 216 636 32 37
413	Ulucanlar Branch	+90 312 309 29 34	+90 216 636 32 50
414	İstanbul Laleli Branch	+90 212 458 48 70	+90 216 636 31 29
415	İstanbul Tarabya Branch	+90 212 299 01 13	+90 216 636 33 89
416	Adapazarı Çarşı Branch	+90 264 277 77 60	+90 216 636 31 45
417	Şemikler Branch	+90 232 361 61 90	+90 216 636 33 57
418	Afyon Kadınana Branch	+90 272 213 01 53	+90 216 636 31 54
419	Aydın Çarşı Branch	+90 256 214 06 20	+90 216 636 31 53
420	İzmir Pınarbaşı Branch	+90 232 478 45 34	+90 216 636 33 04
421	Ankara Bakanlıklar Branch	+90 312 418 99 09	+90 216 636 31 56
422	Uşak Çarşı Branch	+90 276 224 51 11	+90 216 636 32 68
423	İstanbul Zeytinburnu Branch	+90 212 416 37 00	+90 216 636 31 31
424	İstanbul Hasanpaşa Branch	+90 216 348 20 58	+90 216 636 31 71
425	Adana Çukurova Branch	+90 322 457 36 36	+90 216 636 32 34
426	İstanbul Topkapı Branch	+90 212 565 32 00	+90 216 636 31 46
427	Bursa Atatürk Caddesi Branch	+90 224 220 28 48	+90 216 636 32 21
428	İzmir Kemeraltı Branch	+90 232 483 67 75	+90 216 636 31 10
429	Çanakkale Anafartalar Branch	+90 286 212 39 90	+90 216 636 32 54
430	Adana Atikop Branch	+90 322 428 06 27	+90 216 636 31 30
431	İstanbul Anadolu Kurumsal Branch	+90 216 379 54 44	+90 216 636 34 45
432	Yeditepe Kurumsal Branch	+90 212 348 11 00	+90 216 636 34 42
433	İstanbul Bakırköy Çarşı Branch	+90 212 660 34 24	+90 216 636 31 32
434	İstanbul Beşiktaş Çarşı Branch	+90 212 327 24 56	+90 216 636 34 48
435	Cevahir AVM Branch	+90 212 380 00 90	+90 216 636 34 33

436	İvedik Organize Branch	+90 312 395 79 45	+90 216 636 32 63
437	Denizli Sanayi Branch	+90 258 241 45 75	+90 216 636 31 57
438	Kasımpaşa Branch	+90 212 238 36 56	+90 216 636 34 56
439	İzmir Çiğli Branch	+90 232 329 78 08	+90 216 636 31 18
440	İstanbul Küçükbakkalköy Branch	+90 216 577 00 13	+90 216 636 31 79
441	Yalova İskele Branch	+90 226 813 06 46	+90 216 636 32 84
442	Antalya Sanayi Branch	+90 242 344 73 90	+90 216 636 32 70
443	Alibeyköy Branch	+90 212 427 68 68	+90 216 636 33 93
444	İstanbul Cevizli Branch	+90 216 459 71 40	+90 216 636 31 80
445	İstanbul Koşuyolu Branch	+90 216 340 87 70	+90 216 636 31 99
446	İmes Keyap Branch	+90 216 466 80 00	+90 216 636 32 18
447	Adana Küçüksaat Branch	+90 322 363 21 51	+90 216 636 31 47
448	Eskişehir Bağlar Branch	+90 222 231 30 74	+90 216 636 32 76
449	Kayseri Eski Sanayi Branch	+90 352 320 38 78	+90 216 636 31 60
450	Yeni Adana Branch	+90 322 232 06 62	+90 216 636 31 59
451	İstanbul Yeldeğirmeni Branch	+90 216 337 00 04	+90 216 636 31 72
452	Antakya Çarşı Branch	+90 326 216 85 03	+90 216 636 31 19
453	İzmir Çamdibi Branch	+90 232 486 19 68	+90 216 636 31 58
454	Adana Cemalpaşa Branch	+90 322 225 48 00	+90 216 636 31 74
455	Bursa Fomara Branch	+90 224 251 16 67	+90 216 636 32 22
456	Sincan Ankara Caddesi Branch	+90 312 268 63 63	+90 216 636 31 75
457	Mersin Pozcu Branch	+90 324 328 07 06	+90 216 636 31 81
458	Etlik Branch	+90 312 325 83 55	+90 216 636 52 72
459	Alaşehir Branch	+90 236 653 83 06	+90 216 636 32 69
460	Bursa Cumhuriyet Caddesi Branch	+90 224 225 03 27	+90 216 636 31 82
461	Dereboyu Caddesi Branch	+90 212 236 30 10	+90 216 636 35 71
462	İstanbul Cennet Mahallesi Branch	+90 212 592 98 58	+90 216 636 31 61
463	Kayseri Kurumsal Branch	+90 352 232 80 25	+90 216 636 34 43
464	İstanbul Soğanlık Branch	+90 216 377 56 56	+90 216 636 31 83
465	Avcılar E-5 Branch	+90 212 428 58 28	+90 216 636 32 65
466	Diyarbakır Kayapınar Branch	+90 412 251 13 33	+90 216 636 31 76
467	Elazığ Hürriyet Caddesi Branch	+90 424 212 19 19	+90 216 636 32 72
468	Alanya Sanayi Branch	+90 242 515 03 10	+90 216 636 31 84
469	İstanbul Sultançiftliği Branch	+90 212 476 06 00	+90 216 636 31 62
470	Erzurum Cumhuriyet Branch	+90 442 235 65 90	+90 216 636 31 34
471	Ankara Etimesgut Branch	+90 312 243 38 00	+90 216 636 36 86
472	Esenler Branch	+90 212 611 58 00	+90 216 636 31 63
473	İstanbul Ümraniye Sanayi Branch	+90 216 329 17 21	+90 216 636 32 19
474	İstanbul Sıracevizler Branch	+90 212 343 10 81	+90 216 636 33 86
475	İstanbul Güngören Branch	+90 212 557 06 00	+90 216 636 31 40
476	İstanbul Terazidere Branch	+90 212 613 98 00	+90 216 636 31 35
477	Yenibosna Çarşı Branch	+90 212 654 95 54	+90 216 636 31 36
478	Ankara Maltepe Branch	+90 312 229 75 02	+90 216 636 31 93
479	İstanbul Seyrantepe Branch	+90 212 280 51 68	+90 216 636 33 94
480	Batman Çarşı Branch	+90 488 215 24 34	+90 216 636 31 48
481	Söke Branch	+90 256 512 75 73	+90 216 636 52 70
482	İzmir Fevzipaşa Bulvarı Branch	+90 232 483 69 36	+90 216 636 36 37
483	İzmir 3. Sanayi Sitesi Branch	+90 232 462 10 63	+90 216 636 31 64
484	Ankara Dikmen Branch	+90 312 481 30 00	+90 216 636 31 94
485	Adatepe Branch	+90 216 442 97 87	+90 216 636 32 79

486	Zonguldak Branch	+90 372 253 40 18	+90 216 636 31 86
487	Rumeli Kurumsal Branch	+90 212 879 01 50	+90 216 636 34 47
488	Beykent Branch	+90 212 872 73 55	+90 216 636 31 65
489	Aspendos Bulvarı Branch	+90 242 321 97 47	+90 216 636 32 92
490	Osmaniye Branch	+90 328 814 11 19	+90 216 636 31 95
491	Kütahya Branch	+90 274 226 16 03	+90 216 636 31 96
492	Konya Karatay Branch	+90 332 236 31 50	+90 216 636 31 77
493	Polatlı Branch	+90 312 622 02 13	+90 216 636 32 44
494	Gezgin Branch	+90 533 373 32 61	+90 530 393 32 90
495	Cebeci Branch	+90 312 363 71 90	+90 216 636 32 29
496	Tokat Branch	+90 356 213 11 21	+90 216 636 52 64
497	Mersin Toptancılar Sitesi Branch	+90 324 235 11 30	+90 216 636 32 93
498	Libadiye Branch	+90 216 505 41 12	+90 216 636 52 63
499	Kıraç Branch	+90 212 886 41 70	+90 216 636 52 65
500	İstanbul Atatürk Airport Branch	+90 212 465 20 43 - 45	+90 216 636 52 67
501	Ceyhan Branch	+90 322 613 87 37	+90 216 636 31 17
502	Gönen Branch	+90 266 762 62 33	+90 216 636 52 66
503	İncirlik 10. Tanker Üs Komutanlığı Branch	+90 322 332 96 18 - 19 +90 322 332 96 22	+90 216 636 52 68
504	Milas Branch	+90 252 513 16 27	+90 216 636 52 69
505	Kızıltepe Branch	+90 482 313 46 00	+90 216 636 32 25
506	Kırşehir Branch	+90 386 213 80 33	+90 216 636 52 73
507	Siirt Branch	+90 484 224 45 65	+90 216 636 52 75
508	Lefkoşa Sarayönü Branch	+90 392 228 02 55	+90 392 228 03 02
509	Bahrain Branch	973 17 54 00 70	+90 216 636 34 58

