

**TÜRK EKONOMİ BANKASI
ANONİM ŞİRKETİ**

**INTERIM CONSOLIDATED
CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 JUNE 2015**



REPORT ON REVIEW OF INTERIM CONSOLIDATED CONDENSED FINANCIAL INFORMATION

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

Introduction

1. We have reviewed the accompanying interim consolidated condensed statement of financial position of Türk Ekonomi Bankası A.Ş., and its subsidiaries (together referred to as the "Group") as of 30 June 2015 and the related consolidated condensed statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim consolidated condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim consolidated condensed financial information based on our review.

Scope of Review

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

Conclusion

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

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

Engin Çubukçu, SMMM
Partner

Istanbul, 7 August 2015

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TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

INTERIM CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

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

Notes	30 June 2015 (Reviewed)	31 December 2014 (Audited)
ASSETS		
Cash and balances with central banks	9,342,920	8,626,308
Loans and receivables due from banks	2,357,357	2,475,867
Other money market placements	1,400,622	550,207
Financial assets at fair value through profit and loss	950,829	687,736
Derivatives used for hedging purposes	201,865	60,800
Available-for-sale financial assets	4,154,645	4,488,271
Loans and receivables	49,957,539	44,357,770
Remeasurements adjustment on interest rate risk hedged portfolios	3,660	6,077
Held-to-maturity investments	330,440	1,336,726
Factoring receivables	1,232,497	317,360
Premises and equipment	290,472	326,119
Intangible assets	56,197	56,583
Goodwill	420,645	420,645
Deferred tax asset	165,886	181,154
Other assets	1,535,470	1,353,250
Total assets	72,401,044	65,244,873
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits from other banks	926,836	1,329,597
Customers' deposits	43,289,520	39,059,233
Other money market deposits	1,900,538	1,756,987
Financial liabilities at fair value through profit and loss	743,628	448,658
Derivatives used for hedging purposes	250,290	313,870
Factoring payables	5,029	7,832
Marketable securities issued	545,495	991,583
Funds borrowed:		
- Subordinated debt	1,949,942	1,779,705
- Other funds borrowed	12,776,829	10,456,896
Other liabilities	2,624,429	2,293,576
Provisions	230,139	204,038
Income taxes payable	111,758	87,155
Total liabilities	65,354,433	58,729,130
EQUITY		
Equity attributable to equity holders of the parent	7,039,769	6,508,353
Share capital issued	2,204,390	2,204,390
Premium in excess of par	2,565	2,565
Adjustment to share capital	200,262	200,262
Unrealized (losses)/gains on available-for-sale investments, net of tax	(77,429)	(24,371)
Reserve for hedging funds, net of tax	74,218	(60,118)
Remeasurements on employee benefits	19,555	19,555
Other reserves	1,084,258	1,084,258
Retained earnings	3,531,950	3,081,812
Non-controlling interest	6,842	7,390
Total equity	7,046,611	6,515,743
Total liabilities and equity	72,401,044	65,244,873

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

INTERIM CONSOLIDATED CONDENSED STATEMENT OF INCOME FOR THE PERIOD ENDED 30 JUNE 2015

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

Notes	1 January - 30 June 2015 (Reviewed)	1 January - 30 June 2014 (Reviewed)
Interest income		
Interest on loans and receivables	2,706,771	2,278,668
Interest on securities	195,987	229,409
-Interest on available for sale	166,861	191,948
-Interest on held for trading	13,306	20,213
-Interest on held to maturity	15,820	17,248
Interest on due from banks	51,077	44,088
Interest on other money market placements	44,908	9,251
Interest income on hedging derivatives	295,294	164,430
Other interest income	560	-
Total interest income	3,294,597	2,725,846
Interest expense		
Interest on customer deposits	(1,162,241)	(1,117,169)
Interest on other money market deposits	(71,078)	(81,726)
Interest on marketable securities issued	(29,126)	(28,048)
Interest on funds borrowed and deposits from other banks	(160,993)	(134,678)
Interest on hedging derivatives	(287,262)	(156,650)
Total interest expense	(1,710,700)	(1,518,271)
Net interest income	1,583,897	1,207,575
Fees and commissions and other operating income		
Fees and commissions income	792,280	658,044
Fees and commissions expenses	(267,074)	(242,593)
Net (loss) /gain on financial instruments at fair value through profit or loss	(334,716)	(156,790)
Net gain on investment securities	24,894	19,416
Net losses from other activities	(38,850)	(47,267)
Net banking income	1,760,431	1,438,385
Operating expenses		
Salaries and employee benefits	(518,336)	(486,712)
Other operating expenses	(346,822)	(308,077)
Depreciation and amortization	(61,170)	(54,454)
Taxes other than on income	(49,085)	(42,150)
Gross operating income	785,018	546,992
Provisions for impairment of loan, factoring receivables, net of recoveries	(243,870)	(163,422)
Net operating income	541,148	383,570
Gains on sale of fixed assets, net	508	1,520
Profit from operating activities before income tax	541,656	385,090
Income tax – current	(115,308)	(133,955)
Income tax – deferred	4,877	51,670
Net profit for the period from continuing operations	431,225	302,805
Attributable to :		
Equity holders of the Parent	430,900	302,604
Non-controlling interest	325	201
Net profit	431,225	302,805
Earnings per share (full TL)	0.1955	0.1374

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

INTERIM CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2015

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

	1 January - 30 June 2015 (Reviewed)	1 January - 30 June 2014 (Reviewed)
Profit for the period	431,225	302,805
Other comprehensive income		
Items that are or may be reclassified to profit or loss	100,491	(61,496)
Fair value gains on available-for-sale financial assets, (net of tax)	(53,083)	55,432
Net change in fair values	(34,582)	69,713
Net amount transferred to income	(18,501)	(14,281)
Cash flow hedge (Effective portion of changes in fair value), (net of tax)	134,336	(112,746)
Currency translation differences	19,238	(4,182)
Items that will not be reclassified to profit or loss	-	(15,459)
Remeasurement of post-employment benefits obligation	-	(15,459)
Other comprehensive income/(loss) for the period, net of tax	100,491	(76,955)
Total comprehensive income for the period, net of tax	531,716	225,850
Attributable to:		
Owners of the Parent	531,416	225,628
Non-controlling interest	300	222
Total comprehensive income for the period (*)	531,716	225,850

(*) Includes minority shares

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

INTERIM CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2015

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

Attributable to Owners of the Parent													
Notes	Share capital	Premium in excess of par	Adjustment to share capital	Other capital reserves	Unrealized gains/(losses) on available-for-sale investments, net of tax	Reserve for hedging funds	Currency translation reserve	Remeasurements on employee benefits	Legal reserves and retained earnings	Total equity attributable to equity holders of the Parent	Non-controlling Interest	Total equity	
At 1 January 2014	2,204,390	2,565	200,262	1,084,258	(102,440)	32,185	89,442	8,354	2,296,874	5,815,890	7,990	5,823,880	
Dividend paid	-	-	-	-	-	-	-	-	-	-	(1,523)	(1,523)	
Profit for the period	-	-	-	-	-	-	-	-	302,604	302,604	201	302,805	
Other comprehensive income for the period	-	-	-	-	55,411	(112,746)	(4,182)	(15,459)	-	(76,976)	21	(76,955)	
At 30 June 2014	2,204,390	2,565	200,262	1,084,258	(47,029)	(80,561)	85,260	(7,105)	2,599,478	6,041,518	6,689	6,048,207	
At 1 January 2015	2,204,390	2,565	200,262	1,084,258	(24,371)	(60,118)	76,619	19,555	3,005,193	6,508,353	7,390	6,515,743	
Dividend paid	-	-	-	-	-	-	-	-	-	-	(848)	(848)	
Profit for the period	-	-	-	-	-	-	-	-	430,900	430,900	325	431,225	
Other comprehensive income for the period	-	-	-	-	(53,058)	134,336	19,238	-	-	100,516	(25)	100,491	
At 30 June 2015	2,204,390	2,565	200,262	1,084,258	(77,429)	74,218	95,857	19,555	3,436,093	7,039,769	6,842	7,046,611	

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

INTERIM CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2015

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

	1 January- 30 June 2015 (Reviewed)	1 January- 30 June 2014 (Reviewed)
Cash flows from operating activities		
Interest received	2,857,865	2,836,723
Interest paid	(1,359,246)	(1,398,253)
Fees and commissions received	1,427,993	1,285,327
Trading income	(508,972)	(173,799)
Recoveries of impairment of loan, lease and factoring receivables	274,387	187,685
Fees and commissions paid	(267,074)	(242,593)
Cash payments to employees and other parties	(454,800)	(416,925)
Other operating activities	(468,705)	(394,943)
Income taxes paid	(89,881)	(117,257)
Cash flows from operating activities before changes in operating assets and liabilities	1,411,567	1,565,965
Changes in operating assets and liabilities		
Net (increase) / decrease in trading securities	(58,111)	532,639
Net increase in reserve deposits at central banks	(626,392)	(371,060)
Net (increase) / decrease in loans and receivables due from banks	(45,559)	146,204
Net increase in loans and receivables	(5,943,878)	(3,280,784)
Net decrease in factoring receivables	102,138	212,356
Net increase in other assets	(122,380)	(284,018)
Net (decrease) / increase in deposits from other banks	(402,153)	142,978
Net increase in customers' deposits	4,153,561	3,106,797
Net increase in other money market deposits	143,699	116,589
Net decrease in factoring payables	(2,803)	(383)
Net decrease in other liabilities	(327,133)	(438,104)
Net cash used in operating activities	(3,129,011)	(116,786)
Cash flows from investing activities		
Purchases of available- for- sale securities	(2,486,895)	(2,702,008)
Proceeds from sale and redemption of available-for-sale securities	2,741,345	3,275,429
Proceeds from redemption of held to maturity securities	-	-
Purchases of property and equipment	(9,127)	(24,625)
Proceeds from the sale of premises and equipment	552	87
Purchases of intangible assets	(15,512)	(10,237)
Net cash provided by investing activities	230,363	538,646
Cash flows from financing activities		
Proceeds from funds borrowed and debt securities	9,051,183	4,436,066
Repayment of funds borrowed and debt securities	(6,964,268)	(3,921,137)
Net cash provided by financing activities	2,086,915	514,929
Effect of net foreign exchange difference on cash and cash equivalents	156,789	(3,581)
Net increase in cash and cash equivalents	756,623	2,499,173
Cash and cash equivalents at the beginning of the period	3,439,222	1,951,502
Cash and cash equivalents at the end of the period	4,195,845	4,450,675

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

1. CORPORATE INFORMATION

General

Türk Ekonomi Bankası Anonim Şirketi (“TEB” or “The Bank”), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankası T.A.Ş., was acquired by the Çolakoğlu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to İstanbul. On 10 February 2005, BNP Paribas took over 50% of shares of TEB Holding A.Ş. Consequently, BNP Paribas became indirect shareholder of TEB with 42.125% ownership. In 2009 BNP Paribas Group successively acquired 75% of 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. Following the merger and related subsequent share transfers among shareholders, the shareholders’ structure and their respective ownerships are summarized below as of 30 June 2015 together with the comparative information as of 31 December 2014:

Name of shareholders	30 June 2015		31 December 2014	
	Paid in capital	%	Paid in capital	%
TEB Holding A.Ş. (previously TEB Mali Yatırımlar A.Ş.)	1,212,415	55.00	1,212,415	55.00
BNP Yatırımlar Holding A.Ş.	518,342	23.51	518,342	23.51
BNP Paribas Fortis Yatırımlar Holding A.Ş.	467,879	21.23	402,517	18.26
Publicly Traded	5,754	0.26	71,116	3.23
	2,204,390	100.00	2,204,390	100.00

As of 30 June 2015, the Bank’s paid-in-capital consists of 2,204,390,000 shares of TL1.00 (full TL) nominal each.

As of 14 November 2014, BNP Paribas Fortis Yatırımlar Holding A.Ş., BNP Paribas Yatırımlar Holding A.Ş., BNP Paribas, and TEB Holding A.Ş. together hold 96.005% of Türk Ekonomi Bankası (“TEB”) acting jointly as the “Controlling Shareholders” according to the Communiqué of the Capital Markets Board No II-27.2 on Squeeze-out and Sell-Out Rights (“Communiqué”). Pursuant to Provisional Article 1 of the Communiqué, sell-out and squeeze-out rights become exercisable upon the acquisition of the additional share by BNP Paribas Fortis Yatırımlar Holding A.Ş., one of the controlling shareholders, on 14 November 2014.

Pursuant to Sub-paragraph (a) of the third paragraph of Article 6 of the Communiqué, the fair value of the sell-out right was determined to be TL2,437, which is the highest of the 5 prices to be taken as a basis in the valuation report prepared by Ernst & Young. The value was calculated by

- Comparing TL2.0032, which is the arithmetic average of the weighted average market prices of the 30 days preceding the announcement of the acquisition of the additional share,
- TL2.0185, TL2.0528 and TL2.0562, the averages of the weighted average market prices of the last six months, last one year and last five years preceding the announcement of the acquisition of the additional share, respectively,
- To TL2,437, which is the price determined in the valuation report prepared in line with the Board’s Communiqué Serial: VIII, No: 45 On “International Valuation Standards In The Capital Markets” by Ernst Young Kurumsal Finansman Danışmanlık A.Ş. (“Ernst & Young”), an independent valuation institution which is not directly or indirectly affiliated with the Parent Bank in terms of capital equity and management and which has the capacity to give valuation services with the aim of determining a price according to the Capital Markets Board’s legislation.

The shareholders other than the Controlling Shareholders exercised their right to sell-out their shares to BNP Paribas Fortis Yatırımlar Holding A.Ş. within the three-month-period between 14 November 2014 and 16 February 2015.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

1. CORPORATE INFORMATION (Continued)

General (continued)

Following the application by BNP Paribas Fortis Yatırımlar A.Ş. on 18 February 2015, in line with the decisions made by the Parent Bank's Board of Directors on 26 February 2015,

- The Parent Bank filed an application with the CMB on 2 March 2015 for approval of the issuance document for the share issuance related to the Restricted Rights Issue to controlling shareholders, which will take place simultaneously with the annulment of the shares related to the squeeze-out process, and
- The Parent Bank filed an application with Borsa İstanbul A.Ş. requesting termination of trading of TEB's shares and delisting of TEB A.Ş. on the stock market.

On 13 March 2015, the CMB referred to Articles 5.14.1.3 and 5.14.2.2.1 of the International Standards on Auditing (ISA) and requested additional work. Additional work prepared by Ernst & Young and was submitted to the CMB on 6 April 2015. The results of this work were also announced on the same date on Public Disclosure Platform ("PDP").

The Parent Bank's application was evaluated in the Board of Directors meeting of Borsa İstanbul dated 19 March 2015, and it was announced by Borsa İstanbul with a PDP announcement on the same date that the following had been decided:

- TEB shares will be delisted following the approval of the export document by CMB,
- The Parent Bank shares will be removed from all the current indexes due to de-listing, and
- Following the completion of the Central Registry Agency (MKK) process, starting from the first business day following the announcement made by Borsa İstanbul on PDP, the Parent Bank shares will be removed from the exchange list and will be banned from being traded at the exchange.

As a result of the evaluation made regarding the Parent Bank's application, it was stated in the CMB bulletin dated 16 April 2015 that the application will be deemed positive, if:

- The difference between the unit share price of the Parent Bank determined by the valuation report and announced on PDP on 16 December 2014 and unit share price determined in the valuation report prepared by Ernst & Young based on the additional work done on the said valuation report and announced on PDP on 6 April 2015, is paid by the controlling shareholder BNP Paribas Fortis Yatırımlar Holding A.Ş., to the shareholders who used their right of sale and
- There are no issues in the BRSA opinion sent to the CMB regarding the Parent Bank's application which might negatively affect said application.

On 17 April 2015, following the publication of the CMB bulletin, Borsa İstanbul announced that Parent Bank shares were closed for trading on the exchange, prior to the first session and will be removed from BIST index as of 20 April 2015, pursuant to the Board of Directors meeting of Borsa İstanbul dated 19 March 2015.

Following the positive opinion given by BRSA on 17 June 2015, the export document approved by the CMB was received by Parent Bank on 19 June 2015 and, after the registration procedures were completed, the shares subject to sell-out were cancelled on 23 June 2015, and on 24 June 2015 share prices were paid to share owners through the Central Registry Agency (MKK). On 24 June 2015 new shares were issued in place of the cancelled shares via private placement on behalf of our majority shareholder BNP Paribas Fortis Yatırımlar Holding A.Ş..

Following these transactions, as per the Borsa İstanbul Board of Directors decision dated 19 March 2015, TEB shares were delisted on 17 April 2015 and will be permanently removed from trading. On the same date, TEB was removed from the scope of the CMB Law by the CMB.

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NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

1. CORPORATE INFORMATION (Continued)

General (continued)

The registered office address of TEB is TEB Kampüs C ve D Blok, Saray Mahallesi, Sokullu Caddesi, No: 7A-7B Ümraniye-İstanbul/Turkey.

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

The interim consolidated condensed financial statements of the Group were authorized for issuance by the management on 7 August 2015. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

Nature of Activities of the Group

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

The subsidiaries included in the consolidation and the effective shareholding percentages of the Group as of 30 June 2015 and 31 December 2014 are as follows:

	Place of Incorporation	Effective Shareholding And Voting Rights %	
		30 June 2015	31 December 2014
The Economy Bank N.V. (Economy Bank)	Netherlands	100.0	100.0
TEB Yatırım Menkul Değerler A.Ş. (TEB Yatırım)	Turkey	100.0	100.0
TEB Faktoring A.Ş.	Turkey	100.0	100.0
TEB Portföy Yönetimi A.Ş. (TEB Portföy)	Turkey	54.74	54.74
Stichting Effecten Dienstverlening	Netherlands	100.0	100.0
Kronenburg Vastgoed B.V.	Netherlands	100.0	100.0

The principal activities of the consolidated subsidiaries are as follows:

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

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

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

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

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

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

2. BASIS OF PREPARATION

The interim consolidated condensed financial statements as of 30 June 2015 have been prepared in accordance with IAS 34 (Interim Financial Reporting). The interim consolidated condensed financial statements do not include all the information and disclosures required in the annual financial statement and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2014.

In preparation of the interim condensed consolidated financial statements of the Group, the same accounting policies and methods of computation have been followed as compared to the most recent annual financial statements except for the adoption of new standards and interpretations as of 1 January 2015, noted below.

New and Revised International Financial Reporting Standards

a. *The new standards, amendments and interpretations which are effective for the financial statements as of 30 June 2015*

- i) IAS 19, "Employee benefits", effective annual periods on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- ii) Annual improvements 2012, effective annual periods on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:
 - IFRS 2, 'Share-based payment'
 - IFRS 3, 'Business Combinations'
 - IFRS 8, 'Operating segments'
 - IFRS 13, 'Fair value measurement'
 - IAS 16, 'Property, plant and equipment and IAS 38, 'Intangible assets'

Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and IAS 39, 'Financial instruments – Recognition and measurement'.

- iii) Annual improvements 2013, effective annual periods on or after 1 July 2014. The amendments include changes from the 2011-2-13 cycle of the annual improvements project that affect 4 standards:
 - IFRS 1, 'First time adoption'
 - IFRS 3, 'Business combinations'
 - IFRS 13, 'Fair value measurement' and
 - IAS 40, 'Investment property'.

b. *The new standards, amendments and interpretations introduced to the prior Financial Statements as of 30 June 2015*

- i) Amendment to IFRS 11, 'Joint arrangements', effective annual periods beginning on or after 1 January 2016. It is about acquisition of an interest in a joint operation. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- ii) Amendments to IAS 16, 'Property, plant and equipment', and IAS 41, 'Agriculture', effective annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

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NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

2. BASIS OF PREPARATION (continued)

New and Revised International Financial Reporting Standards (continued)

b. The new standards, amendments and interpretations introduced to the prior Financial Statements as of 30 June 2015(continued)

- iii) Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', effective annual periods beginning on or after 1 January 2016. In this amendment has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- iv) IFRS 14 'Regulatory deferral accounts', effective annual periods beginning on or after 1 January 2016. This standard permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- v) Amendments to IAS 27, 'Separate financial statements', effective annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- vi) Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- vii) Annual improvements 2014, effective annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - IFRS 5, 'Non-current assets held for sale and discontinued
 - IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
 - IAS 19, 'Employee benefits' regarding discount rates.
 - IAS 34, 'Interim financial reporting' regarding disclosure of information.
- viii) Amendment to IAS 1, 'Presentation of financial statements', effective annual periods beginning on or after 1 January 2016. These amendments are to improve presentation and disclosure in financial reports.
- ix) Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception, effective annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.
- x) IFRS 15 'Revenue from contracts with customers', effective annual periods beginning on or after 1 January 2017. This standard is a converged standard from the IASB and FASB on revenue recognition which will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- xi) IFRS 9 'Financial instruments'; effective annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

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NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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2. BASIS OF PREPARATION (continued)

New and Revised International Financial Reporting Standards (continued)

b. The new standards, amendments and interpretations introduced to the prior Financial Statements as of 30 June 2015(continued)

The new standards, amendments and interpretations which will be effective after 1 July 2015 are not expected to a material impact on the group except of the application of IFRS 9. The Group is currently assessing the impact of the new standard on its consolidated financial statements.

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

In preparing these interim consolidated condensed financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

Impairment Testing

As a Group policy, the management performs impairment test for goodwill on an annual base. The recoverable amount of cash generating units, which is determined by discounting the future cash flows, exceeded the carrying amount of the cash generating units including goodwill. Accordingly no grounds were identified for impairment charge as of 31 December 2014.

Management believes that all of its management estimates and key assumptions which were used for impairment testing as of 31 December 2014 are still reasonable and there is no significant change in any of the key assumptions which would cause the carrying value materially to exceed its recoverable amount as of 30 June 2015.

3. SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

None.

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NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

4. SEGMENT INFORMATION

Business segments

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

As of and for the period ended 30 June 2015

	Retail Banking	SME Banking	Corporate Banking	Treasury/Head Office	Eliminations	Group
Net banking income	467,516	834,575	250,990	208,587	(1,237)	1,760,431
Dividend income	-	-	-	-	-	-
Revenues from other segments	-	-	-	20,328	(20,328)	-
Net banking income	467,516	834,575	250,990	228,915	(21,565)	1,760,431
Segment result (A)	133,468	408,329	196,439	(196,564)	(16)	541,656
Unallocated costs (B)	-	-	-	-	-	-
Operating profit (A-B)	133,468	408,329	196,439	(196,564)	(16)	541,656
Income tax	-	-	-	(110,431)	-	(110,431)
Net profit	133,468	408,329	196,439	(306,995)	(16)	431,225
Assets and Liabilities						
Segment assets	11,816,042	23,649,317	12,943,974	21,770,302	(247,261)	69,932,374
Unallocated assets	-	-	-	2,468,939	(269)	2,468,670
Total assets	11,816,042	23,649,317	12,943,974	24,239,241	(247,530)	72,401,044
Segment liabilities	26,650,052	7,087,309	11,589,421	17,128,927	(67,602)	62,388,107
Unallocated liabilities	-	-	-	2,967,158	(832)	2,966,326
Total liabilities	26,650,052	7,087,309	11,589,421	20,096,085	(68,434)	65,354,433
Other segment information						
Capital expenditures						
Tangible fixed assets	-	-	-	-	-	9,123
Intangible fixed assets	-	-	-	-	-	15,512
Depreciation	-	-	-	-	-	45,229
Amortization	-	-	-	-	-	15,941

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NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

4. SEGMENT INFORMATION (Continued)

Business segments (continued)

Period ended 30 June 2014

	Retail Banking	SME Banking	Corporate Banking	Treasury/Head Office	Eliminations	Group
Net banking income	396,231	652,101	234,227	156,871	(1,045)	1,438,385
Dividend income	-	-	-	-	-	-
Revenues from other segments	-	-	-	-	-	-
Net banking income	396,231	652,101	234,227	156,871	(1,045)	1,438,385
Segment result (A)	79,100	304,314	192,008	(190,332)	-	385,090
Unallocated costs (B)	-	-	-	-	-	-
Operating profit (A-B)	79,100	304,314	192,008	(190,332)	-	385,090
Income tax	-	-	-	(82,285)	-	(82,285)
Net profit	79,100	304,314	192,008	(272,617)	-	302,805

Year ended 31 December 2014

Assets and Liabilities

Segment assets	11,335,554	20,839,272	12,557,264	18,409,049	(234,017)	62,907,122
Unallocated assets	-	-	-	2,340,123	(2,372)	2,337,751
Total assets	11,335,554	20,839,272	12,557,264	20,749,172	(236,389)	65,244,873
Segment liabilities	23,050,692	6,826,822	11,876,649	14,446,557	(56,359)	56,144,361
Unallocated liabilities	-	-	-	2,585,713	(944)	2,584,769
Total liabilities	23,050,692	6,826,822	11,876,649	17,032,270	(57,303)	58,729,130

Other segment information

Capital expenditures

Tangible fixed assets	-	-	-	-	-	24,370
Intangible fixed assets	-	-	-	-	-	9,838
Depreciation	-	-	-	-	-	40,864
Amortization	-	-	-	-	-	12,481

Geographical segments

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

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

Period ended 30 June 2015	Turkey	Netherlands	Total
Other segment information			
Segment assets	68,649,637	1,282,737	69,932,374
Unallocated assets	2,455,243	13,427	2,468,670
Total assets	71,104,880	1,296,164	72,401,044
Capital expenditures			
Tangible fixed assets	9,059	64	9,123
Intangible fixed assets	14,586	926	15,512

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NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

4. SEGMENT INFORMATION (Continued)

Geographical segments (continued)

Year ended 31 December 2014	Turkey	Netherlands	Total
Other segment information			
Segment assets	61,507,014	1,400,108	62,907,122
Unallocated assets	2,323,749	14,002	2,337,751
Total assets	63,830,763	1,414,110	65,244,873
Period ended 30 June 2014			
Capital expenditures			
Tangible fixed assets	21,108	3,262	24,370
Intangible fixed assets	8,912	926	9,838

5. EXPLANATIONS ON MARKETABLE SECURITIES ISSUED:

	30 June 2015		31 December 2014	
	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency
Bank Bonds	442,301	103,194	696,679	294,904
Bank Bills	-	-	-	-
Total	442,301	103,194	696,679	294,904

Bond issued on 20 October 2014 with a nominal value of TL26,859, maturity of 302 days, with due date of 19 August 2015, with an interest rate of 9.80483% and with an annual compound rate of 9.88609% has started to be publicly traded in bonds and bill market with the ISIN code "TRQTEBK81515".

Bond issued on 5 February 2015 with a nominal value of TL29,046, maturity of 175 days, with due date of 31 July 2015, with an interest rate of 8.24634% and with an annual compound rate of 8.42353% has started to be publicly traded in bonds and bill market with the ISIN code "TRQTEBK71516".

Bond issued on 5 March 2015 with a nominal value of TL225,000, maturity of 180 days, with due date of 2 September 2015, with an interest rate of 9.39545% and with an annual compound rate of 9.61926% has started to be publicly traded in bonds and bill market with the ISIN code "TRQTEBK91514".

Bond issued on 16 April 2015 with a nominal value of TL177,796, maturity of 173 days, with due date of 7 October 2015, with an interest rate of 10.0735% and with an annual compound rate of 10.3409% has started to be publicly traded in bonds and bill market with the ISIN code "TRQTEBKE1515".

Within the scope of Euro Medium Term Note Programme ("EMTN"), the issuance of debt instrument outside of Turkey amounting to EUR 12,500,000 with a maturity of 18 September 2015 has been completed on 18 June 2015 with the ISIN code "XS1249383842".

Within the scope of Euro Medium Term Note Programme ("EMTN"), the issuance of debt instrument outside of Turkey amounting to USD 24,600,000 with a maturity of 7 June 2016 has been completed on 30 June 2015 with the ISIN code "XS1253857376".

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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6. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Values

Set out below is a comparison by category of carrying amounts and fair values of the Group's major financial instruments that are carried in the financial statements at other than fair values.

	Carrying amount		Fair value	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Financial assets				
Loans and receivables due from banks	2,357,357	2,475,867	2,356,740	2,475,867
Other money market placements	1,400,622	550,207	1,400,622	550,207
Loans and receivables	49,957,539	44,357,770	50,002,994	44,422,499
Investment securities held-to-maturity	330,440	317,360	336,936	341,671
Factoring receivables	1,232,497	1,336,726	1,232,497	1,336,726
Financial liabilities				
Deposits from other banks and funds borrowed	15,653,607	13,566,198	15,653,694	13,566,280
Customers' deposits	43,289,520	39,059,233	43,302,756	39,064,041
Marketable securities issued	545,495	991,583	536,312	972,573
Other money market deposits	1,900,538	1,756,987	1,900,538	1,756,987

Loans and Receivables

Loans and receivables are net of provisions for impairment. The estimated fair value of loans and receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Investment Securities Held-to-Maturity

Fair value for investments held-to-maturity is based on market prices or broker/dealer price quotations. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Deposits and Borrowings

The estimated fair value of deposits from other banks and customer deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest bearing deposits and funds borrowed without quoted market price is based on discounted cash flows using interest rates for new deposits and debts with similar remaining maturity.

Fair values of remaining financial assets and liabilities carried at amortized cost, including balances with Central banks, loans and receivables due from banks, other money market placements, factoring receivables and payables are considered to approximate their respective carrying values due to their short-term nature.

Fair Value of Financial Instruments

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

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- Level 3: the fair value of the financial assets and financial liabilities where there is no observable market data. The fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, estimate is made based on discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

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6. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair Value of Financial Instruments (continued)

30 June 2015	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	148,403	802,426	-	950,829
Debt instruments	148,403	-	-	148,403
Derivatives held-for-trading	-	802,426	-	802,426
Derivatives used for hedging purposes	-	201,865	-	201,865
Available-for-sale financial assets	4,124,221	18,513	-	4,142,734
Debt instruments	4,055,202	9,287	-	4,064,489
Available-for-sale equity securities (*)	69,019	9,226	-	78,245
Remeasurement adjustment on interest rate risk hedged portfolios	-	3,660	-	3,660
Total	4,272,624	1,026,464	-	5,299,088
Financial liabilities at fair value through profit and loss				
Derivatives held-for-trading	-	743,628	-	743,628
Derivatives used for hedging purposes	-	250,290	-	250,290
Total	-	993,918	-	993,918
31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	90,434	597,302	-	687,736
Debt instruments	90,434	-	-	90,434
Derivatives held-for-trading	-	597,302	-	597,302
Derivatives used for hedging purposes	-	60,800	-	60,800
Available-for-sale financial assets	4,459,355	17,011	-	4,476,366
Debt instruments	4,392,990	7,785	-	4,400,775
Available-for-sale equity securities (*)	66,365	9,226	-	75,591
Remeasurement adjustment on interest rate risk hedged portfolios	-	6,077	-	6,077
Total	4,549,789	681,190	-	5,230,979
Financial liabilities at fair value through profit and loss				
Derivatives held-for-trading	-	448,658	-	448,658
Derivatives used for hedging purposes	-	313,870	-	313,870
Total	-	762,528	-	762,528

(*) TL11,911 (31 December 2014: TL11,905) carried at cost is not included in the table.

There is no transition between Level 1 and Level 2.

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NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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7. RELATED PARTY DISCLOSURES

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

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

30 June 2015:

Related party (*)	Cash loans	Non-cash loans	Funds borrowed	Deposits taken	Deposits with banks	Derivative financial instruments assets	Other liabilities	Derivative financial liabilities	Notional amount of derivative transactions	Interest income	Interest expense	Other operating income	Other operating expense
Direct shareholders	-	-	-	6,623	-	-	-	-	-	3,826	1,334	544	9,689
Indirect shareholders	504	437,221	6,205,144	1,199,418	1,643	187,797	2,439	105,450	15,156,777	879	51,789	1,427	173
Others	4,652	84,177	-	1,131,195	4,356	313	834	11,344	330,189	999	44,944	5,612	8,669

31 December 2014:

Related party (*)	Cash loans	Non-cash loans	Funds borrowed	Deposits taken	Deposits with banks	Derivative financial assets	Other liabilities	Derivative financial liabilities	Notional amount of derivative transactions	Interest income (**)	Interest Expense (**)	Other operating income (**)	Other operating expense (**)
Direct shareholders	62,073	-	-	6,107	-	-	-	-	-	6	256	165	9,416
Indirect shareholders	2,314	175,997	5,560,693	1,028,164	9,016	89,750	3,594	81,035	10,401,851	893	76,304	649	235
Others	13,911	97,560	-	1,190,285	580	257	518	4,071	255,600	1,017	20,333	7,604	10,084

(*) "Direct shareholders" of the Group corresponds to TEB Holding A.Ş., BNP Yatırımlar Holding A.Ş. and BNP Paribas Fortis Yatırımlar Holding A.Ş.. "Indirect shareholders" of the Group corresponds to BNP Paribas SA, Çolakoğlu family members, Denak Depoculuk ve Nakliyecilik A.Ş., Çolakoğlu Metalurji A.Ş., Galata Yatırım Holding A.Ş.. "Others" corresponds to all other Çolakoğlu Group companies and BNP Paribas Group companies.

(**) Figures indicate results as of 30 June 2014.

No provisions have been recognized in respect of loans given to related parties (31 December 2014: None).

Compensation of Key Management Personnel of the Group

The executive and non-executive members of Board of Directors and management received remuneration and fees totalling approximately TL19,959 as of 30 June 2015 (30 June 2014: TL24,744) comprising mainly salaries and other short-term benefits.

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8. COMMITMENTS AND CONTINGENCIES

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

	30 June 2015	31 December 2014
Letters of guarantee issued	9,097,694	8,286,394
Letters of credit	1,689,216	1,508,547
Acceptance credits	41,180	62,150
Other guarantees	2,860,974	2,242,544
Total non-cash loans	13,689,064	12,099,635
Other commitments	10,230,585	8,643,240
Credit card limit commitments	4,351,543	4,101,473
Total	28,271,192	24,844,348

The Group has TL325,262 (31 December 2014: TL166,854) letters of guarantee obtained from other banks.

Fiduciary Activities

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

Investment fund participation certificates held in custody which belong to the customers and the portfolio are accounted for with their nominal values. As of 30 June 2015 the total nominal value and number of certificates in circulation and the stock are TL1,161,755 and TL116,124,120 (31 December 2014: TL1,666,917 and 166,682,310) and the total fair value is TL8,205,432 (31 December 2014: TL8,290,103).

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

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

As of 30 June 2015, in line with the requirements of IGM, letters of guarantee amounting to TL1,096 (31 December 2014: TL953) had been obtained from local banks and were provided to IGM for transactions conducted in that market.

As of 30 June 2015, according to the general requirements of the ISE, letters of guarantee amounting to TL39,458 (31 December 2014: TL34,396) had been obtained from various local banks and were provided to ISE for bond and stock market transactions.

Litigation

In the normal course of its operations, the Group can be constantly faced with legal disputes, claims and complaints. The necessary provision, if any, for those cases are provided based on management estimates and professional advice. The Group has provided TL39,885 (31 December 2014: TL37,704) provision for legal cases.

Other

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

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NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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9. EARNINGS PER SHARE

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

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

	Opening	Cash	Increase Related to Merger	Transfers from Retained Earnings	Transfers From Revaluation Surplus	Reinvestment of Dividend Payments	Total	Closing
Before 1995	-	150	-	3,000	250	-	3,400	3,400
1996	3,400	-	-	-	330	1,270	1,600	5,000
1997	5,000	-	-	1,022	596	4,382	6,000	11,000
1998	11,000	5,512	-	529	682	7,277	14,000	25,000
1999	25,000	-	-	600	2,062	16,338	19,000	44,000
2000	44,000	40,182	-	-	-	26,068	66,250	110,250
2001	110,250	-	-	-	-	-	-	110,250
2002	110,250	-	-	-	-	-	-	110,250
2003	110,250	-	-	5,350	-	-	5,350	115,600
2004	115,600	-	-	-	-	-	-	115,600
2005	115,600	-	-	-	-	-	-	115,600
2006	57,800	18,700	-	-	-	-	18,700	76,500
2007	76,500	210,000	-	216,750	251,750	-	678,500	755,000
2008	755,000	345,000	-	-	-	-	345,000	1,100,000
2009	1,100,000	-	-	-	-	-	-	1,100,000
2010	1,100,000	-	-	-	-	-	-	1,100,000
2011	1,100,000	-	1,050,000	54,390	-	-	1,104,390	2,204,390
2012	2,204,390	-	-	-	-	-	-	2,204,390
2013	2,204,390	-	-	-	-	-	-	2,204,390
2014	2,204,390	-	-	-	-	-	-	2,204,390
30 June 2015	2,204,390	-	-	-	-	-	-	2,204,390

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

	30 June 2015	30 June 2014
Net profit / (loss) attributable to ordinary shareholders for basic earnings per share	0.1955	0.1374
Weighted average number of ordinary shares (in millions) for basic earnings per share	2,204,390	2,204,390

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

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

10. SUBSEQUENT EVENTS

- (i) At the Board of Directors' meeting dated 24 July 2015 it has been resolved to sell the 100% share in The Economy Bank N.V which has been established and operating according to Dutch law, with a paid-in-capital of EUR30,000,000 to BNP Paribas Fortis S.A./N.V.
- (ii) At the Board of Directors' meeting dated 24 July 2015 it has been resolved to authorize the Head Office for updating the conditions of the subordinated loans amounted to EUR175,000,000, EUR100,000,000 and EUR125,000,000 issued in 2011, 2012 and 2013, respectively in order to comply with Basel III requirements and for executing the required transactions.
- (iii) As of 31 July 2015, bond issued on 5 February 2014 with a nominal value of TL29,046, maturity of 175 days with the ISIN code "TRQTEBK71516" has expired and it has been disposed.
- (iv) Bond issued on 23 July 2015 with a nominal value of TL100,000, maturity of 89 days, with due date of 21 October 2015, with an interest rate of 9.70438% and with an annual compound rate of 10.06638% has started to be publicly traded in bonds and bill market with the ISIN code "TRQTEBKE1523".
- (v) Bond issued under Euro Medium Term Note Program on 14 July 2015 with a nominal value of USD5,000,000 with due date of 14 January 2016 has started to be publicly traded in bonds and bill market with the ISIN code "XS1260048852".