Aktif Yatırım Bankası Anonim Şirketi

**Condensed Consolidated Interim Financial Statements
For the Six Month Period Ended
30 June 2013
With Independent Auditors' Report on Review of
Condensed Consolidated Interim Financial Information
Thereon**

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

2 September 2013

This report contains 2 pages of independent auditors' report on review of condensed consolidated interim financial information and 18 pages of condensed consolidated interim financial statements and their explanatory notes.

Aktif Yatırım Bankası Anonim Şirketi

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Board of Directors of
Aktif Yatırım Bankası Anonim Şirketi:

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Aktif Yatırım Bankası Anonim Şirketi ("the Bank") and its subsidiaries (collectively "the Group") as at 30 June 2013, the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the 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.

Basis for Qualified Conclusion

The condensed consolidated financial statements for the six-month period ended as at 30 June 2013 consist of a general provision amounting to TL 32,000 thousand of which TL 25,000 thousand is recognized in the previous periods and TL 7,000 thousand in the current period, provided by the Bank management for the possible result of the negative circumstances which may arise from any changes in the economy or market conditions. If the mentioned general provision were not provided, as at 30 June 2013, other provisions would decrease by TL 32,000 thousand and retained earnings would increase by TL 25,000 thousand, and for the six-month periods ended as at 30 June 2013 and 30 June 2012, other operating income, profit before tax and net profit for the period would increase by TL 7,000 thousand and decrease by TL 5,000 thousand respectively.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2013 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

Emphasis of matter

Without further qualifying our conclusion, we draw attention to the following matter:

As described in Note 17 to the condensed consolidated interim financial statements, the Bank has provided a significant portion of cash and non-cash loans to its related parties (Çalık Group Companies) as at 30 June 2013.

KPMG Akis Bağımsız Denetim ve SMMM AŞ

2 September 2013
Istanbul, Turkey

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ

Condensed Consolidated Statement of Interim Financial Position
As of 30 June 2013

(Currency - In thousands of Turkish Lira ("TL"))

	Note	**30 June 2013**	**31 December 2012**
ASSETS			
Cash and cash equivalents		303,008	376,119
Reserve deposits at Central Bank		279,289	151,602
Trading assets		3,820	4,726
Trade and other receivables		108	-
Inventories		60	-
Loans and advances to customers	*8*	3,461,413	2,366,560
Investment securities	*9*	535,606	571,521
Equity accounted investees		7,795	-
Tangible assets	*10*	13,596	7,115
Intangible assets	*11*	21,348	19,588
Deferred tax assets		3,587	4,113
Other assets		26,109	16,251
Total assets		**4,655,739**	**3,517,595**
LIABILITIES			
Trading liabilities		1,023	3,244
Trade and other payables		59	-
Obligations under repurchase agreements		396,757	398,586
Debt securities issued	*12*	1,930,728	1,501,596
Funds borrowed		770,087	524,015
Provisions	*13*	46,533	40,182
Income taxes payable		6,891	9,199
Deferred tax liabilities		4	-
Other liabilities		798,316	582,481
Total liabilities		**3,950,398**	**3,059,303**
EQUITY			
Share capital	*16*	591,595	235,448
Legal reserves		11,041	6,931
Reserves		(5,564)	33,799
Retained earnings		107,937	182,114
Total equity attributable to equity holders of the Bank		**705,009**	**458,292**
Non-controlling interests		332	-
Total equity		**705,341**	**458,292**
Total liabilities and equity		**4,655,739**	**3,517,595**

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

Condensed Consolidated Statement of Interim Comprehensive Income
For the Six-Month Period Ended 30 June 2013

(Currency - In thousands of Turkish Lira ("TL"))

	Note	30 June 2013	30 June 2012
Continuing operations			
Interest income		238,126	157,493
Interest expense		(101,669)	(94,571)
Net interest income		**136,457**	**62,922**
Fees and commission income	*14*	45,765	19,641
Fees and commission expense		(11,787)	(5,560)
Net fee and commission income		**33,978**	**14,081**
Net trading (loss)/income		(5,086)	457
Sales income		1,155	-
Other income		10,888	14,770
Operating income		**177,392**	**92,230**
Net impairment loss on financial assets	*8*	(29,489)	(3,458)
Personnel expenses		(28,283)	(21,533)
Cost of sales		(1,178)	-
Depreciation and amortisation		(3,310)	(2,180)
Administrative expenses		(12,784)	(8,670)
Other operating expenses	*15*	(9,566)	(5,397)
Total operating expenses		**(84,610)**	**(41,238)**
Share of loss of equity accounted investee		(41)	-
Profit before income tax		**92,741**	**50,992**
Income tax		(20,317)	(9,342)
Profit for the period from continuing operations		**72,424**	**41,650**
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		(17,379)	10,120
Foreign currency translation differences		200	-
Income tax on other comprehensive income		3,476	(2,027)
Other comprehensive income for the period, net of tax		**(13,703)**	**8,093**
Total comprehensive income for the period		**58,721**	**49,743**
Profit attributable to:			
Equity holders of the Bank		72,420	41,650
Non-controlling interests		4	-
Profit for the period		**72,424**	**41,650**
Total comprehensive income attributable to:			
Equity holders of the Bank		58,717	49,743
Non-controlling interests		4	-
Total comprehensive income for the period		**58,721**	**49,743**

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

Condensed Consolidated Statement of Interim Changes in Equity
For the Six-Month Period Ended 30 June 2013

(Currency - In thousands of Turkish Lira ("TL"))

		Attributable to equity holders of the Bank										
				Reserves								
	Note	Share capital	Adjustment to share capital	Legal reserves	Fair value reserve	Translation reserve	Revaluation surplus	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
At 1 January 2012		**230,000**	**5,448**	**4,429**	**(7,060)**	**-**	**25,660**	**-**	**89,572**	**348,049**	**-**	**348,049**
Total comprehensive income for the period												
Profit for the period		-	-	-	-	-	-	-	41,650	41,650	-	41,650
- Other comprehensive income												
Net change in fair value of available-for-sale financial assets		-	-	-	8,093	-	-	-	-	8,093	-	8,093
Total other comprehensive income		**-**	**-**	**-**	**8,093**	**-**	**-**	**-**	**-**	**8,093**	**-**	**8,093**
Total comprehensive income for the period		**-**	**-**	**-**	**8,093**	**-**	**-**	**-**	**41,650**	**49,743**	**-**	**49,743**
Transfers												
Transfer to legal reserves		-	-	2,502	-	-	-	-	(2,502)	-	-	-
At 30 June 2012		**230,000**	**5,448**	**6,931**	**1,033**	**-**	**25,660**	**-**	**128,720**	**397,792**	**-**	**397,792**
At 1 January 2013		**230,000**	**5,448**	**6,931**	**8,139**	**-**	**25,660**	**-**	**182,114**	**458,292**	**-**	**458,292**
Total comprehensive income for the period												
Profit for the period		-	-	-	-	-	-	-	72,420	72,420	4	72,424
- Other comprehensive income												
Net change in fair value of available-for-sale financial assets		-	-	-	(13,903)	-	-	-	-	(13,903)	-	(13,903)
Foreign currency translation differences		-	-	-	-	200	-	-	-	200	-	200
Total other comprehensive income		**-**	**-**	**-**	**(13,903)**	**200**	**-**	**-**	**-**	**(13,703)**	**-**	**(13,703)**
Total comprehensive income for the period		**-**	**-**	**-**	**(13,903)**	**200**	**-**	**-**	**72,420**	**58,717**	**4**	**58,721**
Transactions with owners, recorded directly in equity												
Capital increase cash	*16*	188,000	-	-	-	-	-	-	-	188,000	-	188,000
Transactions with entities under common control	*7*	-	-	-	-	-	-	-	-	-	328	328
Transfer to share capital	*16*	169,085	(938)	-	-	-	(25,660)	-	(142,487)	-	-	-
Transfer to legal reserves		-	-	4,110	-	-	-	-	(4,110)	-	-	-
At 30 June 2013	*16*	**587,085**	**4,510**	**11,041**	**(5,764)**	**200**	**-**	**-**	**107,937**	**705,009**	**332**	**705,341**

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

Condensed Consolidated Statement of Interim Cash Flows
For the Six-Month Period Ended 30 June 2013

(Currency - In thousands of Turkish Lira ("TL"))

	Note	**30 June 2013**	**30 June 2012**
Cash flows from operating activities			
Net profit for the period		72,424	41,650
Adjustments for:			
Depreciation and amortisation	*10, 11*	3,310	2,180
Retirement pay provision expense		1,329	37
Unused vacation provision expense		388	387
Impairment on financial assets		17,821	3,320
Impairment of non-cash loans		5,250	-
Net interest income		(136,457)	(62,922)
Provision / (recoveries) for possible losses		7,000	(5,000)
Share of loss of equity investee		41	-
Other accruals		1,778	312
Unrealized foreign exchange gain/loss		2,212	17,083
Income tax		20,317	9,342
		(4,587)	**6,389**
Change in reserve deposit at Central Bank		(127,687)	22,103
Change in trading assets		(2,949)	13
Change in trade and other receivables		(117)	-
Change in inventories		(7)	-
Change in loans and advances to customers		(1,094,155)	21,825
Change in other assets		(5,017)	(1,932)
Change in trade and other payables		(565)	-
Proceeds from borrowings		215,172	73,113
Change in obligations under repurchase agreements		(1,408)	(166,057)
Change in other liabilities and provisions		196,848	(173,148)
		(819,885)	**(224,083)**
Interest received		267,671	164,938
Interest paid		(129,824)	(86,049)
Income tax paid		(11,037)	(4,787)
Net cash used in operating activities		**(693,075)**	**(149,981)**
Cash flows from investing activities			
Purchase of investment securities		(695,981)	(301,794)
Sale of investment securities		693,230	263,026
Purchase of tangible assets		(7,960)	(355)
Proceeds from the sale of property and equipment	*10*	67	-
Proceeds from the sale of held to maturity investment		-	3,656
Purchase of investment in associate		(7,196)	-
Purchase of subsidiaries, net of cash acquired	*7*	369	-
Purchase of intangible assets		(1,265)	(1,152)
Development expenditure		(2,199)	(1,745)
Capital increase		188,000	-
Net cash provided from / (used in) investing activities		**167,065**	**(38,364)**
Cash flows from financing activities			
Proceeds from debt securities issued		4,652,697	3,486,889
Repayment of debt securities issued		(4,193,649)	(3,033,421)
Net cash provided from financing activities		**459,048**	**453,468**
Net (decrease) / increase in cash and cash equivalents		**(71,549)**	**271,512**
Cash and cash equivalents on 1 January		376,119	274,776
Effect of exchange rate fluctuations on cash held		(1,565)	(3,824)
Cash and cash equivalents on 30 June		**303,005**	**542,464**

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

1. Corporate information

Aktif Yatırım Bankası Anonim Şirketi (the "Bank") was incorporated under the name of Çalık Yatırım Bankası A.Ş. in Turkey in July 1999. The Bank changed its name as Aktif Yatırım Bankası A.Ş. on 1 August 2008.

The Bank operates as an "investment bank" and is mainly involved in corporate services such as cash or non-cash, financial leasing, factoring, corporate lending. As an investment bank, the Bank borrows funds from other banks, financial markets, partners and credit customers, but is not entitled to receive deposits from customers.

The head office of the Bank is located at Büyükdere Cad. No: 163/A Zincirlikuyu / Istanbul, and the Bank has eight branches.

The Bank employs 525 people as of 30 June 2013 (31 December 2012: 436).

The Bank and its subsidiaries are hereafter referred to as the "Group".

The Group controls equity stakes in companies that are active in the areas of payment centre, insurance brokerage, consulting in real estate projects, real estate and Islamic financial leasing. Activities carried out in these business areas and main companies are explained below in brief.

Sigortayeri Sigorta ve Reasürans Brokerlığı A.Ş. (Sigortayeri): With the virtual and physical multi-channel structure that is shaped according to the needs of potential policyholders' comparative insurance product, provide customers with fast and intuitive way to operate in the field of insurance broking.

E-Post Elektronik Perakende Otomasyon Satış Ticaret A.Ş. (E-Post): Aktif Nokta allocated to business with the brand through reliable/secure devices, sales and collection operations for making the dealership system.

E-Kent Teknoloji ve Ödeme Sistemleri Sanayi ve Ticaret A.Ş. (E-Kent): E-Kent, increases both the new products and services applied in the field and also the number of cities (in 22 cities) in which services are offered in its fields of operation with its vision which is "building city technologies".

Emlak Girişim Danışmanlığı A.Ş. (Emlak Girişim): Works on real estate projects, structures and systems, and in this regard make active counselling and guidance.

İFM İstanbul Finans Merkezi İnşaat Taahhüt A.Ş. (İFM): IFM operates in special projects, land recreation, area sales and revenue sharing provisions for the construction of the immovable, construction and sales activity is independent sections.

Kazakhstan Ijara Company Jsc. (KIC): Kazakhstan Ijara Company carries on Islamic leasing business. The aim of firm in Kazakhstan is to support the development of small and medium enterprises (SMEs) by providing alternative sources of Sharia compliant financing for their projects.

2. Basis of preparation

2.1 Statement of compliance

The Bank and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory condensed consolidated financial statements in Turkish Lira ("TL") in accordance with the accounting principles as promulgated by the Banking Regulation and Supervision Agency ("BRSA"), Capital Markets Board of Turkey, the Turkish Commercial Code and tax legislation. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and its interpretations adopted by the International Accounting Standards Board ("IASB").

The condensed consolidated interim financial statements were authorised for issue by the Bank's management on 2 September 2013. The Bank's General Assembly and the other reporting bodies have the power to amend the consolidated financial statements after their issue.

2.2 Basis of measurement

The financial statements have been prepared on historical cost basis except for the following:

- derivative financial instruments are measured at fair value,
- financial instruments at fair value through profit or loss are measured at fair value,
- available-for-sale financial instruments.

2.3 Functional and presentation currency

These financial statements are presented in TL, which is the Bank's functional currency. Except as indicated, financial information presented in TL has been rounded to the nearest thousand.

2.4 Use of estimates and judgements

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at 31 December 2012.

3. Significant accounting policies

The condensed consolidated interim financial statements as of 30 June 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting of IFRS and are in compliance with the accounting policies used to prepare the financial statements as of 31 December 2012. Therefore the condensed consolidated financial statements should be read in conjunction with the financial statements of the Group for the year ended 31 December 2012.

Except as described below, the accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements, and have been applied consistently by Group entities. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2013.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

•IFRS 10 Consolidated Financial Statements (2011) (see (a))

•IFRS 11 Joint Arrangements (see (b))

•IFRS 13 Fair Value Measurement (see (c))

•Annual Improvements to IFRS 2009–2011 Cycle (see (d)).

The nature and the effect of the changes are further explained below.

(a) Subsidiaries

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, IFRS 10 (2011) requires the Group consolidate investees that it controls on the basis of de facto circumstances.

In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed the control conclusion for its investees at 1 January 2013. As a consequence, the change had no significant impact on the consolidated investees of the Group.

(b) Joint arrangements

As a result of IFRS 11, the Group has changed its accounting policy for its interests in joint arrangements. The change had no impact on the financial statements of the Group, since the Group has no joint arrangement.

(c) Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included disclosures in this regard.

3. Significant accounting policies *(continued)*

(c) ***Fair value measurement*** *(continued)*

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(d) ***Segment information***

The amendment to IAS 34 clarifies that the Group needs to disclose the measures of total assets and liabilities for a particular reportable segment only if the amounts are regularly provided to the Group's chief operating decision maker, and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The adoption of the amendment to IAS 34 has no significant impact on the disclosure of segment assets and liabilities.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these condensed consolidated interim financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

IFRS 9 Financial instruments

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

The IFRS 9 (2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortized cost or fair value.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in other comprehensive income rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015 with early adoption permitted.

4. Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the condensed consolidated interim financial statements of the Bank and entities controlled by the Bank (its subsidiaries). The control exists if and only if; 1) when the Bank has the power over an affiliate which that power, directly or indirectly, give rights to govern the financial and operating policies of the entity so as to obtain benefits from its activities, 2) exposure, or rights, to variable returns from its involvement with the affiliate, 3) the ability to use its power over the affiliate to affect the amount of its returns. The Bank reassess its control power over its subsidiaries if there is an indication that there are changes to any of the three elements of control.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the condensed consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

4. Basis of consolidation *(continued)*

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognised directly in equity.

Group entities

The subsidiaries included in the consolidation and their ownership percentages are as follows:

	Place of incorporation	Principal activities	Effective shareholding and voting rights (%)	
			30 June 2013	31 December 2012
Epost Elektronik Perakende Otomasyon Satış Ticaret A.Ş. ("E Post")	Istanbul / Turkey	Payment system	99.27	<1
Sigortayeri Sigorta ve Reasürans Brokerlığı A.Ş.	Istanbul / Turkey	Brokerage	100	-
Emlak Girişim Danışmanlığı A.Ş.	Istanbul / Turkey	Other	100	-
Equity accounted investees				
Kazakhstan Ijara Company Jsc	Kazakhstan	Leasing	16.68	-
İFM İstanbul Finans Merkezi İnşaat Taahüüt A.Ş.	Istanbul /Turkey	Construction	5.00	-

(Currency - In thousands of Turkish Lira ("TL"))

5. Financial risk management

The Bank's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at 31 December 2012.

6. Segment reporting

The Bank is operating mainly in retail banking, corporate banking and investment banking.

Current period	Retail banking	Corporate banking	Investment banking	Other[1]	Total
Operating income	**71,416**	**201,521**	**21,246**	**1,669**	**295,852**
Undistributed costs	(27,507)	(41,671)	(6,434)	(127,540)	(203,152)
Income from subsidiaries	-	-	-	82	82
Profit before tax	43,909	159,850	14,812	(125,830)	92,741
Tax provision	-	-	-	(20,317)	(20,317)
Profit after tax	43,909	159,850	14,812	(146,147)	72,424
Net profit	**43,909**	**159,850**	**14,812**	**(146,147)**	**72,424**
Total assets	**1,325,838**	**2,135,575**	**1,121,432**	**72,894**	**4,655,739**
Total liabilities	**779,705**	**1,944,468**	**1,167,847**	**763,719**	**4,655,739**
Other segment items					
Capital investment[2]	-	-	-	199,115	199,115
Depreciation[2]	-	-	-	3,310	3,310

(1) Includes the expenses and equity items that cannot be allocated to segments according to a consistent base.

(2) Other segment expenses could not be distributed.

Prior period	Retail banking	Corporate banking	Investment banking	Other[1]	Total
Operating income	**41,478**	**131,342**	**19,541**	**-**	**192,361**
Undistributed costs	(25,014)	(43,034)	(107)	(73,214)	(141,369)
Profit before tax	16,464	88,308	19,434	(73,214)	50,992
Tax provision	**-**	-	-	(9,342)	(9,342)
Profit after tax	16,464	88,308	19,434	(82,556)	41,650
Net profit	**16,464**	**88,308**	**19,434**	**(82,556)**	**41,650**
Total assets	**643,509**	**1,723,051**	**1,103,968**	**47,067**	**3,517,595**
Total liabilities	**577,710**	**1,444,732**	**925,845**	**569,308**	**3,517,595**
Other segment Items					
Capital investment[2]	-	-	-	3,250	3,250
Depreciation[2]	-	-	-	2,180	2,180

(1) Includes the expenses and equity items that cannot be allocated to segments according to a consistent base.

(2) Other segment expenses could not be distributed.

(Currency - In thousands of Turkish Lira ("TL"))

7. Acquisition of subsidiary and non-controlling interest

According to General Ordinary Meeting dated 15 March 2013, Aktifbank has purchased 99.27 percent of shares at E-Post which is ultimately controlled by the same Group both before and after the combination for a consideration of TL 45,000.

Pre-acquisition carrying amounts were determined based on the applicable IFRSs immediately before the acquisition. The values of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values.

The following summarises the major classes of consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred	
Cash paid	45,000
Total consideration	**45,000**

	Recognised values on acquisition
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	45,369
Inventories	53
Other assets	345
Tangible assets	191
Intangible assets	3
Total assets	**45,961**
Trade and other payables	(229)
Other liabilities	(404)
Total liabilities	**(633)**
Total net identifiable assets	**45,328**
Total consideration transferred	**45,000**
Non-controlling interest based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquire	328
Less: Value of net identifiable assets	(45,328)
	-
Cash consideration transferred	45,000
Cash and cash equivalents acquired	(45,369)
Net cash inflow arising on acquisition	**(369)**

(Currency - In thousands of Turkish Lira ("TL"))

8. Loans and advances to customers

As of 30 June 2013 and 31 December 2012, all loans and advances to customers are at amortised cost.

	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
	30 June 2013			31 December 2012		
Corporate customers:						
- Finance leases	1,357	-	1,357	1,542	-	1,542
- Other lending	3,496,208	(36,152)	3,460,056	2,383,931	(18,913)	2,365,018
Corporate loans	*2,158,578*	*(19,535)*	*2,139,043*	*1,730,420*	*(6,796)*	*1,723,624*
Consumer loans	*1,336,683*	*(16,617)*	*1,320,066*	*652,692*	*(12,117)*	*640,575*
Factoring receivables	*947*	*-*	*947*	*819*	*-*	*819*
	3,497,565	**(36,152)**	**3,461,413**	**2,385,473**	**(18,913)**	**2,366,560**

As at 30 June 2013, TL 986,630 (31 December 2012: TL 638,967) of loans and advances to customers are expected to be recovered more than 12 months after the reporting date.

Allowance for impairment

Allowance for impairment	30 June 2013	30 June 2012
Specific allowances for impairment		
Balance on 1 January	16,001	8,953
Impairment loss for the period	14,393	3,184
- Charge for the period	*15,559*	*3,320*
- Recoveries	*(1,166)*	*(136)*
Balance at the end of the period	**30,394**	**12,137**
Collective allowances for impairment		
Balance on 1 January	2,912	-
Impairment loss for the period	2,846	-
- Charge for the period	*2,846*	-
Balance at the end of the period	**5,758**	**-**
Total allowances for impairment	**36,152**	**12,137**

Net impairment loss on financial assets amounting to TL 29,489 includes impairment loss for specific allowances amounting to TL 14,393, impairment loss for collective allowances amounting to TL 2,846, general provision loan losses amounting to TL 7,000 and provision for non-cash loans amounting to TL 5,250.

(Currency - In thousands of Turkish Lira ("TL"))

8. Loans and advances to customers *(continued)*

Finance lease receivables

Loans and advances to customers include the following finance lease receivables.

	30 June 2013	31 December 2012
Gross investment in finance leases, receivable:		
- Less than one year	352	-
- Between one and five years	1,157	1,752
	1,509	**1,752**
Unearned future income on finance leases	(152)	(210)
Net investment in finance leases	**1,357**	**1,542**
The net investment in finance leases comprises:		
- Less than one year	289	-
- Between one and five years	1,068	1,542
	1,357	**1,542**

9. Investment securities

	30 June 2013			31 December 2012
	Interest rate %	Latest maturity	Carrying amount	Carrying amount
Available-for-sale investment securities				
- Government bonds			**526,734**	**553,433**
TL	10.38-3.70	13 May 2015	494,932	*520,285*
USD	11.88	15 January 2030	18,066	*19,430*
EUR	5.13	18 May 2020	13,736	*13,718*
- Corporate bonds			**8,872**	**18,088**
TL	5.92-10.55	4 January 2016	*8,872*	*18,088*
			535,606	**571,521**

As at 30 June 2013, TL 34,018 and TL 410,379 of investment securities is given as collateral for performing transaction at stock exchange and repurchase agreement, respectively (31 December 2012: TL 85,228 and TL 431,617, respectively). As at 30 June 2013, TL 5,241 investment securities are blocked for asset backed securitisation funds (31 December 2012: TL 6,297).

10. Tangible assets

For the six-month period ended 30 June 2013, acquisitions of tangible assets amount to TL 8,151; TL 191 of which is due to business combination. Proceeds from the disposals of tangible assets amount to TL 67. Depreciation charge for the six month period ended 30 June 2013 is TL 1,603.

(Currency - In thousands of Turkish Lira ("TL"))

11. Intangible assets

For the six-month period ended 30 June 2013, acquisitions of intangible assets amount to TL 3; all of which is due to business combination. There is no disposal of intangible assets. Amortisation charge for the six month period ended 30 June 2013 is TL 1,707.

12. Debt securities issued

	30 June 2013	31 December 2012
Debt securities issued-TL	1,862,651	1,343,932
Debt securities issued-FC	68,077	157,664
	1,930,728	**1,501,596**

	30 June 2013	31 December 2012
Nominal of debt securities issued	1,992,767	1,569,780
Valuation difference of debt securities issued	(62,039)	(68,184)
	1,930,728	**1,501,596**

As at 30 June 2013, the Bank issued TL debt securities with maturities between 1 July 2013 and 14 April 2014. The interest rate for TL debt securities is between 6.50%-11.40%. In 2013, the Bank issued USD foreign currency debt securities with maturities between 3 July 2013 and 25 October 2013 and with interest rate range of 2.50%-4.55% and for EUR foreign currency debt securities which will be matured on 3 July 2013 and 13 August 2013 and with interest rate range of 2.90%-3.25%.

13. Provisions

	30 June 2013	31 December 2012
Provision for possible losses(*)	32,000	25,000
Bonus provision	5,700	13,316
Provision for non-cash loans	5,252	2
Vacation pay liability	1,901	1,513
Employee termination benefits	1,680	351
Total	**46,533**	**40,182**

(*) As at 30 June 2013, the accompanying consolidated statement of financial position includes a general provision amounting to TL 32,000 provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in the economy or market conditions.

14. Fees and commission income

	30 June 2013	30 June 2012
Other fee and commissions received		
Insurance commissions	22,982	5,794
Intermediary commissions	9,941	5,389
Non-cash commission income	7,116	4,750
Remittance commissions	3,182	3,078
Other	2,544	630
Total	**45,765**	**19,641**

(Currency - In thousands of Turkish Lira ("TL"))

15. Other operating expenses

	30 June 2013	30 June 2012
Other expenses	9,566	5,397
Total	**9,566**	**5,397**

16. Capital and reserves

	30 June 2013	31 December 2012
Number of common shares, TL 1,000 (in full TL), par value (Authorised and issued)	587,085	230,000

As at 30 June 2013, all issued shares are fully paid and there is no preference shares assigned to shareholders of the Bank.

Share capital and share premium

As of 30 June 2013 and 31 December 2012, the composition of shareholders and their respective percentage of ownership are summarised as follows:

	30 June 2013		31 December 2012	
	Amount	%	Amount	%
Çalık Holding A.Ş.	583,073	99.32	227,688	98.99
GAP Güneydoğu Tekstil San. ve Tic. A.Ş.	2,124	0.36	1,224	0.53
Ahmet Çalık	944	0.16	544	0.24
Başak Enerji Elektrik Üretim San. ve Tic. A.Ş.	472	0.08	272	0.12
Irmak Enerji Elektrik Üretim Madencilik San. ve Tic. A.Ş.	472	0.08	272	0.12
Total paid-in-capital	**587,085**	**100.00**	**230,000**	**100.00**
Restatement effect per IAS 29	4,510		5,448	
Total share capital	**591,595**		**235,448**	

As at 21 June 2013, the paid in capital has been increased by TL 357,085, of which TL 188,000 paid in cash by Çalık Holding A.Ş., TL 25,660 transferred from gain from sale of investment, TL 938 transferred from restatement effect of share capital and TL 142,487 transferred from retained earnings.

Reserves

Fair value reserve

This reserve includes the cumulative net change in the fair value of available-for-sale investment securities until the investment is derecognised or impaired.

Other reserves

Other reserves consist of legal reserves. The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the entity's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

(Currency - In thousands of Turkish Lira (“TL”))

17. Related parties

Parent and ultimate controlling party

The Bank is controlled by Çalık Holding A.Ş. which owns 99.32% of ordinary shares (31 December 2012: 98.99%).

Compensation of key management personnel of the Bank

Total salaries and other benefits paid to the Board of Members and top management during the period are TL 7,480 (30 June 2012: TL 6,393).

Balances with related parties

30 June 2013	Related party balances	Total balance	Rate %
Loans and advances to customers	1,776,762	3,461,413	51.33
Other liabilities (Customer accounts)	302,726	793,445	38.15
Debt securities issued	429	1,930,728	<1

31 December 2012	Related party balances	Total balance	Rate %
Loans and advances to customers	1,275,177	2,366,560	53.88
Other liabilities (Customer accounts)	13,786	523,758	2.63
Debt securities issued	41,152	1,501,596	2.74

Off balance sheet balances with related parties

30 June 2013	Related party balances	Total balance	Rate %
Non-cash loans	654,649	1,138,132	57.52

31 December 2012	Related party balances	Total balance	Rate %
Non-cash loans	665,036	1,135,133	58.59

Transactions with related parties

	30 June 2013	30 June 2012
Interest income on loans	65,985	78,464
Fee and commission income	4,825	2,630
Rent expenses	1,703	1,693
Accommodation expenses	1,009	806

(Currency - In thousands of Turkish Lira ("TL"))

18. Commitments and contingencies

	30 June 2013	31 December 2012
Letters of guarantee	979,501	1,029,256
Letters of credit	147,301	80,501
Acceptance credits	713	459
Other guarantees	10,617	24,917
	1,138,132	**1,135,133**
Check limits	2,217	2,449
Other commitments	1,891,674	1,533,124
Total	**1,893,891**	**1,535,573**

19. Subsequent events

By the Board of Directors decision dated 9 July 2013 and numbered 1647, the Bank decided to establish a money transfer company with TL 2,000 capital.

By the Board of Directors decision dated 29 August 2013 and numbered 1673, the Bank decided to increase its capital by TL 110,000 in cash.

By the Board of Directors decision dated 29 August 2013 and numbered 1675, the Bank decided to make extraordinary general assembly meeting on 17 September 2013.